

ANNUAL REPORT

2023-24



YESTERDAY TODAY TOMORROW

EMPOWERING DREAMS FOR 30 YEARS

SAATH AAPKE...HAMESHA

www.skfin.in

Contents

Yesterday, Today, Tomorrow.	01	A Responsible Business	
Corporate overview		Environment	34
SK Finance Limited at a glance	06	Social – People	36
In the spotlight: Proactive retail lending for local ecosystems	08	Social – Community	40
In the spotlight: SK Finance creating livelihood Naya Bharat	14	Governance	44
In the spotlight: Creating an enviable liability franchise by building partnerships to access capital	16	Board of Directors	46
In the spotlight: Tech-enabled growth and efficiency	18	Leadership team	48
Reviewing the year		Statutory Reports	
Chairman’s message	22	Board’s report	50
MD’s message	24	Management discussion and analysis report	67
Whole-time Director’s message	26	Secretarial audit report	80
CFO’s message	28	Report on corporate social responsibility	84
Key performance indicators	30	Report on Corporate Governance	89
		Certificates	122
		Financial Statements	
		Independent auditor’s report	124
		Balance sheet	132
		Statement of profit and loss	133
		Statement of cash flow	134
		Notes to financial statement	138
		Notice	
		Notice of AGM	212

YESTERDAY TODAY TOMORROW

EMPOWERING DREAMS FOR 30 YEARS

As Oscar Wilde rightly said, “Experience is the hardest kind of teacher. It gives you the test first and the lesson afterwards.” As we look back on our journey spanning three decades, we take pride in the lasting relationships we have built. Founded in 1994 by our visionary leader, Rajendra Kumar Setia, SK Finance Limited began with a conservative mindset of slow but steady growth. With limited capital but great belief, he started a lending business, giving birth to SK Finance Limited. After spending a couple of years in business, he understood the demand for credit among the masses, which defines the mission statement of the Company today – financing needs of rural India.

We have been able to touch the lives of more than a million people over the last three decades.

Through dedication and perseverance, we expanded from state to state in a contiguous manner, and today it is present across 11 states and 1 union territory through 579 branches. In 2016, we also diversified to provide small business loans to the very same ecosystem of customers, thereby identifying their needs over two decades and providing them with a customised and differentiated offering, a testament to our customer-centric approach.

Looking back at FY 2023-24

₹10,476 crore

AUM

↗ 42%

₹7,237 crore

Disbursements

↗ 29%

₹312 crore

PAT

↗ 40%

2.2%

Gross stage 3

33.86%

Capital adequacy

50.7%

Cost-to-income ratio

↗ y-o-y growth



Scan this to view our Annual Report online.

Where we are today...

Numbers speak volumes

40%
Disbursement CAGR FY17-24

44%
AUM CAGR FY17-24

31.89%
Growth in active loan accounts during FY24

11
States and one union territory as on 31st March 2024

579
Branches and growing as on 31st March, 2024

4.57 lakh
Active loan accounts as on 31st March, 2024

11,401
Total employees as on 31st March 2024

AA-/A+
Credit rating (ICRA/CRISIL/CARE/India Ratings/Acuité Ratings & Research Limited)

~3 decades
of industry experience



Vision

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



Mission

Our Mission encompasses the word "CARE".



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 our commitment with a personal touch and cooperation for maximum benefits.

"With experience comes improvement."

- Wayne Gerard Trotman

Today, we have undergone a remarkable transformation, diversifying our product offerings to cater to a wider range of financial needs and how we deliver our services. With three decades of experience, we cherish the lessons learned, the milestones achieved, and the relationships built along the way. Trust and integrity, deeply ingrained in our culture, are the

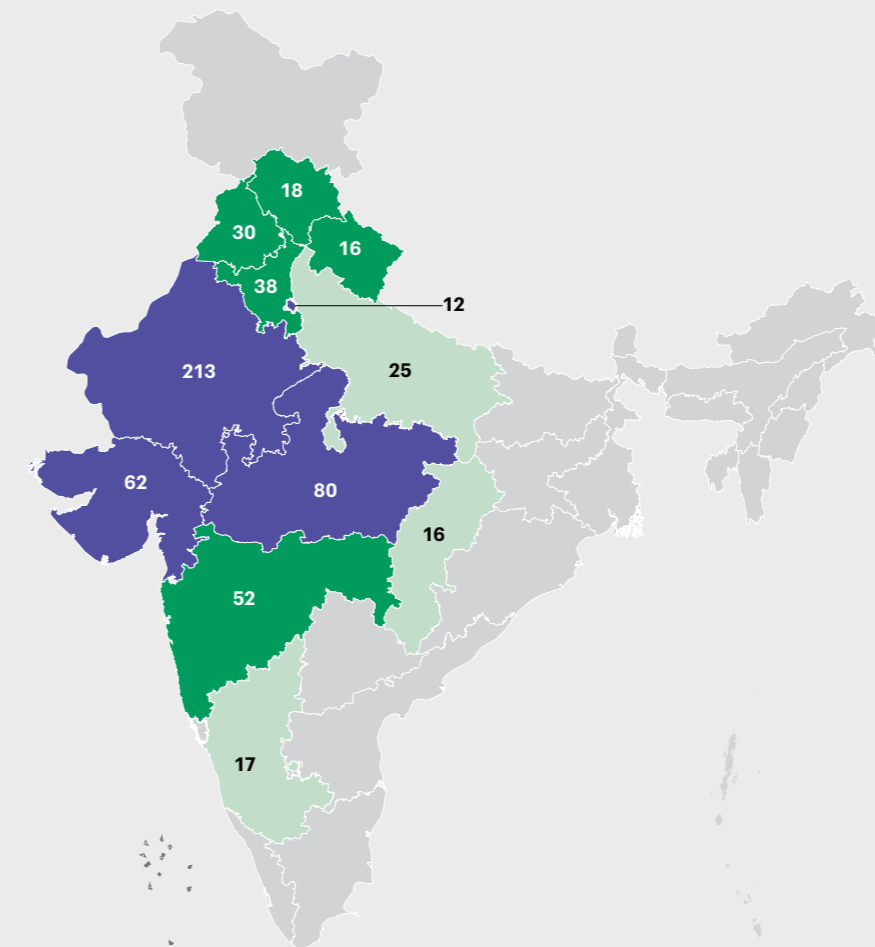
bedrock of our identity. We take pride in our rich history and the positive impact we have made on individuals and businesses.

Business is dynamic and changes every day. Organisations need to adapt to these never-ending changes and learn to be agile. Over the last three decades, we have learnt agility, improved through our learnings, and adapted

better each time. One of the outcomes of our understanding was diversification.

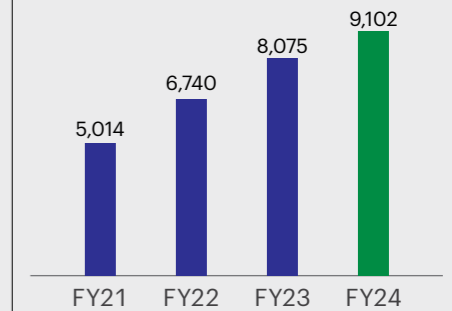
Today, we have expanded and extended our network to 579 branches across 11 states and one union territory. We entered two new states, Uttar Pradesh and Karnataka, further widening our footprint and having a pan-India playbook ready to capture the burgeoning demand.

579 branches as of 31st March, 2024

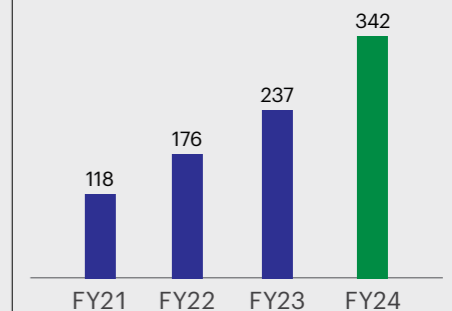


In the fast-paced present, SK Finance Limited continues to be a guiding light of financial solutions, offering a comprehensive range of services to meet the ever-evolving needs of our valued clients. Our dedicated team of experts is committed to providing personalised guidance and support, ensuring each customer receives tailored solutions that align with their goals.

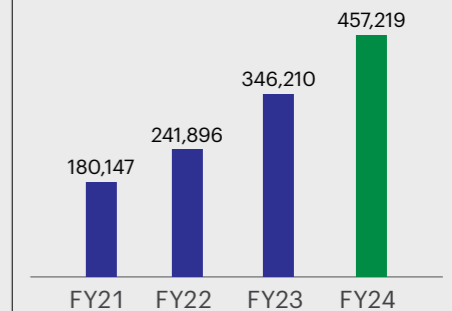
DSA



MSME branches



Active loan accounts



Our offerings

We address the financial requirements of under-banked and unbanked populations, particularly in rural and semi-urban areas, who remain unserved or underserved by traditional banking systems. Our focus is on financing these segments' vehicles, MSMEs, and mortgage loans.

Product portfolio



Car loans

We cater to first-time car buyers transitioning from two-wheelers, providing vehicles primarily for personal use.



Commercial vehicle loans

We offer customers the opportunity to use assets for intra-city transport, enabling goods transportation and captive usage.



Two-wheeler loans

We ensure that the freedom and independence of owning their two-wheeler is within reach for individuals in rural and urban areas.



Tractor loans

We enable farmers and farmland owners to leverage this product for farming and allied agri-commercial activities.

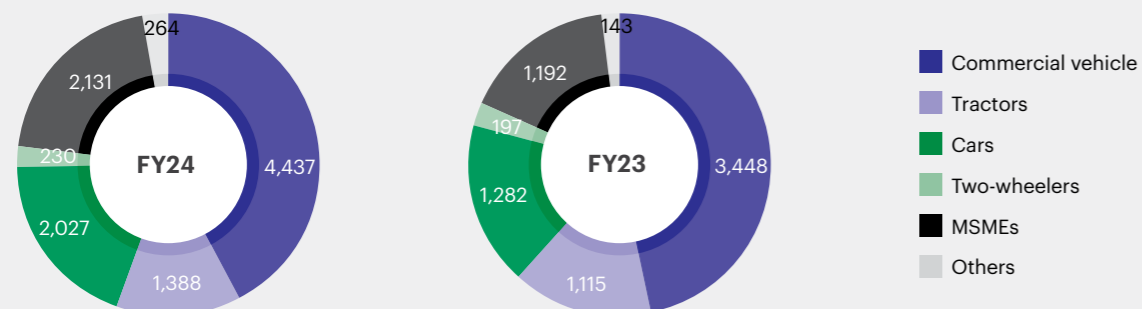


MSME loans

We empower retail-focused ventures such as traders, medical and school supply stores, and garment shops, with inventory-based funding solutions.



Segment-wise revenue contribution



We embrace technology to enhance our offerings and streamline the customer experience, making financial management straightforward and accessible.

As we set our sights on the future, we are excited about the untapped

opportunities. We are firm in our conviction about staying at the forefront of innovation, constantly exploring new ways to serve our customers better. Our vision is to catalyse positive change in the financial landscape, drive economic

growth, foster financial inclusion, and empower individuals and businesses to thrive. With a focus on excellence, we seek to shape a brighter tomorrow for all.

SK Finance Limited at a glance

30 years of empowering dreams

With the completion of three remarkable decades, SK Finance Limited has been a pillar of financial empowerment, catalysing dreams and aspirations into tangible realities. Guided by a dedication to excellence and a foundation of trust, we have transformed the lives of countless individuals and businesses, nurturing growth and success. As we commemorate our 'Super 30 Years,' we vow to:

- Stimulate ambitions
- Advance innovation
- Create prosperity for the next generation and beyond



Expertise, empathy, and experience – these qualities define SK Finance Limited. Renowned for our customer-centric and personalised approach, we bring around 30 years of experience as one of India's most trusted NBFCs. Our portfolio includes financing new and used commercial vehicles, tractors, two-wheelers, and

business loans. We ensure swift and hassle-free loan processing, maintaining a tradition of prompt responses to customer enquiries. Our focus has always been understanding our customers' needs and serving the unbanked and under-banked, aiming to fulfil their aspirations and dreams through inclusive financial solutions.

Customer testimonials



“

Throughout my business journey, I have had the opportunity to work with SK Finance Limited, financing multiple commercial vehicles and experiencing their supportive services firsthand. Even in the face of adversity, such as business closures during the COVID-19 lockdown, SK Finance demonstrated unwavering support and provided crucial assistance. Their efficient loan approval process and ongoing guidance have made a significant impact on my business's success and my family's well-being. I am grateful for their reliability and commitment to helping businesses flourish and succeed..”

Manoj Sharma, Karnal, Haryana



“

I operate a tour and travel business and sought to expand. SK Finance Limited promptly facilitated a car loan, impressing me with their streamlined documentation process and rapid approvals. I commend the SK Finance Limited team for their exceptional efforts in ensuring my experience was seamless and positive.”

Lalaram Sain, Indore, Madhya Pradesh



“

I decided to expand my mineral water business and turned to SK Finance Limited for a swift loan, which they promptly provided. Later, I took out a loan for my commercial vehicle through SK Finance Limited and invested the funds in my business. Thanks to their support, my business has flourished, bringing joy and prosperity to my entire family. I am grateful to SK Finance Limited for helping me achieve this success.”

Sohan Lal, Jaipur, Rajasthan

In the spotlight

Proactive retail lending for local ecosystems

We are engaged in financing for vehicles and business loans focused on retail customers with average ticket sizes varying from ₹3 lakh to ₹5 lakh. We finance smaller vehicles, which essentially cater to the daily necessities of the local ecosystem in which they operate.



Key characteristics of our portfolio

Commercial vehicles



43

Tenor (months)

82%

Average LTV

18%

Blended yield

~₹4.6 lakh

Ticket size

Tractors



41

Tenor (months)

82%

Average LTV

20%

Blended yield

~₹3.4 lakh

Ticket size

Cars



45

Tenor (months)

78%

Average LTV

17%

Blended yield

~₹4.1 lakh

Ticket size

Two-wheelers



27

Tenor (months)

81%

Average LTV

22%

Blended yield

~₹0.7 lakh

Ticket size

MSMEs



72

Tenor (months)

31%

Average LTV

20%

Blended yield

~₹3.8 lakh

Ticket size

77.22%

of vehicle book comes from used vehicle financing

₹3.8 lakh

Average ticket size for MSMEs

Operate in a fairly **non-cyclical** product segment

₹4.2 lakh

Average ticket size for vehicles (excluding two-wheelers)

Fully secured

Vehicle and MSME book

Finance

primarily income-generating activities

In the spotlight

Over the years, we have developed key moats on product and customer selection and have realised that we wish to cater to a category of retail customers who are fairly unbanked and underbanked, primarily belonging to rural and semi-urban India.

Our vehicle and SME portfolio is wholly secured, and our underwriting revolves around the three critical pillars: the 3 I's—income, intent, and insurance

Income



We operate in an assessment-based model wherein we assess the income of our customer and their family to evaluate their ability to repay the loan. We consider the following factors while evaluating the customer:

Customer's income from business

Supported by income from family members

Other ancillary family income

Intent



We emphasise the customer's intent while evaluating the worthiness of giving out a loan. We consider the following vital factors while reviewing the same:

Reference checks from locals where the customer lives and village seniors

Reference checks from family

Experience in business and history of past misdoings

Insurance



We provide loans against collateral, which acts as insurance for us if the customer defaults. We have a robust system of factors which we undertake while evaluating the collateral, including:

External evaluation of the collateral

Conservative value of the collateral



These pillars have been seasoned over the last three decades to ensure that we finance the right customer based on his requirements seamlessly and quickly.

With a robust three-decade experience in the financial industry, we keep our customers at the heart of everything we do. This deep understanding of local markets and a strong on-ground presence make us easily accessible to our customers.

We focus on providing financial solutions to those who need them the most, empowering them to achieve their business goals. Their we deeply value our customers and are dedicated to elevating their experience and our services to the next level. Our efficient and automated system for addressing customer concerns ensures prompt resolution, underscoring our staunch adherence to providing a delightful customer experience.

Our focus on last-mile delivery is our key differentiator. We believe in providing personalised solutions and prompt service to ensure customer satisfaction. Our product development, customer service, and overall business strategy reflect this commitment to customer-centricity. Our ultimate goal is to exceed customer expectations and build long-lasting relationships. With our firm customer-centric approach, we strive to be the preferred lender for our customers in the markets we serve.

In the spotlight

Innovative solutions - Enhancing customer service excellence

We are consistently prioritising customer satisfaction and streamlining services through advanced technological integration and strategic enhancements. We have achieved milestones and kept our commitment to excellence and innovation in customer support.

We are dedicated to enhance our customer experience and continually improving our services. Our efficient and automated system for handling customer interactions, ensures prompt resolution, highlighting our commitment to a delightful customer experience. During the year, we revamped our policies and processes to classify customer interactions, further refining our customer service and resolution efficiency. Our customer service continues to receive outstanding feedback, with an average rating of 4.8 out of 5. This high rating underscores the effectiveness of our service and the dedication of our team to meet and exceed customer expectations.



We are committed in advancing its technological framework and embarked on digital initiatives such as AI-Powered Support through which more than half of the customer queries are now efficiently handled by our AI Chatbot, SKAI. This not only reduces response times but also ensures that our team can focus in resolving customer issues, improving overall service quality. Recognising the diverse linguistic needs of our customer

base in multiple states, we offer bot services in multiple languages, including Hindi, English, Punjabi, Gujarati, Marathi, and Kannada. This multilingual support ensures that we cater to a broad spectrum of customers, making our services more accessible and user-friendly.

Our social media is driven by advanced AI algorithms, has achieved an impressive rate of over 98% positive or neutral comments

demonstrating our capability to manage and respond to interactions effectively and promptly.

Project "BDC²" Branch Digital Customer Care is a landmark in SK digital journey by empowering every employee with access to our customer service channels, ensuring that customer care is integrated into all levels of branch operations. This new service will significantly reduce time for resolution process and improved

customer experience by making all employees of the company a Customer Service Support.

In line with our risk management strategies, we have established an extended team as a BCP unit at other location ensuring uninterrupted service and

support in case of any unforeseen disruptions, thereby reinforcing our service reliability.

In summary our commitment to customer service is evident through our strategic enhancements and technological innovations.

Solidifying our service, reliability and commitment to excellence. Together, we are not just building a finance company; we are shaping a Naye Bharat Ki Finance Company—one that is built on trust, empowerment, and prosperity.



In the spotlight

SK Finance creating livelihood in Naya Bharat

In the rapidly evolving landscape of Naya Bharat, SK Finance stands as a beacon of hope, facilitating individuals and businesses to realise their dreams and secure their livelihoods. With an immutable commitment to customer-centricity, SK Finance supports its customers through its business and vehicle loans.



Our loans make a real difference. We have helped families improve their income potential, from small businesses needing vans to farmers wanting to increase their harvest. Whether it is a commercial vehicle to expand a business, a tractor to boost farm efficiency, or a car for personal and professional use, we have loans to fit various needs.

Our business loans cater to small and medium businesses (SMEs), providing vital funds for growth, inventory, and daily operations. By supporting SMEs, we not only help businesses thrive but also contribute to the overall economic development of Naya Bharat. We focus on making our services

available even to those with limited access to traditional banking.

Indian agriculture is strengthened by our tractor loans. Farmers can invest in new or used tractors, improving productivity and yields and ultimately raising their standard of living. We ensure that even farmers in remote areas can access the financial resources they need.

Car ownership, a significant milestone for many, is made possible by our car loans. These loans provide greater mobility, independence, and convenience for personal and business use. We continue to empower people across maintain Naya Bharat throughout the doc by simplifying the loan process.

Customer satisfaction is paramount to SK Finance. We have efficient systems to handle inquiries, requests, and complaints promptly. We constantly improve our policies and processes to serve our customers better.

Looking ahead, SK Finance remains committed to improving livelihoods and supporting the aspirations of individuals and businesses in Naya Bharat. Our comprehensive range of financial products and exceptional customer service ensures we remain a trusted partner on their journeys to success.

SK Finance is more than just a financial institution in Naya Bharat; we are a driving force for positive change, creating a brighter future for all.

Marketing initiative



SK Kisan Sabha

SK Finance Kisan Sabha initiative, conducted across 10 states and facilitated by 124 branches, has reached over 1 lakh farmers, is a testament to our commitment to empowering farmers across the nation. Through engaging and informative sessions held at Mandis, we educate farmers on various aspects of finance, providing them with the tools and knowledge they need to thrive. By fostering financial literacy and empowerment among farmers, SK Finance is helping to build a stronger and more resilient agricultural sector, driving rural development and prosperity.

SK Loan Gaadi

Financial Empowerment on the Move! With 326 branches and a reach of over 15 lakh, SK Loan Gaadi continues its mission of financial empowerment, traveling across states to educate communities. By equipping residents with financial literacy and guidance, SK Loan Gaadi empowers them to make informed decisions and achieve their financial goals.



National Panchayat Raj Day

Celebrating Rural India's Backbone: SK Finance on National Panchayat Raj Day! With over 125 panchayats covered and a reach of 10,000+, SK Finance commemorated this day across India, recognising the vital role of panchayats, sarpanchs, and farmers in shaping our nation's rural landscape. This initiative fostered engagement with our valued customers, strengthening our commitment to supporting their financial well-being and contributing to rural development.

In the spotlight

Creating an enviable liability franchise by building partnerships to access capital

Our network of lending partnerships is second to none, with over 60 major 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.

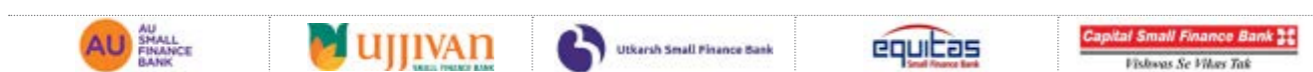
Public sector banks



Private sector banks



Small finance banks



Financial institutions



Mutual funds



Insurance companies



Our ability to access diversified funding sources has contributed to our growth. As of 31st March, 2024, we access funds from 58 lenders, including 10 public sector banks, 25 private banks, 3 mutual funds, and 20 financial institutions. We have broadened our lender base over time and deepened our relationship with our top 10 lenders. The percentage of loans from our top 10 lenders has increased to 51.2% as of 31st March, 2024, from 35.9% as of 31st March, 2023.

Key characteristics of our portfolio

Category	March 31, 2024	March 31, 2023
Top 10 lenders	51.16%	35.85%
Top 11-30 lenders	36.97%	40.11%
Remaining lenders	11.88%	24.04%

Our relationship with our lenders over the years is also assessable from our increasing average ticket size (ATS) per lender of ₹154 crore as of 31st March, 2024, from ₹107 crore as of 31st March, 2023 while growing our average tenure of borrowings at origination to 46 months as of 31st March, 2024, from 44 months as at 31st March, 2023. The diverse sources of funds allow us to access more cost-effective long-term financing. We have deepened our relationship with our

existing lenders, thereby increasing the tenure of our borrowings over time and our average ticket size with the existing lenders.

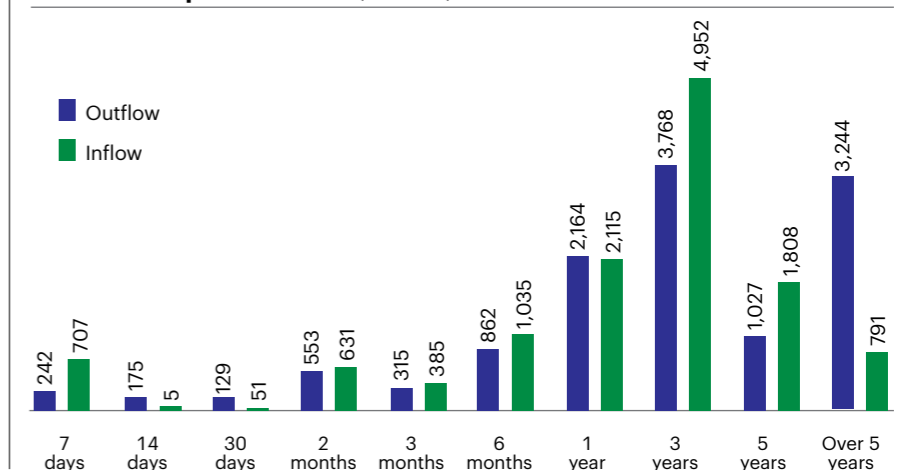
Product	Particulars			
	As on March 31, 2024	As on March 31, 2023	As on March 31, 2022	As on March 31, 2021
Average tenure of borrowings at origination (including securitisation) (in months)	46.50	43.83	38.89	39.55
Average residual tenure of borrowings (including securitisation) (in months)	35.36	34.62	28.20	30.97
Average ticket size (exposure per lender) (numbers are in ₹Crore)	154.05	106.71	80.32	55.59

We have an established liability franchise aimed at procuring cost-effective long-term financing. Furthermore, despite elevated benchmark rates last year, we could maintain the average cost of borrowings.

Product	Particulars			
	As on March 31, 2024	As on March 31, 2023	As on March 31, 2022	As on March 31, 2021
Average cost of borrowing	9.26%	9.39%	8.84%	10.17%

Moreover, our credit rating improved to AA-/Stable from A+/Stable. Our steady rating upgrades are a testament to our consistent performance. We also have asset liability management strategies in place to prevent cumulative asset-liability mismatches across any of the maturity buckets.

Cumulative positive ALM (₹ in crore)



In the spotlight

Tech-enabled growth and efficiency

Digitalisation is vital to success in India’s ever-changing corporate environment. Leveraging the latest technologies enhances efficiency and fosters innovative financial solutions.

We are a technology-driven company using systems with digital infrastructure to manage a scalable and sustainable operating model. Our loan origination systems (LOS), loan management systems (LMS), and collection systems are well integrated, and all support services are also interconnected

to provide seamless delivery to our end customers, employees, and business partners.

Our core business systems are cloud-based, adopted with a mobility-first approach, and enable seamless automated reporting to our ground team. Our robust tech

architecture and partner ecosystem are built on ground principles, consisting of scalability, security, and an integrated approach. This enables us to deliver our goals of improving customer experience, driving efficiency, and generating newer business.



Principles for digital journey

Principle	Impact
Scalability	<ul style="list-style-type: none"> Our robust technological infrastructure is ready to support future increased demand for business Embracing a cloud and mobile-first approach ensures faster rollouts and quick scalability Robust partner ecosystem and dedicated in-house team for seamless delivery
Secure	<ul style="list-style-type: none"> Implemented best of breed security systems to protect data Continuous vulnerability programme to identify and address potential threats
Integrated	<ul style="list-style-type: none"> Automated data inflows within systems to streamline operation, reduce manual intervention and increase data accuracy

Goals for digital journey

Goal	Impact
Improve user experience and drive efficiency	<ul style="list-style-type: none"> Our workflows seek to accommodate the unique business needs of the vehicle and MSME verticals Low-code/no-code environment, enabling us to adapt to changes quickly Created simple, user-friendly apps using ‘Lego bricks’ approach for easy customisation, reuse and adoption Leveraging the champion network at each hub ensures we effectively utilise our solutions
Improve customer experience	<ul style="list-style-type: none"> Customer and business partner support, i.e. toll-free, website, social media, branch customer care 24X7 AI-enabled multilingual chatbot for customers and business partners
Support in new business generation	<ul style="list-style-type: none"> Analytics-driven customer retention cell to monitor customer interactions and generate business Automated loan disbursement journey over WhatsApp for repeat customer top-up loans

In the spotlight

Technology architecture overview

Our core business applications are designed to support faster business growth and drive efficiencies. We have built uniquely designed LOS systems for our vehicle and MSME businesses.

For our Vehicle business, we have reshaped every aspect of our operations to enhance customer experience, reduce costs, and foster growth. We are beginning with mobility-driven digital lead sourcing through our sales team, business partners and call centres. We seamlessly collect entire loan application data through our mobility app, including e-document capture and verification through our fintech partnerships (Aadhaar DigiLocker verification, RC verification, PAN verification, DL and voter ID verification) for risk-free customer onboarding. We have integrated our systems with multiple bureaus, and we perform all used vehicle valuation and customer field investigations digitally through our apps. These digital platforms and paperless working significantly reduced TAT and delivered a more remarkable customer experience.

Our MSME vertical also underwent a remarkable digital transformation journey. Our employees begin their journey with comprehensive learning and certification via Gurukul, ensuring they were equipped with the latest knowledge and process on how to source leads and generate business. The solution embedded with visit module to capture data during the visit performed by relationship officer, business development manager, credit officer and technical officer for valuation. This solution is integrated with home grown uniquely designed property valuation app (EVALUARE) to quickly and seamlessly perform property valuations with our partner network.



We are able to deliver complete paperless journey in MSME vertical as well where we do not take any physical paper from customer until the case get sanctioned. Through our mobility solution we are able to deliver a complete virtual branch experience to our sales team where they can perform every activity at customer location itself and does not need to come to the branch to perform any customer on boarding formalities.

We partnered with leading technology service providers and many cutting-edge fintech solutions companies. This hybrid mix enabled us to deliver robust solutions along with Fintech capabilities to quickly underwrite

the customer and manage the risks. Through these providers we are able to digitise customer KYC verification, customer banking access and analysis, customer NACH activation, digital payment collection, AI-enabled customer service, social media monitoring and automated reporting.

We have enabled our customer and business partners with AI-enabled multilingual chatbot to provide quick resolution of their queries, request and complaints. For our elite customers we have enabled end-to-end digital Top-Up Loan Journey (STPL) on WhatsApp itself. We are in the progress of launching Salesforce services CRM to further transform our customer service

experience and drive greater lifetime value from our customers.

Our Tech architecture is largely present for more than 5 years in the business and this enable us to gather significant structured data for our customers, and we are leveraging this data for business generation, faster decision

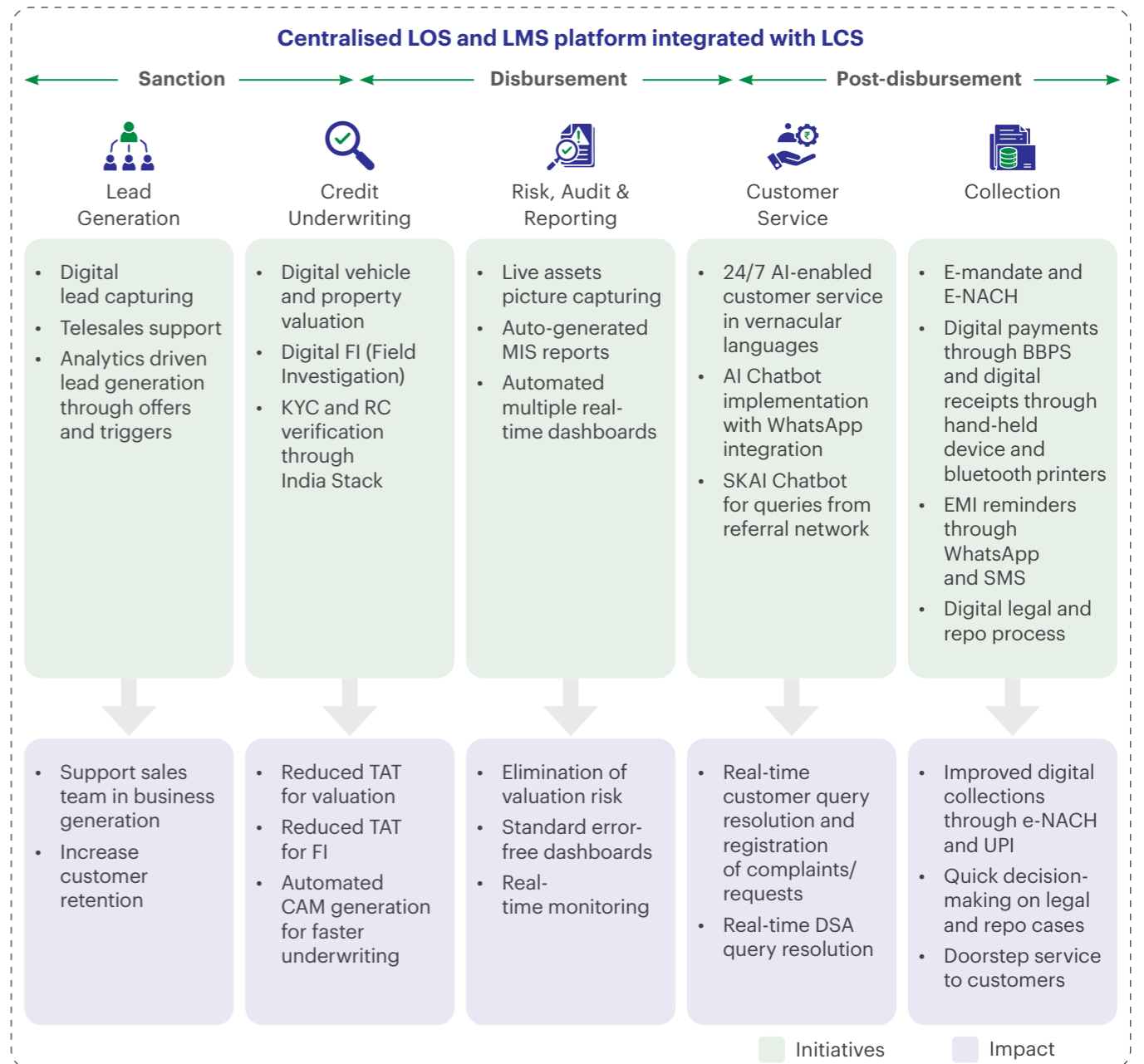
making, risk management and efficient collections.

We have also implemented tools and processes to ensure data security, including frequent vulnerability assessment and penetration testing (VAPT), end point protection for all hardwares, email gateway security, virtual

private network and mobile device management.

Our infrastructure is built on the foundation of a skilled and dedicated IT team to keep our digital fortress secure and operational monitoring our systems 24/7, ready to respond to and resolve issues before they impact business

As of 31st March, 2024, we have a dedicated technology team of 165 employees, broadly covering three verticals, i.e, digital, infrastructure and services, and cybersecurity, each led by a vertical head, i.e, Chief Digital Officer, Chief Technology Officer and Chief Information Security Officer, respectively.



Chairman's message

Reflection on our journey



We achieved record growth each quarter in FY 2023-24, demonstrating our resilience and robust risk management capabilities. We recorded 29% disbursement growth, 42% AUM growth, and 40% PAT growth, maintaining a healthy capital adequacy ratio of ~33.86% in FY 2023-24."

Amar Lal Daultani

Chairperson and Non-Executive Independent Director



Dear Stakeholders,

It brings me great pleasure to convey our journey in FY24. We delivered a strong performance during the year. Our strategic objectives continue to guide us to become the preferred partner for our customers.

Despite global uncertainties, marked by geopolitical tensions and divergent growth patterns, India continued its growth trajectory with NSO pegging India's GDP growth at 8.2% for FY24. Inflation has fallen from its peak in India, but RBI continues to maintain a cautious stance in the face of volatile external conditions and high food prices. The Indian GDP growth is well-supported by the financial services sector. NBFCs continue to grow and play an important role in financial inclusion. I would like to highlight here the importance of the NBFC sector in providing services to segments often underserved by traditional banking institutions. This sector is essential for promoting financial empowerment and supporting the growth of a variety of industries, including MSMEs and consumer financing. NBFCs' agility and customised offerings help to boost the financial sector's overall optimism and sustainability.

Post-pandemic, India has experienced significant economic

growth, developing physical, digital, and social infrastructure at a remarkable scale and speed. With the economy evolving, our customer base is expanding both demographically and geographically. This expansion presents enormous opportunities for NBFCs like us over the next few years. To capture this increasing opportunity, we expanded across two new states and opened an addition of 132 branches in FY24. At the same time, we strengthened our end delivery through process improvements with the help of technology across our value system.

For SK Finance, FY24 was a year of opportunities, where we continued to invest in the infrastructure established during the pandemic. We achieved record growth each quarter, demonstrating our resilience and robust risk management capabilities. We recorded 29% disbursement growth, 42% AUM growth, and 40% PAT growth, maintaining a healthy capital adequacy ratio of ~33.86%.

Looking ahead, we are optimistic about our prospects. Our focus on financial inclusion, continuous investments in technology and focus on customer service and end delivery will continue to boost our growth. I extend my appreciation to the entire SK Finance team for their hard work and dedication,

and I thank our MD & CEO for his exceptional leadership and support in steering the team in the right path.

As the Non-executive Chairperson of the Board, I am honoured to lead SK Finance's journey forward and thank the Board for entrusting me with this responsibility. Together, we will continue to deliver long-term value for all our stakeholders.

Warm regards,

Amar Lal Daultani
Chairperson and Non-Executive Independent Director

MD & CEO's message

Catalysing growth, shaping tomorrow



As with the industry overall, this is also reflected from our performance in FY24 wherein we disbursed ₹7,237 crore with a growth of 29% YoY, reaching a total asset under management (AUM) of ₹10,476 crore, a 42% increase from the previous year."

Rajendra Kumar Setia
Managing Director and Chief Executive Officer



Dear Stakeholders,

We continued to invest to catalyse our performance going forward last year. As you are aware, we were one of the few companies who continued to invest in business through the pandemic. While achieving a robust growth and delivering sustainable growth in profits. True to this thought, in FY24, we continued to invest in our business opening a total of 132 branches. Through this we aim to have a pan-India playbook ready which will help us diversify and confidently march ahead to enable us to strengthen our position as – **"Naye Bharat Ki Finance Company."**

As we close FY24, global growth continues to hold steady, having slowed for three consecutive years. Inflation has been cut to a three-year low. Financial conditions have improved and the world economy, appears to be approaching a soft landing. Yet, more than four years after the upheavals of the pandemic and subsequent global shocks, it is clear the world is yet to rediscover a reliable and sustainable path to growth.

Last year the world economy started the fiscal year with significant uncertainty. But ultimately it grew 3.2% for 2023 despite monetary tightening, geopolitical tensions and initial fears of recession. Though the growth was divergent and mainly supported by a few large economies, India retained its place as the fastest growing large economy by achieving a strong growth rate of 8.2% in FY24. In fact, India has been on a fast growth trajectory overall over the last decade.

This growth has been duly supported by the financial sector, particularly the Banking and Non-Banking Financial Companies and

while credit expansion has seen new heights, the asset quality and capital adequacy ratios have remained robust, showing that this growth is rather far more sustainable.

As with the industry overall, this is also reflected from our performance in FY24 wherein we disbursed ₹7,237 crore with a growth of 29% y-o-y, reaching a total asset under management (AUM) of ₹10,476 crore, a 42% increase from the previous year. This growth is a testament to the trust and confidence that our customers and stakeholders have placed in us.

In alignment with our commitment to serve the evolving needs of our nation, we have consistently aimed to provide top-notch customer service and create sustainability and value for all our stakeholders. This past year has been a testament to our continuous growth and dedication to achieve excellence.

This year, we increased our presence with an entry in two large states of Uttar Pradesh and Karnataka. This took our overall presence to 11 states and 1 union territory through 579 branches and having built a strong DSA network of over 9,100 DSA's across the country. Additionally, we added over 2,900 employees to the SK Finance family, now totalling to over 11,400 strong team.

Digital transformation has enabled us to achieve seamless integration across all functions in the organisation. We are engaged in a traditional business of lending where we believe that human intervention cannot be replaced. Said that, the role of technology is imperative and acts as an enabler in business. We have seen a remarkable improvement in efficiencies in business operations as technology intervention has transformed the manner in which

we do business. This has also improved our end delivery to our customers and enhanced customer experience significantly. We now look forward to increasingly use technology and improve our ability to use data in business.

In the year gone by, we closed the largest private equity transaction in the history of the company totalling to ₹1,328 crore as a mix of primary and secondary capital. In the round, the Company raised a total of ₹890 crore of primary capital through a mix of new and existing investors. After the close of the fund raise, we also begun work for the Company's Initial Public Offering (IPO). We filed our Draft Red Herring Prospectus (DRHP) on 2nd May, 2024 and are working towards next steps.

We are in the business which is primarily driven by people. I have been fortunate to work with a set of dedicated people who are driven and lead the way forward to achieve the Company's growth targets. I would specially want to extend my thanks to all our employees, who are our brand ambassadors, for their commitment and diligence to their job. We are certain that our solid foundation, strategic alliances, and highly qualified personnel will keep us on the path to create value for all our stakeholders.

I would also like to express my heartfelt gratitude to our customers, employees, shareholders, and partners for their support. Together, we have scaled new heights, and I am confident that we will continue to grow and succeed in the years to come along with their support.

Warm regards,

Rajendra Kumar Setia
Managing Director and Chief Executive Officer

Whole-time Director's message

Driving growth with a focus on excellence



Our thorough understanding of local markets, coupled with our strong on-ground presence, makes us easily accessible to our customers, further enhancing their overall experience. We have taken multiple steps in this regard, having encouraged improved interaction with our customers enabling us to deliver better."

Yash Setia
Whole-time Director



Dear Stakeholders,

The epicentre of our focus continues to deliver a superior customer experience. As Jimmy Johnson (ex-American Football coach) said "The difference between ordinary and extraordinary is that little extra." This is what we endeavour to do. I am privileged to be a part of this team who strive to get that little extra each day.

Our commitment to exceptional customer service continues to be a key differentiator for us. Embracing technology has been pivotal in achieving these goals, and I am proud to say that it has significantly contributed to our progress.

The global economy remained remarkably resilient, with growth holding steady despite high inflation. Central Banks across the world-maintained benchmark rates at elevated levels with a clear focus on managing inflation in inflation, followed by a globally synchronised monetary policy tightening. This was further accentuated by supply-chain disruptions in the aftermath of the pandemic and multiple geo-political challenges.

Despite this, the economic activity was surprisingly resilient through the year defying warnings of stagflation and global recession. As per IMF's World Economic Outlook (April 2024), the global growth is estimated at 3.2% in 2023, is projected to continue at the same pace in 2024 and 2025.

India, with its enormous and dynamic economy, is increasingly playing an important role in maintaining global economic stability. The current economic situation in India demonstrates its resilience and capacity for growth and significantly contributing to the global growth. According to a recent assessment by RBI, India would achieve a GDP growth of 7.2% till FY25 after growing at 8.2%

last year. This is achieved through India's strong economic policies, entrepreneurial energy, and growing sectors. With a stable growth trajectory, India continues to make substantial contributions to global economic stability, maintaining its position as a key participant in the global arena.

At SK Finance, we prioritise our customers' needs and preferences, ensuring that they are at the forefront of every decision we make. Our thorough understanding of local markets, coupled with our strong on-ground presence, makes us easily accessible to our customers, further enhancing their overall experience. We have taken multiple steps in this regard, having encouraged improved interaction with our customers enabling us to deliver better.

We have been servicing semi-urban and rural customers over the last three decades and we take great pride in the fact that our services have resulted in the trust and satisfaction of our customers. Our dedicated team of over 11,400 employees play a crucial role in delivering this service and building lasting relationship with our customers. Their expertise and commitment ensure that we continue to exceed expectations and remain a trusted partner in their financial journey.

In FY24, we expanded to two more states, namely Uttar Pradesh and Karnataka taking our total presence to twelve states and union territories. Given the magnitude of opportunity that lies ahead, we aim to tread in a conscious and sustainable manner with adequate focus to both new and existing geographies. With this foray into these two states, we have a pan-India playbook ready and a track record of execution across multiple geographies.

While we continue to expand and deepen our presence, we continued to focus on optimising our operations by continuing to invest in our digital capabilities as well as adding members to our team. We onboarded ~2,900 employees to the SK Family, further strengthening our team. As we are closely working on increasing productivity, we strongly believe that this will improve operational efficiencies thereby translating into better quality of earnings going forward.

Looking ahead at FY25, we are confident about our prospects given that we are well positioned to take advantage of the opportunity that lies ahead. We continue to build on our past successes and navigate through future challenges and are grateful for the unwavering support and the dedication of our team members, whose hard work drives our success. We will continue to invest in technology to enhance our services and remain committed to meeting the needs of our customers.

I am excited about the opportunities that lie ahead for SK Finance, and I am confident that we will continue to grow and succeed, guided by our core values and commitment to excellence.

As we go to our next stage of growth, I would like to thank the Board of Directors for their support and hope to continue receiving guidance from them.

Warm regards,
Yash Setia
Whole-time Director

CFO's message

Scaling prudently to boost our operating leverage



Our Vehicle business closed March 2024 with an AUM of ₹8,081 crore growing 34% YoY while the MSME vertical closed with an AUM of ₹2,131 crore as at 31st March, 2024. ~20% of the total book comprised of the MSME vertical from 16% in March 2023.”

Atul Arora
Chief Financial Officer



Dear Stakeholders,

Amidst the global uncertainties, India continued to perform admirably in the year gone by. As seen last year, benchmark rates remained elevated across the world with an aim to reign in on inflation. This against the backdrop of recessionary environment in major advanced economies. Surprisingly, global economy stood strong and registered a growth of 3.2% in 2023.

As indicated, India continued to outperform the world economy and rather contributed significantly to the overall growth of the world economy. Despite this growth,

access to capital in India remained high throughout the year with peak benchmark rates. With an eye on inflation, RBI continued to keep the benchmark rates at 6.5% for major parts of the previous year. Furthermore, with an aim to control the quality of lending, there was concentrated efforts by the regulator which resulted in tightening of liquidity within the system, particularly for NBFC's. As a result, the cost of incremental borrowings increased across the sector.

In the face of this, corporate India continued to perform well. The second full year of performance

after the pandemic remained strong for corporate India. Consumption continued to catch up but credit off-take has been robust.

SK continued to report excellent numbers this year as well. Our disbursement grew 29% YoY to ₹7,237 crore which translated to an AUM growth of 42% YoY ending the year at ₹10,476 crore. Our Vehicle business closed March 2024 with an AUM of ₹8,081 crore growing 34% YoY while the MSME vertical closed with an AUM of ₹2,131 crore as at March 2024. ~20% of the total book comprised of the MSME vertical from 16% in March 2023.

Summarising our operational performance for the year below:

Financial performance	FY24	FY23	y-o-y (%)
Disbursement	7,237	5,623	29%
CV	3,016	2,709	11%
Tractor	853	726	18%
Car	1,496	979	53%
Two-Wheeler	186	190	-2%
SME	1,404	854	64%
Others	282	164	72%
AUM	10,476	7,378	42%
Commercial vehicles	4,437	3,448	29%
Tractors	1,388	1,115	24%
Cars	2,027	1,282	58%
Two-wheelers	230	197	16%
SMEs	2,131	1,192	79%
Others	264	143	84%

While we achieved a robust growth operationally, we continued to invest in our business and increase our reach last year. In spite of these investments, we saw operating leverage starting to reflect as we have scaled.

Allow me to give you a broad overview of our financial performance for the year:

Financial performance	FY24	FY23	y-o-y (%)
Interest income	1,632	1,210	34.9%
Finance costs	747	547	36.5%
Net interest income	885	663	33.6%
Net total income	1,051	767	37.0%
Operating expenses	532	385	38.2%
Pre-provision operating profit	519	382	35.8%
Credit costs	119	92	30.2%
Profit before tax	399	290	37.6%
Profit after tax	312	223	40.0%
Net worth	3,101	1,832	69.2%
Return on total assets	2.9%	2.9%	1 bps
Return on average equity	12.6%	13.0%	-37 bps
Gross stage 3	2.2%	1.9%	24 bps
Capital adequacy	33.9%	26.1%	776 bps

In line with the growth in our business, our financial performance has also seen an upswing. We have been able to maintain our yields in a similar range as compared to last year. Growth in interest income was supported by the growth in the AUM in all the business verticals during the year. Similarly, we have fared particularly well in maintaining our cost of borrowings at the same

rate while the entire industry saw pressure due to higher costs. We were able to maintain our overall cost of borrowings at 9.3% during the year like the previous year. This was further supported by a ratings upgrade we received moving our ratings up to from AA- with a positive outlook. This has helped us maintain our margins in business at a stable level.

As mentioned earlier, we are seeing operating leverage playing out, despite of further investments in business. We ended the year with Gross stage 3 assets of 2.2%, down by 30 basis points over the previous year but continue to be one of the best in the industry. This helped us end the fiscal year with a Profit After Tax (PAT) of ₹312 crore, a ~40% increase over the previous fiscal and a RoTA of 2.9%.

We are fortunate enough to work with partners, customers, employees and shareholders who support and have lived this journey with us I would like to take this chance to express my gratitude and thanks to all of them. Our Company's leadership, competent workforce, and customer-focused culture are all contributing factors to our success. We are committed to preserve our competitive edge via technology, people, and process investments that foster efficiency and innovation.

As we look to the future, our Company is well-positioned to take advantage of the possibilities that present themselves. To strengthen our position as a leader in the industry and provide value to our stakeholders, we will keep investing in our people, technology, and products. I want to thank all of our stakeholders once more for their encouragement and belief in our business. We are still determined to provide a solid performance and build lasting value for each and every one of our stakeholders.

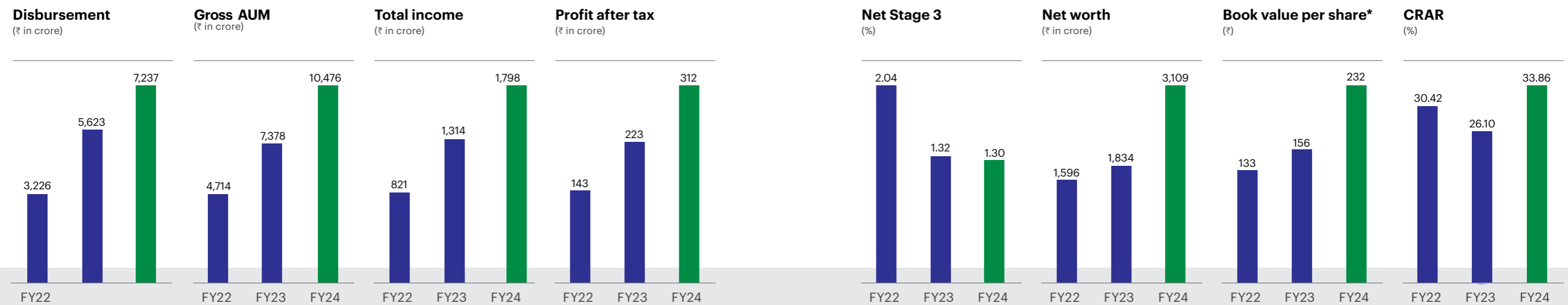
Warm regards,

Atul Arora
Chief Financial Officer

Key performance indicators

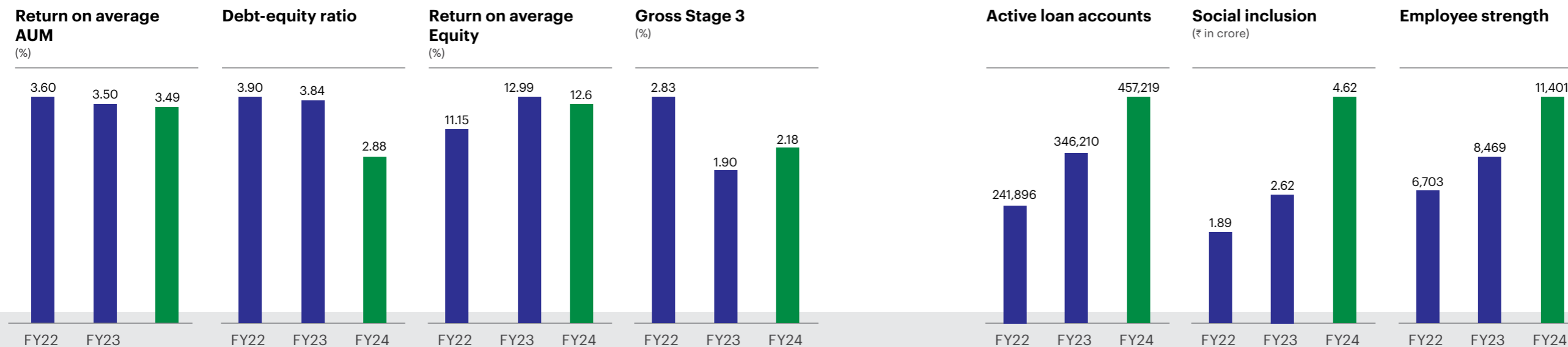
Setting new growth milestones

Financial performance



*After split and bonus

Operational performance





Our ESG backbone

The foundation of responsible business

At SK Finance, we deeply value our corporate and social responsibilities. By upholding ethical principles, we strengthen our business and contribute meaningfully to a better world.

At SK Finance, we are deeply committed to environmental, social, and governance (ESG) principles, recognising their importance in shaping a sustainable future.

Our ESG framework guides us in integrating these principles into

our business operations, ensuring that we not only meet regulatory requirements but also contribute positively to society and the environment. We strive to minimise our environmental footprint, uphold the highest social responsibility

standards, and maintain strong governance practices.

By aligning our business with ESG values, we aim to create long-term value for our stakeholders while positively impacting the world around us.

Environment

Leading with environmental responsibility

We recognise the critical importance of environmental responsibility, strive to minimise our carbon footprint and promote sustainability across our operations. We aim to reduce energy consumption, limit waste generation, and conserve natural resources by adopting practices such as LED lighting and optimising heating and cooling systems. Our commitment reflects our broader goal of creating a more sustainable tomorrow for future generations.



As a responsible NBFC, SKFL has developed and implemented ESG policy and ESG Framework. These documents provide the overarching guideline and direction with regards to SKFL's approach towards ESG implementation throughout country. All existing and future initiatives will derive relevance from them.

- SKFL has replaced all lighting fixtures with LED lights at all our offices pan India which results in energy conservation, Scope 2 carbon emission and cost reduction, hence complying with SDG 9 and 12.
- To ensure resource conservation and ensure responsible consumption, we have discontinued use of paper tissues

at all handwashing areas and use only air hand driers at our HO.

- At SKFL, we ensure that all our air conditioning systems are kept at 24°C or above This helps us extract best efficiency from our ACs and reduce energy consumption and emissions.
- To ensure reduction in Scope 3 emissions, we are making efforts to increase proportion of EVs/ CNG vehicles in our lending portfolio. Last year 8.4 % of our total lending portfolio constituted of EVs/CNG vehicles, an increase of 69.66 % CGAR over past four FYs.
- At our HO at Jaipur, we have commenced the process

of replacing plastic bottles with glass/steel bottles and discourage use of Single Use Plastic in offices.

- We have digitised our loaning process and gone paperless for Small Ticket Personal Loans (STPL).
- We are in a process of digitising complete application process for all products.
- We have installed a 70 KWh Solar Power Plant at our Jaipur office and have plans to install more such plants at suitable office locations throughout India (this leads to Scope 2 emission reduction).



Future and ongoing initiatives

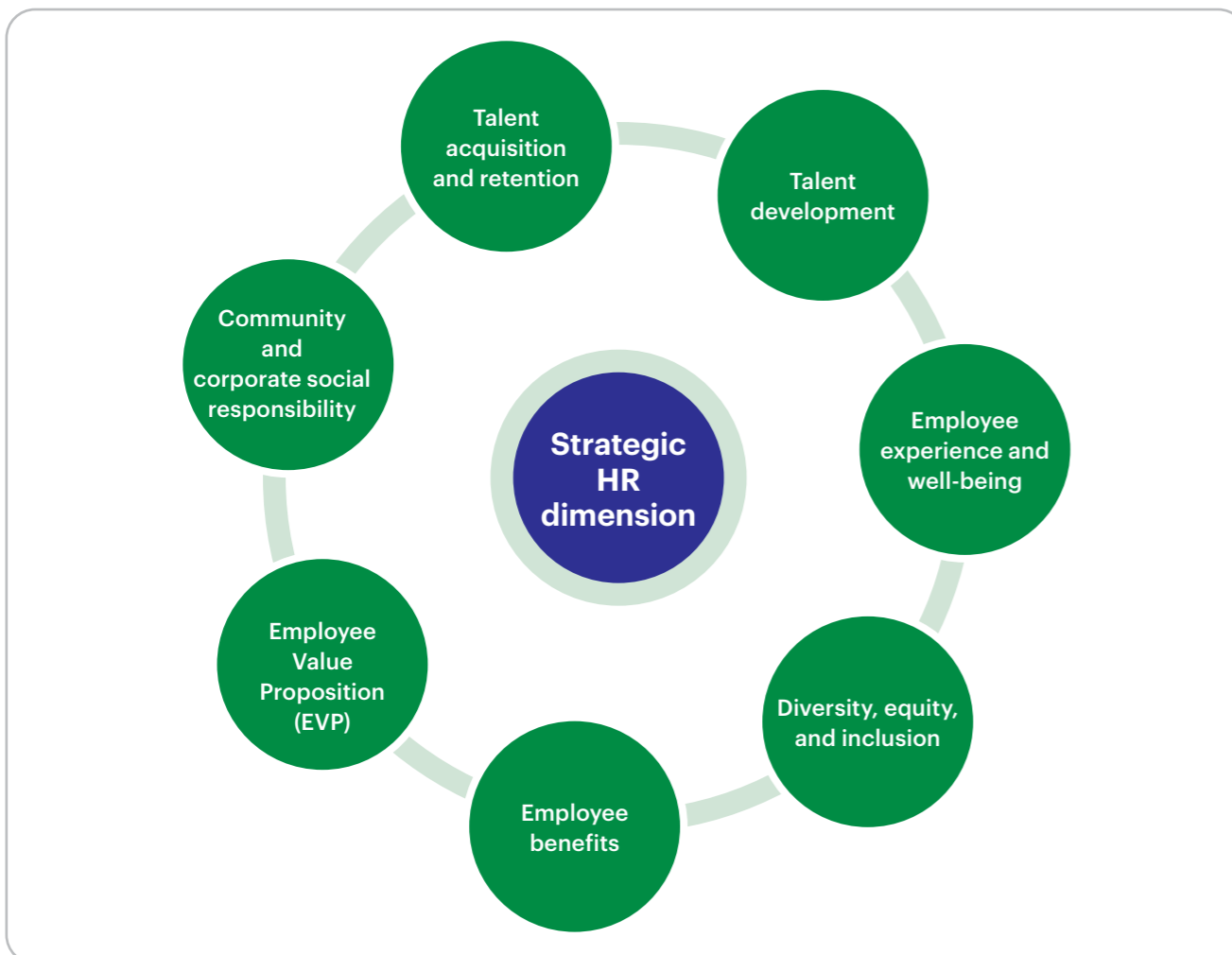
- We have commenced the process to develop an Environment & Social Management System for the organisation, which will act as a tool to implement the ESG Policy and Framework. A management level ESG council shall also be constituted to look after all ESG issues and concerns.
- We shall be taking up plantation drives through latest urban afforestation techniques such as "Miyawaki Forests" at selected locations within the country in coming FYs.
- We are also planning to install motion sensors at selected offices in phased manner, this will ensure reduction in electricity consumption and Scope 2 emissions.
- We have embarked on a journey to implement new technologies, systems and policies to measure, reduce our carbon emissions, improve resource efficiency and reduce waste generation. We shall be benchmarking our emissions and set reduction targets for coming FYs.

Social – People

Navigating Change and driving success: Year of continual growth

Our commitment to “building people and building business” underscores our dedication to nurturing talent and fostering a culture of continuous learning and sustainable growth. Our HR initiatives have been pivotal to our Company’s growth and innovation. We focus on empowering employees, enhancing their skills, and creating a supportive and inclusive work environment. Our strategic initiatives have supported our business objectives and ensured the growth and well-being of our most valuable asset - our people.

**Navigating change with resilience...
...Steering transformation, achieving success**



Strategic HR dimension

SK HR aims to achieve strategic human resource management for competitive advantage by creating value for customers, shareholders, employees, and other stakeholders and setting industry benchmarks. Strategic HR constantly aims to streamline policies and procedures, organisation structure, compliance and technology to increase productivity, reduce costs, increase profits and enhance employee satisfaction. Introspection and, continuous learning from mistakes is efficiently used to identify new opportunities. We view problems as opportunities for growth. The strategic HR dimension handles these issues efficiently, preventing recurrence. This approach is both crucial and innovative for our HR strategy.

Talent acquisition and retention

Attracting and retaining talent in a competitive market is crucial for our organisation. We implemented a comprehensive talent acquisition strategy that expanded our outreach and enhanced our employer branding. This approach helped us build a diverse pool of high-calibre candidates and strengthen our talent pipeline. We offer competitive compensation packages, career development opportunities, and a positive work environment to support retention. We plan to incorporate AI-based tools and psychometric assessments for core roles to streamline and improve our hiring process.

Talent development

We invested significantly in learning and development (L&D) programs and introduced diverse in-house training modules, leadership development courses, and mentorship programs tailored to our employees’ needs. These initiatives have equipped our workforce with new skills and prepared them to tackle challenges confidently.



Employee experience and well-being

Employee experience and well-being are at the heart of our HR strategy. We conducted regular engagement surveys to gather feedback and implemented various initiatives to address the needs and concerns of our employees for self-improvisation. Our focus on well-being has led to higher employee satisfaction and productivity. We have prioritised creating a supportive and healthy work environment.

Diversity, equity, and inclusion

We are committed to creating a workplace where everyone feels valued and included. Our diversity, equity, and inclusion (DEI) efforts have been centred around building an inclusive culture, promoting equal opportunities, and fostering a sense of belonging. This year, we focused on Diversity, Equity and Inclusion (DEI) by various initiatives as, diverse hiring practices and employee resource groups. These actions have significantly contributed

to a more diverse and inclusive workplace. Gender, demography, age, generation equality is a priority within our organisation, and our recruitment processes are designed to be receptive for the various diversification to achieve our goals successfully.

Employee benefits

As part of our continual employee benefit agenda under core theme on employee health and prosperity we have always strive for excellence. The Group Health Insurance (GHI), Group personal Accident (GPA) & Paternity Leave for employee remains the integral part of our employee benefit programmes catering to the various aspects of employee need for motivation and performance leading to high retention.

Employee Value Proposition (EVP)

We have continued our EVP initiatives to manage employer branding and experience. Our EVP model revolves around Engagement, Excitement, Relationship, Trust, Welcome, Buddy programme, Aspiration, Rewards & Recognition, Innovation & Automation, and, Yes! Giving Back to our valued customers, employees and the society – the Happiness.

We believe nurturing inclusive employee growth. Through our competitive performance-based reward policy for all SK employees, we encourage entrepreneurship, innovation and team spirit and reward employees based on their contributions for the same eventually adding to the Company's profitability in direct and indirect way. This culture promotes sharing goal amongst the employees to drive the success of our organisation.



Community and corporate social responsibility

Our commitment to corporate social responsibility (CSR) extends beyond our workplace where education, health and women's empowerment are our core focus. We encouraged our employees to participate in various community service and volunteer

programmes i.e. food donation to the needy people, stationery support to underprivileged kids from various schools and blood donation initiative across the organisation. Our belief system aims to contribute towards well-being of our communities and sustaining our Company's values of Empathy, Experience & Expertise.

Education and fitness programme

We prioritise employee growth and have specialised learning and development teams to help them advance. Throughout the year, we provided programmes to equip our staff with important skills and information for personal and professional success.

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. Training, as mandated by regulatory/statutory requirements, are also imparted to the employees at the time of induction.

Arjuna

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

Sashaktikaran

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

Oorja workshop

A workshop for supervisory role employees, 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. The end goal of the entire process is to get new joiners accustomed to their day-to-day work activities with minimum error and to enhance individual productivity.

Buddy Programme – Saarthi

For our new joiners, we assign a Saarthi (a Buddy), who is a tenured employee, shortlisted through a difficult evaluation process and responsible for introducing new hires 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.



Punarabhyas

Provide employees with monthly refresher trainings based on their training needs, identified through performance analysis. These trainings are particularly beneficial for low performers, as they serve as a valuable mode of counselling and motivation to help them improve their performance. Additionally, these training ensures adoption of critical processes, policy and applications in an effective manner. Refresher trainings as mandated through regulatory/statutory requirements is imparted to the employees on an ongoing basis.

Jagrati

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, PMLA, Risk management and other industry-specific requirements.

Manager development programme

The primary goal of the programme 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.

The Neo Leader

Coaching methodologies is being utilised to equip branch and area managers with the necessary skills and knowledge to drive key profit parameters for the branch. Our training programme consists of a series of interactive sessions designed to empower these managers and cover essential topics related to financial management, business development and leadership.

Type of learning and development	Total Count in FY24
Prarambh	8,815
Saarthi	189
Arjuna	3,220
Punarabhyas	7,738
Sashaktikaran	853
Jagrati	7,062
Manager Development Program	216
Oorja workshop	279
On-the-job training	33
Neo Leaders	162

Social – Community

Strengthening communities, unleashing opportunities

At SK Finance, we believe in giving back to society and making a meaningful impact in the communities we serve. Through our CSR initiatives, we drive the positive and sustainable change in building resilient and rehab the communities. we contributes towards health, sanitation, education, women empowerment, animal welfare, promoting sports, environment, Traffic Road Safety Programme and to ensure in creating a long-term impact for the beneficiaries, we are dedicated to creating a sustainable future for all.

CSR focus areas



Education and fitness programme

We provide education by extending financial assistance to the poor and needy students, undertaking vocational training and education awareness projects to enhance viewership by screening national and international cinema. Furthermore, we took various initiatives, including marathons and yoga sessions.



Healthcare and public sanitation

We have set up various camps, including a blood donation camp, providing ambulance services, medical infrastructure services, and sanitation. We also organised the World Health and Wellness Fest in Jaipur and installed water coolers in public areas.



Traffic awareness and Road Safety

We are spreading awareness of traffic guidelines to reduce the risk of road traffic injuries. We have been associated with the traffic police by donating barricades, installing kiosks and providing helmets to public at various places to ensure safety of public and assisting in prevention of the accidents.



SK Skill Academy

We are committed to women’s empowerment through the SK Skill Academy. We are actively providing vocational skills to equip women with the knowledge and expertise needed for a sustainable livelihood.

Efforts of SK Foundation

SK Foundation is dedicated to making a positive impact across various social areas. We focus on education, healthcare, the environment, and women's empowerment through skill development initiatives. By fostering education, we aim to create growth and learning opportunities. Our commitment to healthcare ensures access to quality services. Our environmental efforts emphasise sustainability and conservation for a better future. We empower women with valuable skills, including stitching, weaving, knotting, braiding, natural dyeing, block screen printing, pottery, and other handicrafts. Together, we strive for holistic and sustainable social welfare, growth, and community development.

Impactful initiatives



Education through Cinema on Wheels

SK Foundation in association with Cinema on Wheels Private Limited has started an education awareness project for children and audience to raise public awareness about art, culture, social responsibility through the small cinematic projects, encouraging the innovative and qualified artworks, financial literacy,

conveying our cultural inheritance to the poor sections of the society and reinforcing the place.

Lives impacted
45,000+



Promoting sports amongst underprivileged children and fitness programme

The Company took various initiatives, including marathons and healthcare events to promote health awareness amongst the poor section of the society. These gatherings facilitated education on health-related matters and offered screenings for various diseases and motivated individuals to embrace

healthy habits and seek medical attention as needed. Additionally, yoga sessions were also organised at various places to promote the practice of yoga for maintaining overall well-being.

Lives impacted
15,000+



Autism Care Centre and supporting hospitals

The Company aims to provide the support to the Babylon Trust for the purpose of providing children with required treatment/medical relief and proper care under the guidance

of specialised team of doctors provided by Babylon Trust.

Lives impacted
11,000+



Public Sanitation & Eradicating Poverty

The Company and SK Foundation have provided 30,000+ food packets to underprivileged persons of society. Further, numerous water coolers were installed in public areas for providing drinkable water to the public at large. Also, sanitisers machines have been

installed at various public places to uphold hygiene standards as preventive health care measure.

Lives impacted
1,50,000+



Traffic Road Safety

The Company is committed in spreading awareness on traffic guidelines with the aim of reducing the risk of road traffic injuries. The Company have undertaken a joint effort with traffic police by donating barricades and helmets to ensure safety of the public.

Also, the Company has constructed and installed kiosks at various places to assist traffic police in controlling and managing traffic flow effectively.



Developing park, tree plantation drive and spreading awareness

The initiative to enhance the development of various parks by plantation and installation of iron fencing and also organised multiple plantation drives to raise awareness

about environmental protection and has planted more than 2,000 trees in public areas such as gardens, hospitals and schools.



SK Skill Centre

The Company together with SK Foundation operates two skill centres in Jaipur where they support over 200+ women. Through its skill training programs, the foundation equips women with valuable resources, skills, knowledge and opportunities. These programmes focus on various income generation skills such as stitching, weaving, knotting, braiding, natural dyeing, e-rickshaw driving training,

block and screen printing, pottery and other hand work skills. By providing these training opportunities, the Foundation aims to instill confidence, nurture a sense of responsibility and empower women economically.

Lives impacted
230+

Governance

Responsible decision-making

SK Finance Limited upholds the highest standards of governance and disclosure. Over the years, we have fortified our corporate governance philosophy and established an effective governance mechanism. Our framework emphasises ethical and responsible business conduct to create enduring stakeholder value. Inspired by ethics, values, and professionalism, our governance practices reflect global practices, and we have integrated these into our growth strategy. Fairness, integrity, and transparency are our guiding principles across all operations.

Neutrality

We adhere to fair play and integrity in all our transactions with stakeholders, both internal and external. Our conduct is always equitable and transparent.

Transparency

We consider transparency essential for healthy, self-sustaining growth as it promotes self-enforcing checks and balances. Transparency also nurtures deep and longstanding trust among our stakeholders. We endeavour to exhibit the highest levels of transparency, exceeding statutory requirements, through accurate and timely disclosures.

Accountability

In our organisation, accountability means taking responsibility for our beliefs and delivering on promises. We cultivate a culture of end-to-end ownership across the organisation. Our commitment to openness and transparency ensures accountability to all stakeholders, including workers, shareholders, suppliers, government agencies, society, business partners, and supply chain players.

We aim to achieve our mission of becoming India's most renowned financial services company through strict adherence to business ethics and dedication to corporate governance. Our promoters have consistently demonstrated exceptional governance and integrity from the very start.



Our three lines of defence

Three lines of defence drive our enterprise risk management framework:

First line of defence (business units)

- 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

Second line of defence (compliance and risk management department)

- Equipped with an experienced team headed by officiating CRO and CCO.
- Responsible for designing and deploying an effective risk management framework in the organisation per the governance strategy defined by the Board.
- Responsible for ensuring adherence to regulatory and statutory requirements.
- Our dedicated risk management and compliance teams provide expertise and oversight. They develop frameworks, monitor adherence, and ensure that risks are managed consistently across the organisation. This line acts as a safeguard, reinforcing the controls established by the first line of defence

Third line of defence (internal audit)

- An experienced HIA with knowledge of BFSI space.
- Offers an independent and objective assurance of the effectiveness of our governance, risk management, and internal controls. By evaluating the efficiency and adequacy of our first and second lines of defence, internal audit helps ensure that our governance practices remain robust and resilient

Ensuring 'CARE' across the organisation

Our governance framework seeks to achieve our mission, CARE, which encompasses:

Customer-first (C): We prioritise our customers by embedding a customer-first mentality across all levels of our organisation. Our governance practices ensure customer needs and feedback are integral to our decision-making processes.

Agility (A)

Our agile processes allow us to be proactive and responsive to changes in the market and regulatory landscape. This adaptability ensures we remain competitive and quickly address potential risks and opportunities.

Reliable (R)

Reliability is a cornerstone of our governance framework. Through stringent risk management, compliance, and internal audit functions, we ensure that our operations are consistent, dependable, and meet the highest standards of integrity.

Empathy (E)

We foster a culture of empathy, ensuring a personal touch and cooperation in all our interactions. Our governance framework supports this by promoting ethical behaviour, transparent communication, and a commitment to understanding and addressing the needs of our stakeholders.

SK Finance Limited maintains a robust governance framework that upholds the highest standards of transparency, accountability, and customer-centricity through the integrated efforts of the three lines of defence and our commitment to the principles of 'CARE'.

Our Board of Directors

Leading from the front

Our BOD plays a pivotal role in steering our Company towards success. They offer strategic direction and promote an environment of innovation and sustainability, ensuring our continual growth and prosperity.



Amar Lal Daultani

Chairperson & Non-Executive Independent Director

He holds a bachelor's degree in science from Agra University, Agra, Uttar Pradesh, India. He was previously associated with

Allahabad Bank and Corporation Bank. He has over 34 years of experience in credit, forex, treasury, risk management and other banking operations.



Mr. Rajendra Kumar Setia

Managing Director & Chief Executive Officer

He holds a bachelor's degree in science from the University of Rajasthan, Jaipur. He has over 29 years of experience with our Company in the financial services

sector. The Times Group awarded him as one of the ET Business Leaders of Rajasthan 2019.



Yash Setia

Whole-time Director

He holds a bachelor's degree in commerce from H.R. College of Commerce and Economics, the University of Mumbai, Mumbai, Maharashtra, India, and a master's

degree in finance from Babson College, Wellesley, Massachusetts, United States. He has over five years of experience with our Company in the financial services sector and joined as Head of Strategy and Senior Analytics on August 1, 2018.



Anand Raghavan

Non-executive Independent Director

He holds a bachelor's degree in commerce from the University of Madras, Chennai, Tamil Nadu, India. He is also a Chartered Accountant certified by the Institute of Chartered Accountants of India. He was previously associated with Ernst

& Young as a partner and Sundaram Finance Limited as vice president of corporate affairs. He was a member of the Committee on Functioning of Asset Reconstruction Companies constituted by the RBI and the Committee for Revival of MSMEs in Tamil Nadu. He has over 38 years of experience in the financial sector.



Nanda Sameer Dave*

Non-Executive Independent Director

She holds a bachelor's degree in science and a master's in business administration from the University of Lucknow,

Lucknow, Uttar Pradesh, India. She is a member of the Indian Institute of Bankers and was previously associated with the RBI as an executive director.



Mukul Mathur*

Non-Executive Independent Director

He holds a bachelor's degree in engineering (electronics and communication) from the University of Delhi, New Delhi, India. He also has a postgraduate business management diploma from XLRI, Jamshedpur, Jharkhand, India. He was previously associated with IBM India Private Limited as IBM security's vice president and Wipro Infotech Limited as a senior engineer.

He has over 35 years of experience in the field of IT services. He also holds a postgraduate certificate in cybersecurity from the Massachusetts Institute of Technology, Massachusetts, United States of America. He has also been a consultant for corporate engagement for the IIT Bombay Development and Relations Foundations team. Currently, he is a partner of ZeroT Plus Technologies LLP and a director with the Tanmatra Foundation.



Simit Batra**

Non-Executive Director

He holds a bachelor's degree in technology from the Indian Institute of Technology, New Delhi, India. He holds a master's degree in Business Administration from the Indian Institute of Management, Ahmedabad, Gujarat, India. He works with TPG Capital - India Private Limited and has previously been associated with Citigroup Global Markets India Private Limited. He has over

a decade of experience in private equity and investment banking. He serves as a director on the Big Tree Entertainment Private Limited board, Busybees Logistics Solutions Private Limited, Social Worth Technologies Private Limited, Landmark Insurance Brokers Private Limited and Livspace Pte. Limited. He has previously served as a director on the board of Brainbees Solutions Private Limited, Landmark Cars Private Limited and Interstellar Services Private Limited.



Debanshi Basu

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

She holds a bachelor's degree in commerce from Osmania University, Hyderabad, Telangana, India. She is also a Chartered Accountant certified by the Institute of Chartered

Accountants of India. She has over 21 years of experience in the financial services sector. She was previously associated with Office Tiger Database Systems India Private Limited and Goldman Sachs India Securities Private Limited. She has worked with Baring Private Equity Partners Limited as senior principal since August 11, 2009.

*Ms. Nanda Sameer Dave and Mr. Mukul Mathur were appointed as an Additional Director (Non Executive and Independent) of the Company by the Board of Directors vide their meeting held on 14th March, 2024 and 29th March, 2024, respectively and their appointment as an independent Directors was approved by the Shareholders of the Company in their Extra-Ordinary General Meeting held on 25th April, 2024.

**Mr. Simit Batra was appointed as an Additional Director (Nominee) of the Company w.e.f. 13th June, 2023 and his appointment as Nominee Director was approved by the Shareholders of the Company in their Extra-Ordinary General Meeting held on 20th June, 2023.

Our leadership team



Atul Arora
Chief Financial Officer



Anagha Bangur
Company Secretary & Compliance Officer



Raj Kumar Setia
Chief Business Officer – SME



Anuj Rawat*
Head of Internal Audit



Vaibhav Bumb
Officiating Chief Risk Officer



Anubha Khandelwal
Chief Compliance Officer



Ritesh Sharma
Chief Operating Officer



Sameer Arora
Chief Operating Officer



Amarpreet Singh Batra
Chief Operating Officer



Ajit Singh Sajwan
Chief Technology Officer



Bhavesh Kumar
Chief Information Security Officer



Girish Dangayach
Chief Digital Officer



Vivek Haripal Singh
Head – Resource Mobilisation, Investor Relations and Treasury Investments



Anil Sharma
Head of Human Resources



Gajendra Sharma
National Credit Manager



Anshul Jain
Head – Brand Marketing



Tej Pratap Singh
National Operation Manager



Rajiv Kumar Yadav
National Legal Head



Harendra Singh Rathore
National Collection Manager

*Mr. Anuj Rawat has resigned from the post of Head of Internal Audit w.e.f. 15th June 2024.

Board's Report

To,
**The Shareholders,
SK Finance Limited**

The Directors have pleasure in presenting the 30th (Thirtieth) Annual Report on the business and operations of SK Finance Limited (hereinafter referred as **"the Company"**) together with the audited financial statements for the Financial Year ended on 31st March, 2024.

FINANCIAL SUMMARY AND HIGHLIGHTS

The Company's financial performance for the year ended on 31st March, 2024 is summarised below:

Particulars	₹ in lakh	
	2023-24	2022-23
Total Income	1,79,794.91	1,31,424.07
Finance Cost	74,734.23	54,747.99
Net Interest Income	88,549.43	66,304.13
Total operating expenses	53,185.20	38,480.61
Pre-impairment operating profit	51,875.48	38,195.47
Impairment on financial instruments	11,943.35	9,174.65
Profit before tax	39,932.13	29,020.82
Tax expenses	8,739.80	6,742.34
a. Current Tax	8,037.83	5,882.80
b. Earlier Year Taxes	-	(125.58)
c. Deferred Tax	701.97	985.12
Profit after tax	31,192.33	22,278.48
Other comprehensive income/(expenses)	(102.29)	(22.33)
Total comprehensive income after tax	31,090.04	22,256.15
Appropriation		
a. Dividend	-	-
b. Tax on Dividend	-	-
c. Transfer to statutory reserve	6,238.47	4,455.70
Earnings per share		
Basic	25.00	19.13
Diluted	24.70	18.79

KEY INDICATORS

- Total income for the year increased by 36.81% to ₹1,79,794.91/- lakh as compared to ₹1,31,424.07 lakh in 2022-23.
- Profit before tax for the year was ₹39,932.13 lakh as compared to ₹29,020.82/- lakh in 2022-23, showing a significant growth of 37.60%.
- Profit after tax for the year was ₹31,192.33/- lakh as compared to ₹22,278.48 lakh in 2022-23, showing a significant growth of 40.01%.

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 Commercial vehicle (excluding M&HCV), Car Loan, Tractor Loan, Two Wheeler Loan, Micro, Small & Medium Enterprises (**MSME**) Loan and Others (Small Ticket Personal Loan, Trade Advance and Home Renovation Loan). The product wise disbursement of the Company for Financial Year 2023-24 is summarised here below:

Particulars	₹ in lakh	
	2023-24	2022-23
Commercial Vehicle Loan	3,01,591.25	2,70,919.76
Car Loan	1,49,600.01	97,943.35
Tractor Loan	85,302.77	72,553.91
Two Wheeler Loan	18,646.01	19,036.09
MSME Loan	1,40,392.58	85,441.43
Others	28,166.29	16,390.65
Total	7,23,698.91	5,62,285.19

Assets Under Management (AUM)

During the Financial Year 2023-24, the Company crossed the total asset size of ₹12,30,912.22/- lakh. The AUM of the Company stood at ₹10,47,609.08/- lakh as at 31st March, 2024 compared to ₹ 7,37,834.17/- lakh as at March 31, 2023 registering a robust growth of 41.98% 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 ₹21,358.23 lakh and ₹12,973.58 lakh respectively (2.18% and 1.32% respectively of the loan assets) and net Stage-3 and Regulatory Stage-3 at ₹12,606.84/- lakh and ₹11,346.79/- lakh respectively (1.30% and 1.17% respectively of the loan assets) as at 31st March, 2024 as compared to gross Stage-3 of 1.94% and net Stage-3 of 1.32% 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 11 states and 1 union territory with a network of more than 579 branches by adding 132 branches during the year under review.

Capital Adequacy

Capital adequacy ratio ("**CAR**") as at 31st March, 2024 under IND-AS stood at 33.86% which is well above the minimum regulatory norms for non-deposit accepting NBFCS. Out of the above, Tier I capital adequacy ratio stood at 33.86% and Tier II capital adequacy ratio stood at 0% respectively.

OTHER MATERIAL EVENTS

The following material events which are covered in detailed in the later section of this Board Report *inter-alia* are as mentioned below:

- The Company has infused Equity amounting to ₹87,094 lakh;
- The Company has approved for the change in object clause of the Company;
- The Company has approved the sub-division and Bonus issuance;
- The Company has approved the change in the composition of the 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 Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 ("**RBI Master Directions**") and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI LODR**") annexed as **Annexure-1:**

- Industry structure and developments;
- Opportunities and Threats;

- c. Segment-wise or product-wise performance;
- d. Outlook;
- e. Risks and concerns;
- f. Internal control systems and their adequacy;
- g. Discussion on financial performance with respect to operational performance;
- h. Material developments in Human Resources /Industrial Relations front, including number of people employed;
- i. Details of significant changes in key financial ratios along with a detailed explanation therefor;
- j. Details of any change in return on Net Worth as compared to the immediately previous financial year along with a detailed explanation therefor;
- k. 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.

Although, the Shareholders vide passing the special resolution dated 11th March, 2024, has approved the change in object clause of Memorandum of Association by adding the corporate insurance line business to enhance the growth of your current business.

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 Middle-Layer 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 ₹6,238.47/- lakh to statutory reserves out of profits.

Further, the 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, the directors aim to retain the resources of the Company. Accordingly, they do not recommend any dividend for the financial year ended on 31st March, 2024.

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/policies-codes>.

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:

• Authorised Share Capital

The Board in its meeting held on 01st February, 2024 and Shareholders in the extraordinary general meeting held on 11th March, 2024 approved the sub-division of the existing authorised share capital of the Company from ₹30,00,00,000/- (Rupees Thirty Crore only) consisting of 15,00,00,000 (Fifteen Crore) equity shares of face value of ₹2 (Rupees Two only) each to ₹30,00,00,000/- (Rupees Thirty Crore only) consisting of 30,00,00,000 (Thirty Crore) equity shares of face value of ₹1 (Rupees One only) each.

• Issued, Subscribed and Paid up Share Capital:

Issue and Allotment of Sweat Equity Shares

During the year the Company has issued 88,750 (Eighty-Eight Thousand Seven Hundred and Fifty) sweat equity shares of face value of ₹2/- (Rupees Two only) each at an issue price of ₹1225/- (Rupees One Thousand Two Hundred and Twenty-Five only) including premium of ₹1223/- (Rupees One Thousand Two Hundred and Twenty-Three only) per share aggregating to ₹10,87,18,750/- (Rupees Ten Crore Eighty-Seven lakh Eighteen Thousand Seven Hundred and Fifty only) to the Senior Management Personnels (SMP) of the Company considering their valuable performance and significant contribution in the growth of the Company as approved by the Board of Directors in their meeting held on 26th June, 2023 and Shareholder in the Extra-Ordinary General Meeting held on 10th July, 2023.

The detailed information pertaining to issue of sweat equity shares is summarised below in pursuance to Section 54 of the Act read with the Rule 8 (13) of the Companies (Share Capital and Debentures Rules), 2014:

Name of the Employee(s)	Mr. Raj Kumar Setia	Mr. Sameer Arora
The class of director or employee to whom sweat equity shares were issued (Allottee)	Mr. Raj Kumar Setia, Chief Business Officer-SME of the Company designated as Senior Managerial Personnel who is relative of Mr. Rajendra Kumar Setia, Managing director & Chief Executive Officer of the Company and member of promoter group.	Mr. Sameer Arora Chief Operating Officer-2 of the Company designated as Senior Managerial Personnel and member of promoter group.
The class of shares issued as Sweat Equity Shares;		Equity Shares
The Number of Sweat Equity Shares issued to the Directors, Key Managerial Personnel or other employees.	Issue of 53,750 (Fifty-Three Thousand Seven Hundred and Fifty) sweat equity shares.	Issue of 35,000 (Thirty-Five Thousand) sweat equity shares.
Sweat Equity shares issued for consideration other than cash (If any).	Not Applicable as sweat equity shares were issued for cash consideration	Not Applicable as sweat equity shares were issued for cash consideration.
Names of allottees holding one percent or more of the issued share capital		Nil
The reasons or justification for the issue	Mr. Raj Kumar Setia was associated with the Company at the time of issuance of sweat equity since 3 (three) years and 4 (four) months and has contributed significantly in the growth of Company and in order to retain his valuable services, the Company as a reward to his performance issued 53,750 (Fifty Three Thousand Seven Hundred and Fifty) sweat equity shares at an issue price of ₹1225/- (Rupees One Thousand Two Hundred and Twenty Five only) per share.	Mr. Sameer Arora was associated with the Company at the time of issuance of sweat equity since 13 (thirteen) years and has contributed significantly in the growth of Company and in order to retain his valuable services, the Company as a reward to his performance issued 35,000 (Thirty Five Thousand) sweat equity shares at an issue price of ₹1225/- (Rupees One Thousand Two Hundred and Twenty Five only) per share
The Principal terms and conditions for the issue of sweat equity shares, including pricing Formula	The Price was arrived on the basis of valuation report issued by Registered valuer, i.e. M/s V Mandhana & Associates and the Valuation calculated by discounted cash flow method through income approach and management projections. Further the terms and conditions are as under: a) Sweat Equity shares shall be under a lock-in-period of 3 years from the date of allotment. b) Sweat equity shares are issued for a cash consideration of ₹1225/- (Rupees One Thousand Two Hundred and Twenty Five only) per share having face value of ₹2/- (Rupees Two Only) per share including premium of ₹1223/- (Rupees One Thousand Two Hundred and Twenty Three only) per share aggregating to ₹6,58,43,750/- (Rupees Six crore Fifty Eight lakh Forty Three Thousand Seven Hundred and Fifty). c) Sweat equity contribution / Net Value addition of Mr. Raj Kumar Setia is ₹10.72 crore detailed in the valuation report.	Price has been arrived on the basis of valuation report issued by Registered valuer, i.e. M/s V Mandhana & Associates, the Valuation calculated by discounted cash flow method through income approach and management projections. Further the terms and conditions are as under: a) Sweat Equity shares shall be under a lock-in-period of 3 years from the date of allotment. b) Sweat equity shares are issued for a cash consideration of ₹1225/- (Rupees One Thousand Two Hundred and Twenty Five only) per share having face value of ₹2/- (Rupees Two Only) per share including premium of ₹1223/- (Rupees One Thousand Two Hundred and Twenty Three only) per share aggregating to ₹4,28,75,000/- (Rupees Four crore Twenty Eight lakh Seventy Five Thousand). c) Sweat equity contribution / Net Value addition of Mr. Sameer Arora is ₹6.88 crore detailed in the valuation report.
The Total number of shares arising as a result of the issue of sweat equity shares		88,750
The Percentage of the sweat equity shares of the total post issued and paid up share capital		0.299222%

The Consideration, (including consideration other than cash), received or benefit accrued to the Company from the issue of sweat equity shares

53,750 (Fifty Three Thousand Seven Hundred and Fifty) sweat equity shares having face value of ₹2/- (Rupees Two Only) each at an issue price of ₹1225/- (Rupees One Thousand Two Hundred and Twenty Five only) including premium of ₹1223/- (Rupees One Thousand Two Hundred and Twenty Three only) per share aggregating to ₹6,58,43,750/- (Rupees Six crore Fifty Eight lakh Forty Three Thousand Seven Hundred and Fifty Only). The Sweat equity contribution / Net Value addition of Mr. Raj Kumar Setia is ₹10.72 crore.

35,000 (Thirty Five Thousand) sweat equity shares having face value of ₹2/- (Rupees Two Only) each at an issue price of ₹1225/- (Rupees One Thousand Two Hundred and Twenty Five only) per share including premium of ₹1223/- (Rupees One Thousand Two Hundred and Twenty Three only) per share aggregating to ₹4,28,75,000/- (Rupees Four crore Twenty Eight lakh Seventy Five Thousand Only). The Sweat equity contribution / Net Value addition of Mr. Sameer Arora is ₹6.88 crore.

Diluted earnings per share (EPS) pursuant to the issuance of sweat equity shares

₹ 74.99

Issue of Equity Shares on Private Placement basis:

In order to augment the capital base and pursuant to Shareholder's approval by way of Special Resolution passed in the Extra-Ordinary General Meeting and other necessary regulatory approval and in compliance with the Act, the Company has infused Equity amounting to ₹87,094/- Lakhs only (Rupees Eighty Seven Thousand and Ninety Four lakh only) and the proceeds of the issuances was utilised for the purposes of expansion of the loan portfolio of the Company and working capital requirement and the details of the equity infusion is summarised below:

Sr. No.	Name	Category	Date of Allotment	Date of Shareholder approval	No. of Shares	Issue Price	Total Amount (in lakh)
1.	Norwest Venture Partners X-Mauritius	Investor	13 th September, 2023	25 th August, 2023	8,88,642	₹ 2,306.89/-	2,04,99.99
2.	TPG Growth IV SF Pte. Limited	Investor			5,41,855		1,24,99.99
3.	Baring Private Equity India AIF 2	Investor			4,11,810		95,00.00
4.	DC Uno Ltd	Investor			58,554		13,50.77
5.	DC Ikka Ltd	Investor			1,58,188		36,49.22
6.	Axis Growth Avenues AIF - I	Investor			2,60,090		59,99.99
7.	Mirae Asset Late Stage Opportunities Fund	Investor			2,16,742		49,99.99
8.	Baring Private Equity India AIF 2 Co-Invest	Investor			21,674		4,99.99
9.	India Business Excellence Fund IV	Investor	05 th January, 2024	04 th January, 2024	9,75,339	₹ 2306.89/-	224,99.99
10.	Mr. Girish Dangayach	SMP	14 th March, 2024	11 th March, 2024	15,000	₹ 2306.89/-	3,46.03
11.	Mr. Sameer Arora	SMP and part of Promoter Group			17,500		4,03.70
12.	Mr. Ritesh Sharma	SMP			17,500		4,03.70
13.	Mr. Amarpreet Singh Batra	SMP			17,500		4,03.70
14.	Mr. Vivek Haripal Singh	SMP			35,000		8,07.41
15.	Mr. Atul Arora	KMP			60,000		13,84.13
16.	Mr. Raj Kumar Setia	SMP and part of Promoter Group			80,000		18,45.51
Total					37,75,394		8,70,94.18

Conversion of Partly paid-up Shares into Fully Paid-up Shares:

The Company has issued and allotted 10,17,447 (Ten lakh Seventeen Thousand Four Hundred and Forty Seven) partly paid-up equity shares having face value of ₹2/- each (Rupees Two Only) at an issue price of ₹725.59/- (Rupees Seven Hundred Twenty Five and Fifty Nine Paise only) including premium of ₹723.59/- (Rupees Seven Hundred Twenty Three and

Fifty Nine Paise only) per Equity Share ("Partly Paid Shares") to Mr. Rajendra Kumar Setia, Promoter, Managing Director & Chief Executive Officer ("Promoter") of the Company on 31st March, 2021.

The promoter has paid ₹2/- (Rupees Two only) (comprising of ₹1.75 towards face value and ₹0.25 towards securities premium) per Equity Share out of ₹725.59 (Rupees Seven Hundred Twenty Five and Fifty Nine Paise only) per share and an amount of ₹723.59 (Rupees Seven Hundred Twenty Three and Fifty Nine Paise Only) per share aggregating to ₹73,62,14,474.73/- (Rupees Seventy Three crore Sixty Two lakh Fourteen Thousand Four Hundred Seventy Four and Seventy Three Paise Only) was un-paid.

The partly paid shares were converted into fully paid during the financial year 2023-24 pursuant to section 49 of the Act vide passing the Board resolutions dated 01st September, 2023 and 13th September, 2023.

Issue of Equity Shares under Employee Stock Option Plan (ESOP):

During the year, 1,25,347 (One lakh Twenty-Five Thousand Three Hundred and Forty-Seven) 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").

EMPLOYEE STOCK OPTIONS (ESOP)

The Company had formulated and implemented Employee Stock Option Plan 2018 ("Plan"/"Scheme") approved by the shareholders on 11th September, 2018, as amended from time to time. The Board of Directors and/or the NRC being the administrator(s) under the Plan, *inter-alia*, administers and monitors the Plan in accordance with the provisions of the Act and rules made thereunder. During the year under review, 21,600 options were granted to eligible employees under the Plan. The details of the Options under the scheme are summarised below:

	Tranche-1	Tranche-2	Tranche-3
Options Granted	16,33,000	2,06,000	25,87,400
Option Vested	16,33,000	1,43,000	5,57,100
Option Exercised	14,17,468	1,00,500	0
Total number of shares arising as a result of exercise of option	14,17,468	1,00,500	0
Options Lapsed	2,08,280	48,000	3,85,752
Variation in terms of option	Appropriate adjustments with respect to the exercise price and/or the number of stock options were made to give effect of bonus issue completed during FY 2023 -24 for options which were available for grant and those already granted but not exercised as on Record Date. No variation in terms of options were made during the FY 2023 -24 .		
Exercise Price (in ₹)	62.34	149.07	300
Money realised by exercise of options (in ₹)	8,83,61,411.45	1,49,81,786.25	0
Total number of options in force as at 31 st March, 2024	7,252	57,500	22,01,648

Employee-wise details of options granted to*:

a) Key Managerial Personnel:

Sr. No.	Name of Key Managerial Personnel as at 31 st March, 2024	Tranche-I		Tranche -II		Tranche - III	
		Granted	Exercised	Granted	Exercised	Granted	Exercised
1.	Mr. Atul Arora, CFO	3,50,000	3,50,000	-	-	1,40,000	-
2.	Ms. Anagha Bangur, Company Secretary & Compliance Officer	12,000	12,000	-	-	16,000	-

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, Ritesh Sharma, Pratit Vijayvargiya, Girish Dangayach, Nripendra Singh, Rohit Srivastava, Anshul Jain, Joydeep Mitra, Shyam Singh Chandel, Kunal Solanki, Rohit Bhatt, Yogesh Sethi

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

No Equity Shares were issued with differential rights as to dividend, voting or otherwise.

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, 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 in line with Company's Resource Planning Policy.

• Private Placement of Non-Convertible Debentures

During the year under review, your Company has issued Non-Convertible Debentures ("NCDs") and raised an amount aggregating to ₹46,000/- lakh on a private placement basis, in various tranches out of which the NCDs amounting to ₹5,000/-lakh 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 debts, 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 2023-24 is mentioned as under:

Sr. 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	INE124N07663	19/05/2023	30/05/2023	Secured	9.67% p.a.	Unlisted	4,100	30/05/2028	10,00,000/-	41,000
2	INE124N07671	30/10/2023	08/11/2023	Secured	9.25% XIRR	Listed	5,000	08/11/2026	1,00,000/-	5,000
Total							9,100			46,000

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.

• Securitisation/ Assignment:

During the year, the Company assigned /securitised its loan portfolio having principle value of ₹2,63,133.40/- lakh of which ₹1,61,873.10 /- lakh were securitised through issue of Pass Through Certificates in 5 tranches and ₹1,01,260.29/- lakh was assigned /securitised in Direct Assignment mode in 9 tranches.

• Bank Borrowings:

During the year, the Company has raised fresh Secured Loans of ₹3,19,000.00/- lakh from Banks and Financial Institutions.

• Commercial Papers:

As at 31st March, 2024, the Company has no outstanding Commercial Paper (CPs). The brief details of the CPs issued during the year are tabled below:

Sr. No.	ISIN	Date of Issue	Listed/ Unlisted	No of Units	Tenor	Maturity date	Issue Price (in ₹)	Amount (in lakh)
1	INE124N14099	01 st August, 2023	Unlisted	1,000	29 days	30 th August, 2023	5,00,000	5,000

The Company has observed compliance with the Operational Circular for issue and listing of Non-Convertible Securities, Securitised 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 year under review, the Company reported the following changes in the credit ratings.

Type of Instrument	Name of Credit Rating	Rating assigned	Previous rating assigned
(i) Non -convertible debentures	CARE Ratings Limited	CARE AA-/Stable	CARE A+/Positive
	CRISIL Ratings Limited	CRISIL A+/Positive	CRISIL A+/Stable
	ICRA Limited	ICRA AA-(Stable)	ICRA A+/Positive
	India Ratings & Research Private Limited	India Rating and Research Pvt. Ltd. AA- /Stable	-
(ii) Market Linked debentures	CARE Ratings Limited	CARE PP-MLD AA-/Stable	CARE PP-MLD A+/Positive
	CRISIL Ratings Limited	CRISIL PPMLD A+/Positive	CRISIL PP-MLD A+/Stable
	ICRA Limited	Withdrawn	ICRA PP-MLD A+/Positive
	Acuite Ratings and Research Limited	Acuite Rating and Research Ltd. PP-MLD AA-(Stable)	Acuite Rating and Research Ltd. AA-/Stable
(iii) Subordinated bonds	CARE Ratings Limited	Withdrawn	CARE A+/Positive
(iv) Loan facility	CARE Ratings Limited	CARE AA-/Stable	CARE A+/Positive
	CRISIL Ratings Limited	Withdrawn	CRISIL A+/Stable
	India Ratings & Research Private Limited	India Rating and Research Pvt. Ltd. AA-/Stable	India Rating and Research Pvt. Ltd. A+/Stable
	Acuite Ratings and Research Limited	Withdrawn	Acuite Rating and Research Ltd AA-
(v) Commercial paper	India Ratings & Research Private Limited	India Rating and Research Pvt. Ltd. A1+	India Rating and Research Pvt. Ltd. A1+
	Acuite Ratings and Research Limited	Withdrawn	Acuite Rating and Research Ltd. A1+
	CRISIL Ratings Limited	Withdrawn	CRISIL 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 has a board approved Policy for claiming unclaimed interest or principal on Non-Convertible Securities in pursuance to the Regulation 61A (2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments thereafter read with Circular SEBI/HO/DDHS/DDHS-RAC-1/P/CIR/2023/176 issued on 08th November, 2023 (as amended from time to time).

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 Ninety Nine only) remaining unclaimed on the aforesaid CCPS relating to the financial year 2015-16 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:

Sr. No.	FY	Unclaimed dividend amount	Due date of transfer to IEPF
1.	2016-17	1,199	17.08.2024

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

DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

During the year, following changes took place in the Directors and KMPs' of the Company:

Resignation

Mr. Akshay Tanna (DIN: 02967021), Nominee Director on behalf of TPG Growth IV SF Pte. Ltd. of the Company resigned from his post by giving a written notice of resignation dated 05th June, 2023, which was effective from 13th June, 2023. Further he confirmed that there is no other material reason for his resignation other than what has been stated in the resignation letter. The Board of Directors appreciated Mr. Akshay Tanna for his support, efforts, guidance during his tenure as the Nominee Director.

Mr. Simit Batra (DIN: 09739615) was nominated in place of Mr. Akshay Tanna (DIN: 02967021) as Nominee

Director on behalf of TPG Growth IV SF Pte. Ltd. ("TPG").

Appointment/Re-appointment

- The Board of Directors based on the recommendation of NRC approved the reappointment of Mr. Anand Raghavan (DIN: 00243485) as an Independent Director on the Board of the Company in their meeting held on 30th January, 2023 and further recommended the same to the Shareholders for their approval.

The Shareholders of the Company in their Extra-Ordinary General Meeting held on 23rd February, 2023 approved the reappointment of Mr. Anand Raghavan as an Independent Director on the Board of the Company for a second term of five years effective from 07th April, 2023 to 06th April, 2028.

- The Board of Directors based on the recommendation of NRC approved the appointment of Mr. Simit Batra (DIN: 09739615), as an Additional Director (Nominee) on behalf of TPG Growth IV SF Pte. Ltd. owing to the Nomination letter dated 05th June, 2023 as received from TPG which was effective from 13th June, 2023, not liable to retirement by rotation on the Board of the Company in their meeting held on 13th June, 2023 and further recommended the same to the Shareholders for their approval.

The Shareholders of the Company in their Extra-Ordinary General Meeting held on 20th June, 2023 approved the appointment of Mr. Simit Batra as a Nominee Director on behalf of TPG Growth IV SF Pte. Ltd. on the Board of the Company with effect from 20th June, 2023.

- The Board of Directors based on the recommendation of NRC approved the appointment of Ms. Nanda Sameer Dave (DIN: 08673208), as an Additional Director (Non-Executive and Independent) on the Board of the Company in their meeting held on 14th March, 2024.

The Shareholders of the Company in their Extra-Ordinary General Meeting held on 25th April, 2024 approved the appointment of Ms. Nanda Sameer Dave as an Independent Director on the Board of the Company for the tenure of 5 years effective from 14th March, 2024 to 13th March, 2029.

- The Board of Directors based on the recommendation from NRC approved the appointment of Mr. Mukul Mathur (DIN: 10025806), as an Additional Director (Non-Executive and Independent) on the Board of the Company in their meeting held on 29th March, 2024.

The Shareholders of the Company in their Extra-Ordinary General Meeting held on 25th April, 2024 approved the appointment of Mr. Mukul Mathur as an Independent Director on the Board of the Company for the tenure of 5 years effective from 29th March, 2024 to 28th March, 2029.

The Company has received all the requisite declarations from the aforesaid directors of the Company as prescribed in the Act, SEBI LODR, RBI Master Directions and enabling provisions of 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 and in terms of Articles of Association of the Company, Mr. Rajendra Kumar Setia (DIN: 00957374), Managing Director and Chief Executive Officer (CEO) retired by rotation at the 29th Annual General Meeting (AGM) of the Company held on 25th September, 2023 and was re-appointed by the Shareholders of the Company.

Further, Ms. Debanshi Basu, Nominee Director on behalf of Baring Private Equity India AIF on the Board of the Company shall retire by rotation at the ensuing AGM and being eligible for reappointment, offers herself for re-appointment.

Key Managerial Personnel (KMP)

Pursuant to the provisions of Section 203 of the Act read with rule 8 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the following are the whole time key managerial personnel of the Company as on 31st March, 2024.

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

There was no change in Key Managerial Personnel took place during the year under review.

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 judgement and without any external influence.

Further, the Board after taking these declarations on record and after undertaking due assessment of 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 under the code applicable for the Independent

Directors as stipulated under Schedule IV of the Act. Further, the Company has taken Directors & Officers Liability Insurance for Board of Directors including Independent Directors for such quantum and risks as determined by the Board.

The independent directors met on 05th March, 2024 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). Further, all the Independent Directors of the Company are exempted from appearing for the Online Proficiency Exam except Mr. Mukul Mathur, who has appeared and passed the Online Proficiency Exam.

During the year under review, the non-executive directors of the Company had no pecuniary relationship or transactions with the Company other than the sitting fees, commission, if any and reimbursement of expenses incurred by them for the purpose of attending the meetings of the Board or Committees of the Company.

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 and SEBI LODR. The said Codes can be accessed on the Company's website at <https://www.skfin.in/investor/policies-codes>

In terms of the SEBI LODR, all Directors and Senior Management Personnel have affirmed compliance with their respective codes as at 31st March, 2024. The Managing Director and Chief Executive Officer has also confirmed and certified the same, Which forms part of Report on Corporate Governance.

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. Also, in terms of Schedule IV of the Companies Act, 2013, read with the rules made thereunder, the Independent Directors shall undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the Company.

The details of the Familiarisation Programme during the Financial Year 2023-24 is explained in the Corporate

Governance Report and the same is also available on the website of the Company <https://www.skfin.in/investor/policies-codes>.

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/policies-codes>.

The 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 03rd May, 2023, owing to the RBI Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and RBI Circular vide letter no. 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 29th April, 2022.

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 Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and RBI Master Direction.

PERFORMANCE EVALUATION

The Board, the Committees of the Board and independent directors continuously strive for efficient functioning of Board and its Committees and better corporate governance practices. Accordingly, 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, the NRC in its meeting held on 03rd May, 2023 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 the Institute of Company Secretaries of India (ICSI) and Securities and Exchange Board of India (SEBI).

In addition, pursuant to the Schedule IV of the Act and SEBI (LODR), the Independent directors in their meeting held on 05th March, 2024 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 online questionnaire forms 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 while conducting the evaluation and expressed their satisfaction with the evaluation process. The evaluation process endorsed cohesiveness amongst directors, smooth communication between the Board and the management and the openness of the management in sharing the information with the Board and placing various proposals for the Board's consideration and approval.

The evaluation process, manner and performance criteria for Independent Directors in which the evaluation has been carried out is explained in detail in the "Report on Corporate Governance" forming part of this 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 recognised 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 14 times during the year under review i.e. on 12th April, 2023, 03rd May, 2023, 13th June, 2023, 26th June, 2023, 31st July, 2023, 25th August, 2023, 01st September, 2023, 13th September, 2023, 01st November, 2023, 04th January, 2024, 05th January, 2024, 01st February, 2024, 14th March, 2024 and 29th March, 2024.

Frequency and quorum at these meetings 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 (ICSI).

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, 2024, the Board has 11 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
- Customer Service Committee
- IPO 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 5 sub-committees, namely:

- Asset Liability Management Committee
- IT Steering Committee
- Risk Management Committee of Executives
- Internal Complaint Committee
- Information Security 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, name of members, chairperson, 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, Standard Operating Procedure (SOP), guidelines, manuals and authority matrix and the Company has documented internal audit and control system for all layers compliances of the Company.

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 2024. 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 till the conclusion of 30th Annual General Meeting to be held in the FY 2024-25.

Further, the Auditors' Report "with an unmodified opinion", given by the Statutory Auditors on the Financial Statements of the Company for FY 2023-24, 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.

The Board of Directors in its meeting held on 15th July, 2024 recommended the appointment of M/s. Deloitte Haskins and Sells, Chartered Accountants (Firm Registration No. 117365W) as Statutory Auditors of the Company, in terms of the RBI guidelines, to hold office for a continuous period of three years until the conclusion of 33rd Annual General Meeting of the Company to be held in the FY 2027-28, to the shareholders for approval.

• 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 2023-24 in their meeting held on 03rd May, 2023. The Secretarial Audit Report in Form MR-3 as required under Section 204 of the Act is annexed to this report as **Annexure-3**. 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 2023-24.

Pursuant to Regulation 24A (2) of SEBI LODR, a report on secretarial compliance for Financial Year ended 31st March, 2024 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/stock-exchange>.

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 2024-25 in their Board meeting held on 28th May, 2024.

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) (a) of the Act read with Rule 11(2) of the Companies (Meetings of Board and its Powers) Rules, 2014, the loan made, guarantee given or security provided in the ordinary course of business by a NBFC registered with RBI are exempt from the applicability of the provisions of Section 186 of the Act. As such, the particulars of loans and guarantees have not been disclosed in this Report

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, 2024 (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 based on the recommendation of its Audit Committee, adopted a Policy on Materiality on Related Party Transactions and on Dealing with Related Party Transactions and the said policy is available on the website of the Company at <https://www.skfin.in/investor/policies-codes>.

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 (Refer Note No. 38)

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 recognised 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 victimisation 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/policies-codes>.

During the year, 3 whistle blower event was reported and which was resolved 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 utilising alternate sources of energy:

- This year the Company has installed solar plants for saving the energy at large at its registered office.
- 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, this year the Company has installed solar plants for saving the energy at large at its registered office as 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 digitised the collection processes.

iii. In Case of imported technology(imported during the last three years reckoned from the beginning of the financial year):

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

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

C. Foreign exchange earnings and Outgo:

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

		(₹ in lakh)	
Sr. No.	Particulars	FY 2023-24	FY 2022-23
1	Foreign exchange earnings	NIL	NIL
2	Foreign exchange expenditures	4477.21	1315.75

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 ensure sustainable business growth with stability and minimise unfavourable impact on the business objectives, develop stakeholder value, undertake businesses that are well understood and within acceptable risk appetite and develop a strong risk culture across the Company. Further, this Policy seeks to sustain and enhance long-term competitive advantage for the Company and enable the Company to proactively manage uncertainty and changes in the internal and external environment to limit negative impacts and capitalise on opportunities. The Risk Management policy is available on the website of the Company at <https://www.skfin.in/investor/policies-codes>.

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) 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. Companies are also exposed to interest rate risk, which arises from the maturity mismatch of foreign currency positions. Even in cases where spot and forward positions in individuals currencies are balanced, the maturity pattern of forward transactions may produce mismatches. As a result, Companies may suffer losses as a result of changes in premia/discounts of the currencies concerned.
- f) 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 organisation standards, and codes of conduct as applicable.

Information Technology and Information/Cyber Security Risk: Information Technology and Information/Cyber Security Risk defines as the business risk associated with the use, ownership, operation, involvement, influence and adoption of IT within an enterprise. Your Company is committed towards creating an environment of increased risk awareness at all levels. It aims to constantly upgrade the 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 Board of Directors has also constituted Risk Management Committee of Executives and Asset Liability Management Committee (“ALCO Committee”) to provide the support functions to the Risk Management Committee of Board in the day to day affairs of the Company.

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 and wellness, sanitation and hygiene, education including education through Cinema on Wheels and vocational skill development, women empowerment, animal welfare, promoting sports for underprivileged children, environment, Fitness Programme, Autism Care Centre & Supporting Hospitals, Traffic Road Safety Programme and Art and Culture.

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 2023-24, as prescribed under Companies (Corporate Social Responsibility Policy) Rules, 2014, is provided in the “Annual Report on CSR Activities” which annexed as **Annexure-4**.

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

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 (ICSI) 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 Head of Internal Audit. 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 Head of Internal Audit 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/investor-services>

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 recognises its role as a corporate citizen and endeavours to adopt the best practices and the highest standards of Corporate Governance through emphasising 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, 2025 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 and RBI Master Direction during the year.

A “Report on Corporate Governance” together with a certificate from the practicing Company secretaries M/s V. M. & Associates, Company Secretaries regarding compliance of conditions of corporate governance as per 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, 2024. The said Certificate is attached as **Annexure-2** 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 organisation, 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 and all employees of the Company are covered under this policy and during the year there were no complaints received under the POSH Act.

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

There 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 during the FY 2023-24 except as mentioned below.

Your Company has applied to BSE for the waiver of fine pertaining to delay in submission of Record Date notice under Regulation 60(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further in this regards the BSE has granted the waiver letter to the Company and during the review period the Company has complied with the provision of Regulation 60(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

SUBSIDIARIES, JOINT VENTURES, ASSOCIATE COMPANIES

During the year under review and as on the date of this Report, your Company had no subsidiary, joint venture or associate Company. Also, the Company did not become a part of any joint venture during the year.

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:

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2024 and of the profit of the Company for that period;
- the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for

safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- the Directors had prepared the annual accounts on a going concern basis;
- the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

ACKNOWLEDGEMENT

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

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

Rajendra Kumar Setia

Managing Director and Chief Executive Officer
DIN: 00957374

Yash Setia

Whole-Time Director
DIN: 09831391

Place: Jaipur

Date: 15th July, 2024

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

Global economy overview

As per the IMF (World Economic Outlook Update – April 2024), the global economy remains remarkably resilient, with growth holding steady as inflation aims to return to target. The world saw multiple global economic events in the year gone by like escalation of the Russia-Ukraine conflict, tensions in the Middle East, Israel-Palestinian conflict resulting in frequent disruptions in the world economy. All of this had an impact on the global growth.

Despite many gloomy predictions, the world avoided a recession, the banking system proved to be largely resilient, and major emerging market economies did not suffer sudden stops. Moreover, the inflation surge—despite its severity and the associated cost-of living crisis did not trigger uncontrolled wage-price spirals (see October 2022 World Economic Outlook).

Decisive monetary policy actions, as well as improved monetary policy frameworks, especially in emerging market economies, have helped anchor inflation expectations.

As per the IMF (World Economic Outlook Update – April 2024), the world economy has grown by 3.20% in 2023 and expected to grow by same rate in 2024 and 2025. The pace of expansion is low by historical standards, owing to both near-term factors, such as high borrowing costs and withdrawal of fiscal support, longer-term effects from the COVID-19 pandemic and Russia's invasion of Ukraine; weak growth in productivity; and increasing geoeconomic fragmentation.

Although the global economy approaches a soft landing, the near-term priority for central banks around the world is to ensure that inflation touches down smoothly. Intensifying supply-enhancing reforms would facilitate inflation and debt reduction, which would allow economies to increase growth toward the higher pre-pandemic era average, and accelerate convergence toward higher income levels.

Indian economy overview

Indian economy continued to remain an outperformer amongst other – World economies. India was among the fastest-growing in the world prior to onset of the Covid-19 pandemic with an average growth rate in real GDP between FY16 and FY20 reaching 6.70% (world average of 3.40%, emerging market and developing economies 4.30%) as per IMF (World Economic Outlook Update – April 2024). The twin deficits, namely current account, and fiscal deficits, narrowed, while the growth-inflation mix showed a positive and sustainable trend. Despite geopolitical instability, India continued to maintain its position as one of the fastest-growing economies globally. This was due to various factors such as demographic advantage, robust domestic demand, proactive economic reforms, manufacturing and

infrastructure development, technological advancements, and digital push.

Along with being one of the fastest growing major economies in the world, in 2023, India ranked fifth in the world in terms of nominal GDP (at ₹295,768 billion or US\$ 3,572 billion) according to IMF forecasts (World Economic Outlook – April 2024 Update). India also, overtook the United Kingdom to become the fifth largest economy in the world in calendar year 2022. In terms of purchasing power parity ("PPP"), India was the third largest economy in the world, only after China and the United States.

IMF (World Economic Outlook – April 2024 Update) revised its India economic growth data in real terms for 2023 to 7.80% from previous 6.70% estimate in January 2024, citing momentum from resilient domestic demand and has guided on a growth projection of 6.80% in 2024 and 6.50% in 2025.

Strong domestic demand for consumption and investment, along with Government's continued emphasis on capital expenditure are seen as the key drivers of India's GDP growth. India's appeal as a destination for investments has only grown stronger and more sustainable despite the current period of global unpredictability and volatility.

Industry overview

Banks

Bank loans to the services and agriculture sectors were the main drivers of the 16.30% credit growth in FY24, according to data released by RBI as compared to 15.00% in FY23. Banks non-food credit expanded their book by 16.30% to ₹164.12 lakh crore in March 2024. Credit growth to services sector improved to 20.19% in March 2024 from 19.59% a year ago. India's economy witnessed significant tightening of liquidity in the year gone by. This coupled with the fact that the economy witnessed a year with elevated benchmark rates compounded the challenge. Despite, this, credit offtake amongst banks remained robust.

Non-Banking Financial Companies (NBFCs)

The NBFC sector continues to be an important stakeholder of the Indian financial sector. Under-served households and businesses represent a significant proportion of India's population that face challenges in obtaining credit due to reasons such as a lack of credit history and the inability to provide collateral. NBFCs have generally been able to address this opportunity better on account of their deep rural reach, strong origination skills, better customer service, faster processing, streamlined documentation requirements, customised product offerings and local knowledge. Strengthened regulation and enhanced oversight of the NBFC sector is the best testimony of the

importance of the NBFCs in not only the financial system but overall economy.

In the year gone by, along with the tightening liquidity, access to credit became challenging and the cost of credit increased especially for NBFC's in the second half of the fiscal 2024. As a result, credit offtake for NBFC's grew by 15.35% YoY in March 2024 as compared to 29.86% a year back.

Despite this, the opportunity continues to remain large. As per CRISIL MI&A report, the overall NBFC credit during Fiscals 2019 to 2023, witnessed a CAGR of approximately 10.00% which was majorly led by retail segment which accounted for ~47% of overall NBFC credit and witnessed a CAGR of approximately 13.00% growth. Going forward, growth in the NBFC retail segment is expected at 18-19% CAGR between Fiscals 2023-2025 which is expected to support overall NBFC credit growth, with continued focus on the retail segment.

Repo rate remains unchanged, with expectations of aggressive rate hikes behind us

In Fiscal 2023, the Reserve Bank of India ("RBI") raised the repo rate by 90 basis points ("bps") in the first quarter, and since then, it has continued to increase every quarter. By

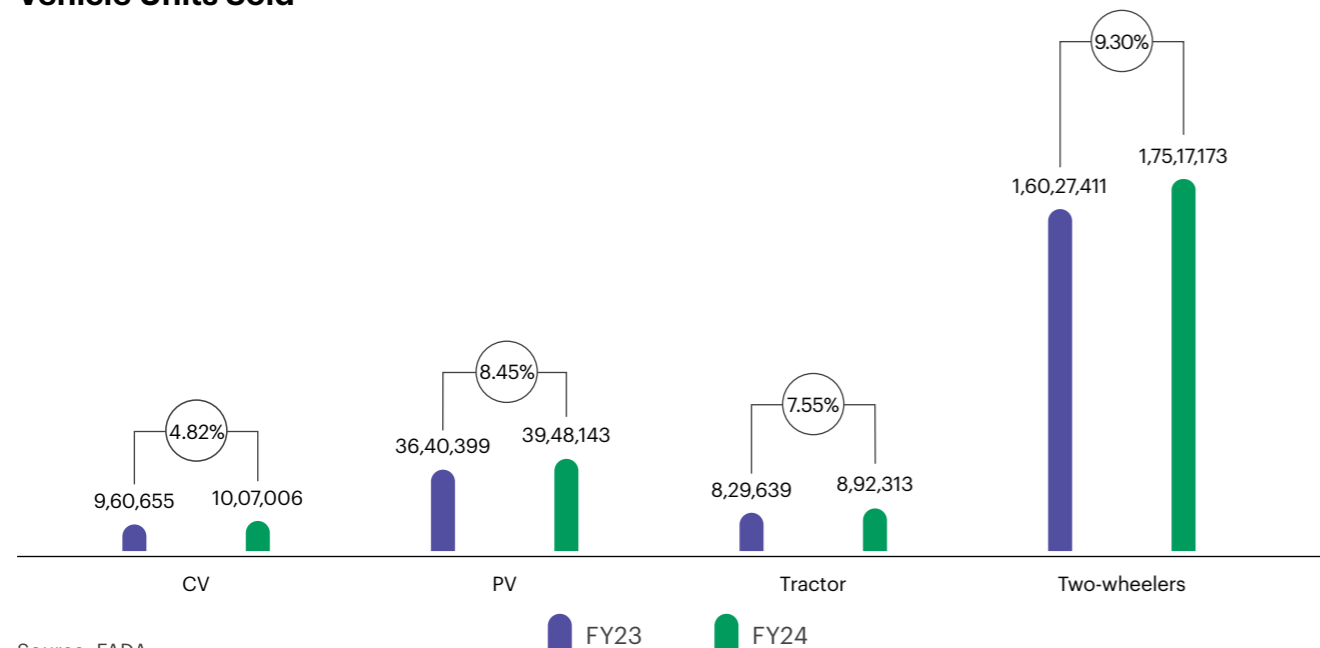
the fourth quarter of Fiscal 2023, the repo rate reached 6.50% and the rates have remained unchanged since.

Looking ahead, the Central Bank is likely to remain nimble and flexible in its liquidity management. Data as at end-December 2023 indicated that capital and asset quality of scheduled commercial banks (SCBs) and NBFC's continued to be healthy. This would give the Central Bank adequate space to focus on inflation management while ensuring that growth continues to remain robust. As mentioned by the Governor in his address on 05th April, 2024 "Turning to the present, inflation is on a declining trajectory and GDP growth is buoyant. At this juncture, we should not lower our guard but continue to work towards ensuring that inflation aligns durably and sustainably to the target. Our goal is in sight, and we must remain vigilant."

Growth continues to remain strong in vehicles business:

As per the FADA report, in FY 2023-24, Indian automakers witnessed a good demand, on the back of reduction in supply led constraints. This was further supported by launches of new models, strategic marketing efforts, and expansion in the road infrastructure. Especially, the large Commercial Vehicles (CV) is expected to benefit from this. Furthermore, Passenger Vehicle (PV), Tractor and Two-wheeler segments have also shown a strong growth as highlighted below:

Vehicle Units Sold



Source: FADA

CV retail volume has grown by 4.85%, which can primarily be attributed to the all-round economic growth of the country. The long-term demand seems favourable, backed by a strong macroeconomic environment, healthy replacement demand, improving freight demand and good traction on infrastructure projects (higher allocation in the recent interim Budget).

PV retail volumes have also seen an uptick on the back of supply chain conditions normalising from the previous year

launch of new models and a strong consumer demand. The year also witnessed high demand for sports utility vehicles (SUVs). As per FADA, for the first time in India, SUVs now hold a market share of 50%. Growth in PV sales are expected to continue the momentum for coming year.

Growth in the tractor segment was supported by a good monsoon, improved agricultural conditions as well an increase in the minimum support price (MSP), which had a positive impact on farm income. Agriculture, which

accounts for approximately three-fourths of tractor demand, is heavily influenced by monsoon patterns and rural income. The residual demand originates from commercial sectors such as infrastructure and mining.

MSME

The Micro, Small and Medium Enterprises (MSME) sector has emerged as a highly vibrant and dynamic sector of the Indian economy. It contributes significantly in the economic and social development of the country by fostering entrepreneurship and generating large employment opportunities. MSMEs are complementary to large industries as ancillary units and this sector contributes significantly in the inclusive industrial development of the country.

As per data from the Ministry of Micro, Small & Medium Enterprises, as of March 2024 in IBEF report the number of MSMEs registered on the Udyam portal, including the Udyam Assist Platform (UAP), has cross 4 crore mark with continual growth observed. Among these, around 3.9 crore are classified as micro-enterprises, accounting for approximately 97.7% of the total. Small enterprises constitute around 6 lakh, representing about ~1.5%, while medium-sized enterprises constitutes around 55 thousands, comprising roughly ~0.8% of the total registered entities.

Overview of Vehicle Finance Market in India

Vehicle finance segment (commercial vehicles, passenger vehicles, two-wheelers, tractors, used cars) is closely linked with the macroeconomic environment and underlying asset sales. As per CRISIL MI&A report, Overall vehicle finance segment in India stood at approximately ₹11.8 trillion as of Fiscal 2023, witnessing a CAGR of approximately 11.07% from Fiscal 2019. The growth witnessed a slow down during Fiscal 2021 and Fiscal 2022, primarily due to the impact of COVID-19 outbreak growing at a pace of 5.42% and 5.58% y-o-y respectively. During Fiscal 2023 with easing of semiconductor shortage and uptick in demand of passenger vehicles led to growth in car and utility vehicle volumes. With the recovery on demand side the vehicle financing outstanding witnessed a 24.24% y-o-y growth from Fiscal 2022.

Vehicle financing constitutes a significant portion of the NBFCs and banks' lending portfolio. NBFCs face a fierce competition from banks, particularly in the new car loan category of utility vehicles as the lending rates offered are lower as compared to the NBFCs. However, NBFCs have established a distinct position in the commercial vehicle markets over time As per CRISIL MI&A report, as of Fiscal 2023, NBFCs accounted for the highest share in credit outstanding ~40% which was followed by private sector banks accounting for ~38% market share and public sector banks accounting for ~18% share. Going forward, NBFCs are expected to grow at a CAGR of approximately 17% from Fiscals 2023-2026, while public and private sector banks are expected to grow at approximately 18% CAGR during the same period.

Driven by intense competition from banks, NBFCs are expected to face increasing competition from existing and new players. However, NBFCs are expected to maintain their leadership in commercial vehicles ("CVs"), specifically in CVs (excl. M&HCVs) and used vehicle finance segments. Commercial vehicles financing has the largest share for NBFCs within vehicle finance. Along with new vehicles, sale of used vehicles is also gathering momentum, which is expected to continue over the medium term. The entry of new players will result in increasing the formalisation of this segment, thereby further supporting growth.

MSMEs

The emerging self-employed individuals and MSME segment is largely unaddressed by lending institutions in India. An IFC report titled Financing India's MSMEs (November 2018) estimated the MSME credit demand at ₹69.3 trillion in Fiscal 2017, of which only approximately 16% of demand was met through formal financing and consequently, the MSME credit gap (defined as the gap between the demand for funds among MSMEs and the supply from formal financiers) was estimated at ₹58.4 trillion. This gap was met through informal sources including moneylenders, chit funds and personal sources from friends and relatives where interest rates used to be astronomical.

In Fiscal 2021 which led to the nationwide lockdown to contain the spread of the COVID-19 pandemic and disrupted economic activity, hurt demand, impacted working capital needs and supply chain along with future investments and expansions. The credit gap is estimated to have further widened over the last 4 years due to the COVID19 pandemic in Fiscal 2021.

As per the CRISIL MI&A in March 2024, the MSME credit demand is estimated to be around ₹138 trillion, of which only 25% of demand is met through formal financing and as per the report assuming an increase of ~10% annually in the demand for credit and the availability of credit from formal sources, the credit gap is likely to have increased to ₹104 trillion today.

The sheer size of the gap between the supply and demand of credit and the number of enterprises impacted indicates a veritable opportunity in this segment .

Overview of SK Finance Limited

Our Company is registered with Reserve Bank of India as a non-deposit taking non-banking finance Company middle layer ("NBFC ML"), operating in two verticals, vehicle financing and financing for Micro, Small and Medium Enterprises ("MSME"). 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 with 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. Over years we have developed key moats of underwriting which revolve around three pillars i.e. 3I's → Income, Intent and Insurance.

Income - Our first pillar, primarily focuses on lending towards income generating activities of our customers. This helps our credit decision-making process by focusing on the collateral value and income-generating capability of our customers.

Intent - Our second pillar, is based on evaluating the intent of the customer. The assessment of the customers'

and tractors as well as new two-wheelers. Our portfolio is fully secured, granular and retail loan portfolio with an average ATS of ₹3.24 lakh.

Product-wise key metrics are mentioned below:

Category of financed products	Target Customers	End-use/features
CVs (excluding M&HCVs)	Individuals with driving experience typically of three to four years	Small ticket loans for used and new CVs (excluding M&HCVs) primarily used for intra-city or last-mile connectivity in transporting goods or passengers. The majority of the CVs (excluding M&HCVs) we finance are used vehicles.
Cars	Individuals who are primarily looking to upgrade from two-wheelers to small cars	Small ticket loans primarily to first-time car buyers for used and new cars. Typically, these cars are used vehicles for personal use.
Tractors	Farmers and owners of agricultural land	Small ticket loans for purchasing used and new tractors, which are primarily for dual use of agricultural and other commercial activities.
Two-wheelers	First-time buyers of new two-wheelers	Small ticket loans for purchase of new two-wheelers, which are usually purchased for personal use.

We also provide loans to MSME's primarily for inventory-based funding to specific businesses such as grocery, medical, auto part etc. We have also extended the three pillars of Income, Intent and Insurance to our MSME financing vertical, as it primarily caters to customers with similar socio-economic conditions as our customers in the vehicle financing vertical. Our MSME loans are secured by self-occupied residential properties or self-occupied commercial properties, act as a social collateral given the lower default risk for loans secured by self-occupied residential properties. As a result, we have been able to leverage our experience in underwriting our vehicle financing vertical to the underwriting processes for our MSME financing vertical. Even in our MSME business, we offer loans to retail customers having an average ticket size of ₹3.80 lakh.

We primarily cater to an informal category of customers present primarily in rural/semi-urban areas in India. This category is typically challenging to underwrite in terms of understanding the customer behaviour and connect with them. We have been able to leverage technology across our operations and throughout the customer life cycle, including loan origination, underwriting, collections, post disbursement monitoring and customer service. We have also implemented data backed analytics for our credit approval and disbursal process and have implemented solutions to ensure a largely paperless underwriting process. Our on-ground presence of nearly three decades, robust and thorough underwriting process and technology

incomes becomes relevant for us to identify their intent to pay through multiple reference checks.

Insurance - Our third pillar, refers to our underwriting process, whereby our security backed lending acts as 'insurance' against potential customer defaults

Our business

We essentially operate in two verticals, vehicle financing and MSME financing. In our vehicle financing vertical, we are primarily engaged in financing used and new commercial vehicles (excluding medium and heavy commercial vehicles) ("CVs (excluding M&HCVs)"), cars

interface which integrates into our lending process have enabled us to maintain our asset quality.

The Company completed the largest round of equity fund raise last year worth ₹1,328 crore through a mix of primary and secondary capital. New as well as existing investor participated in this round namely - Norwest Venture Partners, TPG Growth & Baring PE India - and new investors - MO Alternate Investment Advisors, Duro Capital, Mirae Asset Venture Investments (India), Axis Alternatives and Ananta Capital.

With a vintage of nearly three decades and have created a presence across 11 states and 1 UT with 579 branches catering to the requirements of borrowers. Our Company has served over a million customers and have developed a deep understanding of the customer needs and requirements mapped to their local economy.

Product-wise AUM break-up FY2024

Product	% of AUM
CV	42.36%
Tractor	13.25%
Car	19.34%
Two-wheeler	2.19%
SME	20.34%
Others	2.52%

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 vertical, we are well placed to capitalise on this opportunity.

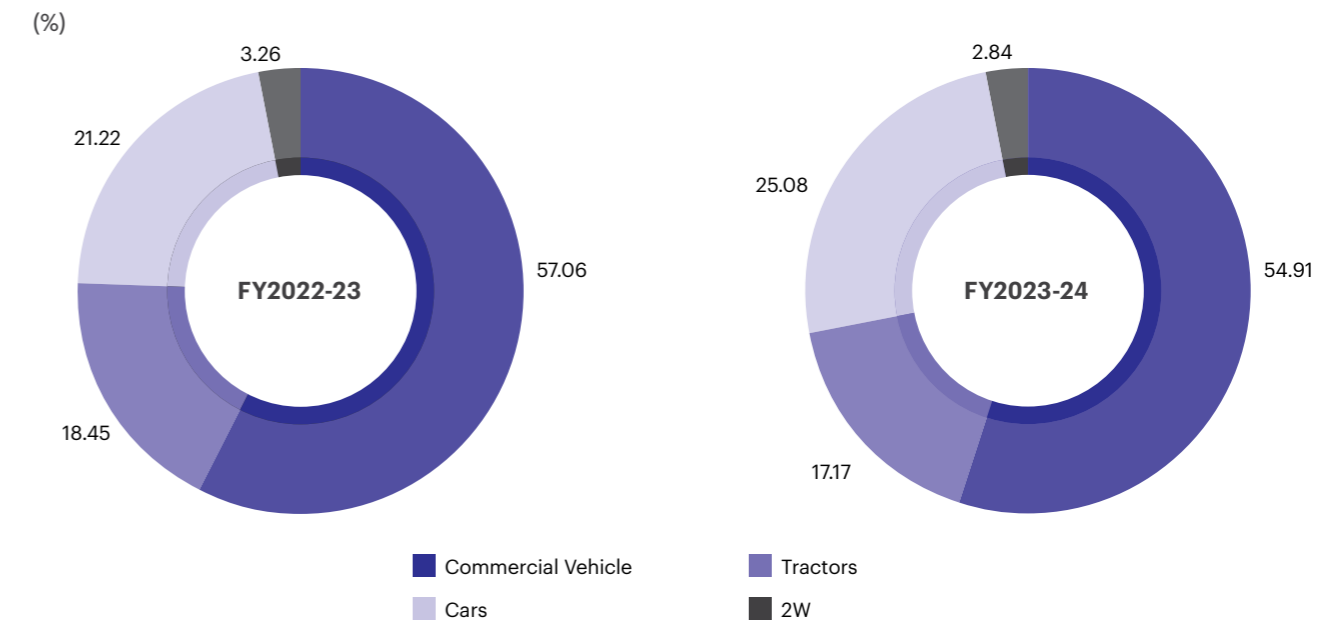
Vehicles segment

Under the vehicle loans vertical we offer loans for used and new vehicles across several categories, including Commercial Vehicles (excluding M&HCVs), Cars, Tractors and Two-wheelers.

Vehicle portfolio key characteristics

Key Characteristics	Commercial Vehicles	Tractors	Cars	Two-Wheeler
Area of operations	20-350 kms	20-50 kms	NA	NA
Tenor (months)	43	41	45	27
Average LTV	82.49%	81.55%	77.51%	81.28%
Blended Yield	18.20%	20.05%	16.88%	21.55%
Ticket size	-₹ 4.6 lac	-₹ 3.4 lac	-₹ 4.1 lac	-₹ 0.7 lac

Product wise portfolio composition (%)



Commercial vehicles

CVs (excluding M&HCVs) continue to remain our focus. LCVs demand is primarily driven by basic consumption needs of the local economy. Factors such as development of the automotive industry, increase in industrial activities, and development of the e-commerce industry accelerate the growth of the LCV market. CVs (ex M&HCV's) cater to the daily requirements of the local ecosystem, and is thereby is non-cyclical in nature.. Over years, the Company has been able to create a niche in used commercial vehicle financing .

At the end of March 2024 the AUM in our CV - vertical was ₹4,437.27 crore, comprising 42.36% of the overall AUM. We achieved an AUM growth of 28.68% y-o-y in this vertical supported by a disbursement of ₹3015.91 crore in FY 2023-24 which was up 11.32% y-o-y.

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

Cars

Pandemic has brought many changes in our lifestyles. One such change is the drastic increase in demand for new and used car. The cars market in India is experiencing rapid growth, driven by a renewed emphasis on personal mobility. In addition, due to a rise in the disposable income in rural India aspirational products have gained importance.

At the end of March 2024, the AUM in our cars vertical was ₹2,026.60 crore comprising 19.34% of the overall AUM. We achieved an AUM growth of 58.02% y-o-y in this vertical supported by a disbursement of ₹1,496.00 crore in FY 2023-24, achieving a growth of 52.74% y-o-y.

Tractors

At the end of March 2024, the AUM in our tractors vertical was ₹1,387.99 crore, making up 13.25% of the overall AUM. We achieved an AUM growth of 24.48% y-o-y in the vertical, supported by a disbursement of ₹853.03 crore in FY 2023-24, achieving a growth of 17.57% y-o-y. The growth was supported by favourable monsoon and agriculture conditions.

Two-wheelers

The AUM in our two-wheeler vertical was ₹229.63 crore, making up 2.19% of the overall AUM. We achieved an AUM growth of 16.40% y-o-y in this vertical supported by a disbursement of ₹186.46 crore in FY 2023-24.

Various government initiatives clubbed with easy financing options have enabled the two-wheeler industry to experience growth across regions both in urban and rural markets. Our two-wheeler vertical, though smaller, is growing at a rapid pace, and also acts as a lead generation business that supports other businesses.

MSME business

As of 31st March 2024, we operated MSME business from 342 branches out of 579 branches. The penetration of MSME business has increased 11x to 342 branches in FY24 compared to FY17.

At the end of March 2024, the AUM in our MSME vertical was ₹2,130.98 crore, comprising 20.34% of the overall AUM. We achieved an AUM growth of 78.78% y-o-y in this vertical, supported by a disbursement of ₹1,403.93 crore in FY 2023-24 and achieving a growth of 64.31% y-o-y. The growth was driven by the addition of new branches and improved productivity in our seasoned branches.

Funding source

The Company has been able to establish a very strong liability franchise. We have raised debt from private and public sector banks, Mutual Funds and Financial institutions through several instruments such as term loans, non-convertible debentures, working capital demand loans,

Rating upgrade

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

Capital Adequacy Ratio (CAR): As at the end of FY2023-24, the capital adequacy ratio stood at 33.86% (Tier I: 33.86% and Tier II: 0.00%)

overdrafts against fixed deposits, external commercial borrowings, pass through certificate (PTC) and direct assignment (DA). This has helped the Company access debt markets comfortably and has supported the growth of the Company. During the year we raised ₹5,995 crore from banks, financial institutions, and debt capital markets at competitive interest rates to support the growth of our business. As at 31 March 2024, the Company had relationships with 58 lenders, a growing outstanding tenor of 46 months and ATS of ₹154.05 crore. In spite the increase in the repo rates, we were able to maintain a healthy cost of borrowing of 9.26% in FY2023-24 as compared to 9.39% in FY2022-23, a decrease of 13 bps while while our incremental cost of borrowing stood at 9.23%. Our ratings at the end of March 2024 was AA-

Our outstanding borrowing as of 31st March 2024 was ₹8,934.88 crore, as compared to ₹7,043.14 crore in FY2022-23.

The borrowing profile is as follows:

Borrowing Mix source wise

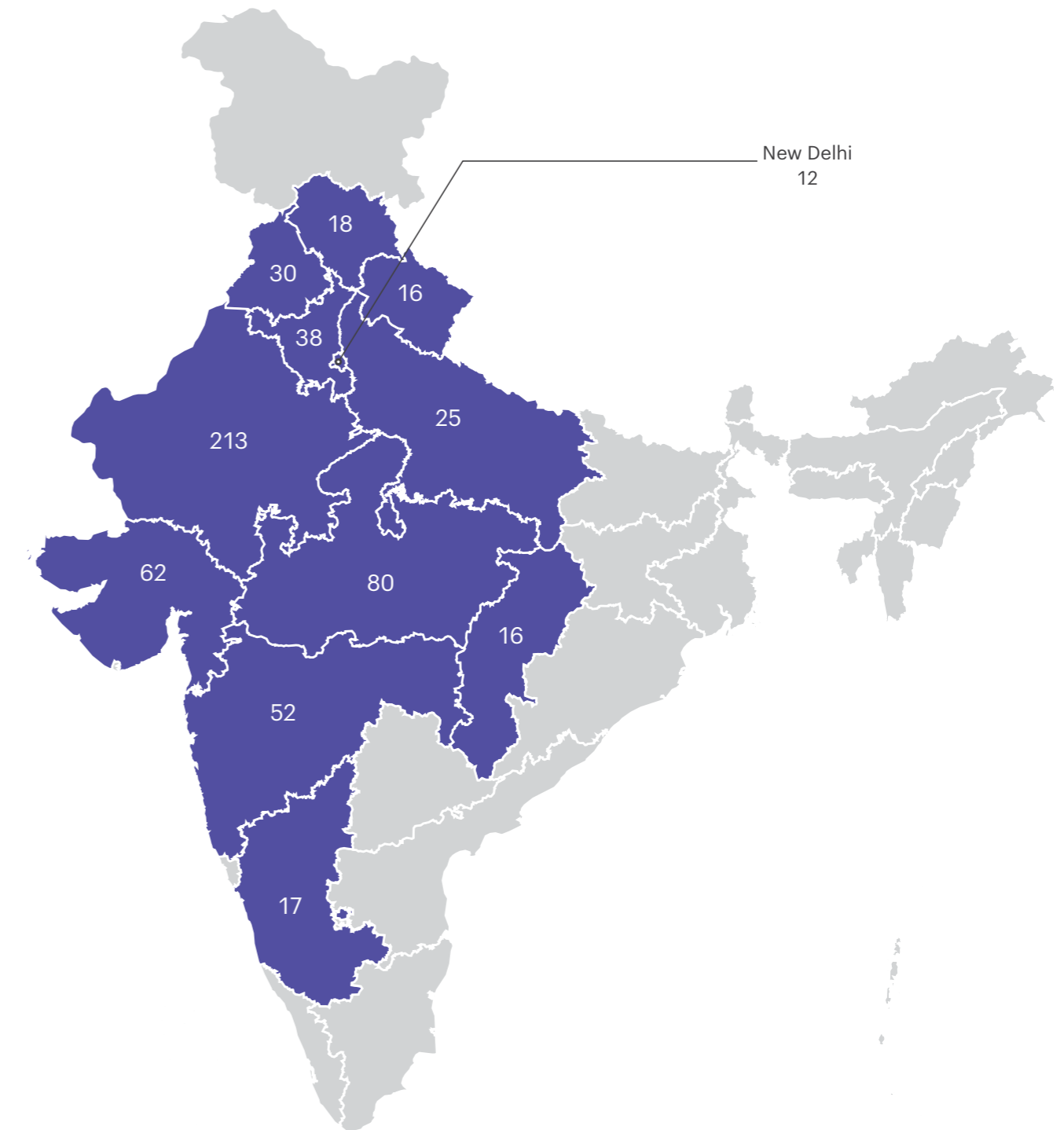
Particulars	As of 31 st March, 2024	As of 31 st March, 2023
Private Sector Banks	56.94%	43.85%
Public Sector Banks	15.33%	16.07%
Mutual Funds	4.29%	6.46%
Financial Institutions	23.44%	33.61%
Total	100%	100%

Borrowing Mix instrument wise

Particulars	As of 31 st March, 2024	As of 31 st March, 2023
Banks	59.38%	50.95%
Capital Market	17.20%	24.35%
Financial Institutions	4.61%	7.64%
ECB	1.91%	2.78%
Securitisation	16.90%	14.28%
Total	100%	100%

Distribution

We started our business from the state of Rajasthan but today are present across 11 states and 1 union territory through 579 branches. We operate our branches in the form of hub and spoke branches. Details of branch split has been mentioned below:



Note: Map not to scale

Apart from our branch network, our distribution is also enhanced by a robust referral network of more than 9,100 people strong. Furthermore, our workforce has been strengthened significantly over the last few years. Despite various macro challenges, we kept investing in our people, network and technology. Today we have over 11,400 people in the Company.

Our strategy has always been to think long term and assess 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

For any NBFC, collection infrastructure is the backbone. We understand this and have put in place a robust collection process and a dedicated team. Our collection process is differentiated with a high touch approach which focuses on building a personal connection with our customers and use of technology-backed mechanism for regular follow-ups with our customers and automated reminders before the due date.

Customer initiatives

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

Initiatives	Description
SK Kisan Sabha	SK Finance Kisan Sabha initiative, conducted across 10 states and facilitated by 124 branches, has reached over 1 lakh farmers, is a testament to our commitment to empowering farmers across the nation. Through engaging and informative sessions held at Mandis, we educate farmers on various aspects of finance, providing them with the tools and knowledge they need to thrive. By fostering financial literacy and empowerment among farmers, SK Finance is helping to build a stronger and more resilient agricultural sector, driving rural development and prosperity.
SK Loan Gaadi	Financial Empowerment on the Move! With 326 branches and a reach of over 15 lakh, SK Loan Gaadi continues its mission of financial empowerment, traveling across states to educate communities. By equipping residents with financial literacy and guidance, SK Loan Gaadi empowers them to make informed decisions and achieve their financial goals.
National Panchayat Raj Day	Celebrating Rural India's Backbone: With over 125 panchayats covered and a reach of 10,000+, SK Finance commemorated this day across India, recognising the vital role of panchayats, sarpanchs, and farmers in shaping our nation's rural landscape. This initiative fostered engagement with our valued customers, strengthening our commitment to supporting their financial well-being and contributing to rural development.

Opportunities

a) Rise in consumption and e-commerce growth to support demand for Commercial Vehicles

As per CRISIL MI&A estimates, e-commerce industry is expected to grow at 23-28% during Fiscal 2024, primarily due to rise in consumption across the nation and increasing penetration of e-commerce, last-mile logistic demand is expected to rise, this in-turn could also lead to expansion of delivery fleets by e-commerce platforms to gain control over delivery processes.

b) Road infrastructure spends by the government

Overall road sector capex, comprising of National Highways, State Highways & rural roads has been growing. State roads, which include highways, major district roads and rural roads along with roads that come under the purview of the Pradhan Mantri Gram Sadak Yojana, play an important role in the economic development of mid-sized towns and rural areas and therefore act as a driving factor for growth of Vehicle sales.

As on 31st March 2024, we have over 1,700 people 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. We also have a skilled tele-calling team that regularly connects with customers and educates them on the impact of defaulting on EMI payments

Over time, we have moved our collections process from cash collection to digital collection, which has shown good progress with each year gone. Our Digital collection for FY24 was 78.63%, which was 46.47% for FY21.

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 the required intelligence to pursue the right customers at the right time.

c) Growing credit demand of MSMEs

The government has special focus on the MSME sector in India on account of its economic contribution to the economy and number of people employed in the sector. With increasing presence of MSME lenders in smaller cities and rising focus of lenders on underserved target customer segment, loan portfolio is expected to see a strong growth in future. CRISIL MI&A expects the portfolio of secured MSME loans with ticket size < ₹0.5 million to grow at 18-20% CAGR over Fiscal 2024 and Fiscal 2027 aided by increasing focus and higher penetration of lenders for such loans.

d) Co-lending

Co-lending acts as a strategic partnership between two financiers, opening up new business opportunities for both. It allows NBFCs to collaborate with other organisations to offer multiple products to underserved and unserved markets. It leads to consumption growth and helps spread risks in the most beneficial way. The advent of numerous new-age businesses has led to more business opportunities. 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 vertical.

Threats

Geopolitical tension

Risk of war has become one of the major geopolitical risk. Russia - Ukraine conflict is the largest, most dangerous military conflict in Europe since World War Two. The conflict has become a battle between the two sides' industrial bases. Tensions in West Asia escalated as Iran attacked Israel, affecting global market sentiment. The potential escalation of conflict between Iran and Israel could have a significant impact on global oil prices, leading to broader economic effects such as high inflation. However, if the Iran-Israel war continues to heat up and escalate, leading Middle Eastern oil-producing countries to participate in the war, oil prices could see upward trajectory. If oil prices rise due to geopolitical tensions or supply disruptions in major oil-producing regions, it could contribute to inflationary pressures. This would make it difficult for inflation to return to central bank target levels, such as the Federal Reserve in the United States, which targets long-term inflation at 2 percent year-on-year (yoy) within a two-year period.

Cyber attack

Cyberattacks are a growing risk, becoming larger, more intricate and more relentless. They are a significant threat to individual organisations and national security. The repercussions of persistent cyberattacks could have a wide-reaching impact on financial markets and the economy.

Recurring waves of COVID-19 or any such pandemic

Further disruptions if any, caused by the pandemic continue to be an overhang on the growth. The emergence of newer mutations can be a threat. The world's leadership will need to be proactive in its approach to avert any new risks that could emerge.

Business highlights

The key business highlights of 2023-24 are:

- The Company expanded our presence from 447 branches to 579 branches in 11 states and 1 union territory as on 31st March 2024. This year we have made our entry in one of the Southern states Karnataka and opened 17 branches as on 31st March 2024. We have also entered in Uttar Pradesh and opened 25 branches as on 31st March 2024.
- In order to support growth, we borrowed ₹5,995.71 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.
- Total income increased to ₹1,795.95 crore in FY2023-24 from ₹1,314.24 crore in FY2022-23, growing 36.81% due to increase in geographical presence, increase in MSME branches, deeper penetration of MSME business and improved productivity.
- Assets Under Management (AUM) reached ₹10,476.09 crore in FY2023-24 from ₹7,378.34 crore in FY2022-23, an increase of 41.98%.
- Disbursements increased 28.71 reaching ₹7,236.99 crore in FY2023-24 from ₹5,622.85 crore in FY2022-23
- Overall cost of borrowing stood at 9.26% in FY2023-24.
- OPEX to Average Assets in the year was almost flat at 4.98%
- Credit costs fell by 8 bps to 1.12% as compared to 1.20% in FY2022-23.
- PAT increased to ₹311.92 crore in FY2023-24 from ₹222.78 crore in FY2022-23, an increase of 40.01%, driven by higher disbursements and productivity.
- Total customer base at the end of the fiscal year was 4.30 lakh.
- Increased employee base to 11,401 as on 31st March, 2024, as against 8,469 as on 31st March, 2023.

Financial highlights

The following table presents the Company's financial performance for FY24:

Particulars	(₹ in lakh)	
	As of 31 st March, 2024	As of 31 st March, 2023
Total revenue	1,79,794.91	1,31,424.07
Operating expenses	1,35,489.33	98,963.73
Provision		
A. For NPA	6,483.17	3,311.99
B. For standard assets	(2,109.72)	127.53
Profit before tax	39,932.13	29,020.82
Tax expenses		
A. Current year	8,037.83	5,882.80
B. Earlier year taxes	-	(125.58)
C. Deferred tax	701.97	985.12
Profit after tax	31,192.33	22,278.48
Other comprehensive income/(expenses)	(102.29)	(22.33)
Total comprehensive income after tax	31,090.04	22,256.15
Appropriation		
A. Dividend	-	-
B. Tax on dividend	-	-
C. Transfer to statutory reserve	6,238.47	4,455.70
Earnings per share		
Basic	25.00	19.13
Diluted	24.70	18.79

The key indicators to showcase our Company's performance:

S.No.	Particulars	(₹ in lakh)	
		2023-24	2022-23
1	Total Income (including exceptional items)	1,79,794.91	1,31,424.07
2	Net Interest Income	88,549.43	66,304
3	Capital Adequacy Ratio	33.86%	26.10%
4	Assets Under Management	10,47,609.08	7,37,834.17
5	Securitisation done during the year	1,61,873.10	1,40,194.05

Ratios :

S.No.	Particulars	(₹ in lakh)	
		FY 2023-24	FY 2022-23
1	Interest Coverage Ratio	1.53	1.53
2	Current Ratio	1.11	1.37
3	Debt Equity Ratio	2.88	3.84
4	Operating Profit Margin	28.85%	29.06%
5	Net Profit Margin	17.35%	16.95%

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 management 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.

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.

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

Our robust and well-planned security systems, along with our new-age tech, ensure security across all our systems and equipment.

3. Analytics

We are using - analytics to increase productivity 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.

Human resources

Human Resources in NBFCs play a vital role as the custodians of talent, culture, and compliance. We consider human talent as one of the key pillars for our success and growth. We have established practices of skill-building through regular trainings and leadership development programs. We further strive to provide our employees with a healthy work life balance, which we believe enhances their productivity and motivates their performance. We have a young workforce with majority of our employees below the age of 35 years as of 31st March, 2024.

Key initiatives taken are:-

- Introduced the High Performance (HIPO) programme, which used a blended training approach to prepare high potential field officers (individual contributors) for their next role
- To leverage the training offerings at regional setup, we introduced an unique internal Train The Trainer (TTT) certification program for the Subject matter experts.
- Launched a range of employee engagement initiatives (Fun Saturday, One on One Connect) aimed at cultivating a vibrant and supportive work culture.
- Enhances Risk & Rewards (R & R) with diverse initiatives including comprehensive reward and recognition programs viz (COO Club , ZM Club , Phygital R & R) to boost employee motivation, drive performance improvement and enhance overall productivity.

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, 2024, the organisation employed 11,401 people as opposed to 8,436 on March 31st, 2023.

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

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

Yash Setia
Whole Time Director
DIN: 09831391

Place: Jaipur
Date: 15th July, 2024
Regd. Address: G 1-2, New Market, Khasa Kothi,
Jaipur – 302001 (Rajasthan)
Website: www.skfin.in Email: info@skfin.in

CEO/CFO CERTIFICATE

To,
The Board of Directors
SK Finance Limited

Pursuant to the regulation 17(8) read with Part B of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. We, Rajendra Kumar Setia, Managing Director & Chief Executive Officer and Atul Arora, Chief Financial Officer of the Company, 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, 2024 and that to the best of our knowledge and belief;
 - i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. 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;
 - i. there were no significant changes in internal controls over financial reporting during the year;
 - ii. there were no significant changes in accounting policies during the year, and
 - iii. there were no instances of significant fraud of which we are aware and the involvement therein, of the management or an employee having a significant role in the Company's internal control system over financial reporting

Rajendra Kumar Setia
Managing Director & CEO
DIN: 00957374

Atul Arora
Chief Financial Officer

Place: Jaipur
Date: 28th May, 2024

Annexure -3

**Form No. MR-3
SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31st March, 2024

[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
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** (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 authorised representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2024 ('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 31st March, 2024 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 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**);
- (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; and
- (j) Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 and circulars/ guidelines issued thereunder.
- (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 (**repealed w.e.f 19th October, 2023**);

- (c) Master Direction – Reserve Bank of India (Non-Banking Financial Company-Scale Based Regulation) Directions, 2023 **notified on 19th October, 2023 (effective from 19th October, 2023)**;
- (d) Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs and guidelines notified thereunder;
- (e) Master Direction - Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016;
- (f) Master Direction-Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016;
- (g) Master Direction-Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016 (**repealed w.e.f 27th February, 2024**);
- (h) Master Direction – Reserve Bank of India (Filing of Supervisory Returns) Directions-2024 **notified on 27th February, 2024 (effective from 27th February, 2024)**;
- (i) Master Direction - Know Your Customer (KYC) Direction, 2016;
- (j) Master Direction – Information Technology Framework for the NBFC Sector (**repealed w.e.f 01st April, 2024**);
- (k) Master Direction – Reserve Bank of India (Information Technology Governance, Risk, Controls and Assurance Practices) Directions, 2023 **notified on 07th November, 2023 (effective from 01st April, 2024)**;
- (l) Master Direction- Reserve Bank of India (Outsourcing of Information Technology Services) Directions, 2023 **notified on 10th April, 2023 (effective from 01st October, 2023)**;
- (m) Master Direction- Reserve Bank of India (Internal Ombudsman for Regulated Entities) Directions, 2023;
- (n) Master Direction – Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021; and

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 Audit Period 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 authorise 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 ₹16,000/- crore (Rupees Sixteen Thousand crore Only) and to create mortgage and /or charge on assets of the Company to secure the aforesaid borrowing;
- (b) Duly passed the resolution pursuant to Section 42 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 ₹8,000/- Crore (Rupees Eight Thousand Crore only) on private placement basis in one or more tranches;
- (c) Altered the provisions of Articles of Association of the Company;
- (d) Altered the object clause of Memorandum of Association of Company;
- (e) Allotted 1,25,347 (One lakh Twenty Five Thousand Three Hundred and Forty Seven) equity shares upon exercise of options by its eligible employees under its Employee Stock Option Scheme/ Plan 2018;

- (f) Issued and allotted 37,75,394 (Thirty Seven lakh Seventy Five Thousand Three Hundred and Ninety Four) equity shares aggregating to ₹8,70,94,18,664.66/- (Rupees Eight Hundred and Seventy crore Ninety Four lakh Eighteen Thousand Six Hundred and Sixty Four and Sixty Six Paise) on private placement basis;
- (g) Issued and allotted 88,750 (Eighty Eight Thousand Seven Hundred and Fifty) sweat equity shares aggregating to ₹10,87,18,750/- (Rupees Ten Crore Eighty Seven lakh Eighteen Thousand Seven Hundred and Fifty Only);
- (h) Made first and final call of ₹723.59/- (Rupees Seven Hundred and Twenty Three and Fifty Nine Paise Only) per share (₹0.25/- (Twenty Five Paise Only) per share towards the face value and ₹723.34/- (Rupees Seven Hundred Twenty Three and Thirty Four Paise Only)) per share towards securities premium) on 10,17,447 (Ten lakh Seventeen Thousand Four Hundred and Forty Seven) partly paid up equity shares of the Company, pursuant to Section 49 of the Act and consequently converted the said partly paid up equity shares into fully paid up equity shares;
- (i) Issued and allotted 9,100 (Nine Thousand and One Hundred) Non-Convertible Debentures aggregating to ₹4,60,00,00,000/- (Rupees Four Hundred and Sixty crore Only) on private placement basis in multiple tranches;
- (j) Redeemed Non-Convertible Debentures amounting to ₹5,78,50,00,000/- (Rupees Five Hundred and Seventy Eight crore and Fifty lakh Only) pursuant to maturity, exercise of call options and early redemption;
- (k) Approved the utilisation of Securities Premium account in writing off the expenses upto an amount not exceeding ₹30,00,00,000/- (Rupees Thirty crore only);
- (l) Approved the sub-division of each equity share of the Company having face value of ₹2/- (Rupees Two Only) each into 2 (Two) equity shares of Re. 1/- (Rupee One Only) pursuant to Section 61 of the Act and consequently altered the Capital Clause of the Memorandum of Association; and
- (m) Issued and allotted 6,68,72,532 (Six Crore Sixty Eight lakh Seventy Two Thousand Five Hundred Thirty Two) Bonus Equity Shares to eligible shareholders in the ratio of 1(One) equity share of Re. 1/- (Rupee One Only) for every 1 (One) existing equity share of Re. 1/- (Rupee One Only) held pursuant to Section 63 of the Act.

Place: Jaipur
Date: 28th May, 2024
UDIN: F003355F000464354

For **V. M. & Associates**
Company Secretaries
(ICSI Unique Code P1984RJ039200)
PR 5447 / 2024

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

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

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

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

- 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.
- 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.
- We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- 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.
- 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: 28th May, 2024
UDIN: F003355F000464354

For **V. M. & Associates**
Company Secretaries
(ICSI Unique Code P1984RJ039200)
PR 5447 / 2024

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

Annexure-4

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 and wellness, sanitation and hygiene, education including education through Cinema on Wheels and vocational skill development, women empowerment, animal welfare, promoting sports for underprivileged children, environment, Fitness Programme, Autism Care Centre & Supporting Hospitals, Traffic Road Safety Programme and Art and Culture 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 from time to time. The CSR Policy of the Company delineates the structure for driving social initiatives across areas 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" 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 endeavours 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, promoting reading habits by introducing a variety of books on topics such as time management, leadership development, 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 organised WHWF (World Health and Wellness Fest) in Jaipur.

- **Public Sanitation & Eradicating Poverty:** The Company together with SK Foundation have provided 30000+ food packets during the fiscal year 2023-24 to underprivileged sections of the society and during the summer months, water coolers have been installed in public areas. Also, Sanitisers machines have been installed for public use in order to uphold hygiene standards in public areas, this initiative aims to help people stay germ-free.

- **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 specialised team of doctors provided by Babylon Trust.

- **Promoting Sports amongst underprivileged children and Fitness Programme:** The Company took various initiatives including but not limited to marathons and health care events to promote health awareness amongst the poor section of the society. These gatherings facilitated education on health matters and offered

screenings for various diseases. And also motivated individuals to embrace healthy habits and seek medical attention as needed. Additionally, yoga sessions were also organised at various places to promote the practice of yoga for maintaining overall well-being.

- **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 in spreading awareness on traffic guidelines with the aim of reducing the risk of road traffic injuries. The Company have undertaken a joint effort with traffic police by donating barricades and helmets to ensure safety of the public. Also, the Company has constructed and installed kiosks at various places to assist traffic police in controlling and managing traffic flow effectively.
- **Developing park, tree plantation drive and spreading awareness:** The Company together with SK Foundation took the initiative to enhance the development of various Parks by means of plantation and installation of iron fencing and also organised multiple plantation drives to raise awareness about environmental

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, 2024 was as under:

Sr. 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	Chairperson - Managing Director and Chief Executive Officer	1	1
2	Mr. Amar Lal Daultani	Member - Independent Director	1	1
3	Mr. Anand Raghavan	Member - Independent Director	1	1
4	Mr. Simit Batra*	Member - Nominee Director	1	N.A.*
5	Mr. Yash Setia	Member - Whole Time Director	1	1

*Mr. Akshay Tanna, Nominee Director on behalf of TPG Growth IV SF Pte. Ltd. of the Company resigned from directorship of the Company effective from 13th June, 2023 owing to nomination letter given by TPG Growth IV SF Pte. Ltd to nominate Mr. Simit Batra as Nominee Director in the place of Mr. Akshay Tanna. Accordingly, the Board of Directors appointed Mr. Simit Batra as a member of CSR Committee with effect from 13th June, 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/composition-board>
- CSR Policy of the Company: <https://www.skfin.in/investor/policies-codes>

protection including plantation drive at Rukmini Devi Beni Prasad Jaipuriya government hospital which resulted in the creation of a landscaped green area with in the hospital premises. The Company has also planted more than 2000 plants in public areas such as gardens, hospitals and schools.

- **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.

SK Skill Centre: The Company together with SK Foundation currently operates two skill centres on the outskirts of Jaipur, Lalchandpura, Niwaru and Jawahar Nagar- where they support over 200+ women's. Through its skill training programs, the Foundation equips women with valuable resources, skills, knowledge and opportunities. These programs focus on various income generation skills such as stitching, weaving, knotting, braiding, natural dyeing, block and screen printing, pottery and other hand work skills. By providing these training opportunities, the Foundation aims to instill confidence, nurture a sense of responsibility and empower women economically.

4. Provide the executive summary along with web-link(s) 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.

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.

• Projects/ programs approved by Board: <https://www.skfin.in/investor/investor-services>

5. (a) Average net profit of the Company as per section 135(5): ₹1,93,24,12,804/-
 (b) Two percent of average net profit of the Company as per section 135(5): ₹3,86,48,256/-
 (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: NIL
 (e) Total CSR obligation for the financial year ((b)+(c)-(d)): ₹3,86,48,256/-

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

Ongoing projects of Financial Year 2021-22:

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	FY 21-22: 1,60,000 FY 22-23: 1,25,77,333 FY 23-24: 28,82,667
2	Construction of Primary School- Shri Kalyan Vidhya Mandir 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	FY 21-22: 2,50,000 FY 22-23: 5,50,000 FY 23-24: 12,00,000

Ongoing projects of Financial Year 2022-23:

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	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.	Within time span of 2 years excluding current FY 22-23	79,90,507	FY 22-23: 56,66,734 FY 23-24: 22,29,970
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.	Within time span of 2 years excluding current FY 22-23	25,00,000	FY 22-23: 7,61,985 FY 23-24: 17,38,015

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 (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 centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.	Yes	Rajasthan	33,390
2.	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, Maharashtra, Chhattisgarh	53,16,946

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 (in ₹)
3.	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	10,27,345
4.	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	10,17,254
5.	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	70,32,732
6.	SK Skill Centre	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	42,71,066
7.	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.	Yes	Rajasthan	3,07,165
8.	Promoting Sports for underprivileged children and Fitness Programme	Training to promote rural sports, nationally recognised sports, paralympic sports and olympic sports. & 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, Chhattisgarh	50,87,605
9.	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, Madhya Pradesh, Punjab, Uttar Pradesh, Uttarakhand, Haryana	42,69,029
10.	Public Sanitation and Eradicating Poverty	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, Madhya Pradesh, Punjab, Uttar Pradesh, Uttarakhand, Haryana, Delhi, Chhattisgarh	1,75,17,340
11.	Art and Culture	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	3,18,000
Total					4,61,97,872

(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)): ₹4,61,97,872/-

(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
4,61,97,872/-	NIL	Not Applicable	Nil	0	0

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

Sl. No.	Particulars	Amount (in ₹)
i.	Two percent of average net profit of the Company as per sub-section (5) of section 135	3,86,48,256/-
ii.	Total amount spent for the Financial Year	4,61,97,872/-
iii.	Excess amount spent for the Financial Year [(ii)-(i)]	75,49,616/-
iv.	Surplus arising out of the CSR projects or Programmes or activities of the previous Financial Years, if any	NIL
v.	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	75,49,616/-

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

Sr. 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 (in ₹)		Date of transfer	Amount remaining to be spent in succeeding financial years (in ₹)	Deficiency (if any)
				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			
1	2022-2023	40,61,788	40,61,788	39,67,985	0	-	93,803	0
2	2021-2022	1,72,10,000	40,82,667	40,82,667	0	-	0	0
3	2020-2021	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:

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
Not Applicable							

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

The Company had spent its CSR obligation as per the approved budget of the Company.

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

Mr. Rajendra Kumar Setia

(Chairman CSR Committee & Managing Director & Chief Executive Officer)
DIN: 00957374

Place: Jaipur

Date: 15th July, 2024

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

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

Mr. Yash Setia

Wholetime Director
DIN: 09831391

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 – Reserve Bank of India (Non-Banking Financial Company– Scale Based Regulation) Directions, 2023 (“RBI Master Directions”) including all other amendments/ notifications/circulars as may be applicable on the SK Finance Limited (hereinafter referred to as “the Company”/ “Our Company”), the report on Corporate Governance forming part of the Directors’ Report for Financial year 2023 -24 is presented below:

1. COMPANY’S PHILOSOPHY ON THE CODE OF GOVERNANCE

The Company pursues its long-term corporate goals on the bedrock of financial discipline, ethical standards, transparency and trust. The governance practices and processes ensure that the interest of all the stakeholders are taken into account in a transparent manner and are firmly embedded into the culture of the organisation. Our Company has a dynamic, experienced and well-diversified 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 are aimed at maximising 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/policies-codes>. 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 laws and statute(s);
5. Effective management control and monitoring of performance by the Board;

The Company being a High Value Debt Listed Entity pursuant to SEBI LODR Regulations 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 2024. 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 persons from industry, having practical knowledge or experience in respect of one or more of the areas viz., Accountancy, Banking, Finance, Information Technology, Economics and Management, Risk Management, Business Management and Payments & Settlement Systems. 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 Women directors on its Board to ensure high quality of governance and effective functioning of the board and is in conformity with provisions of the Act and rules made thereunder, SEBI LODR Regulations and RBI Master Directions. As on 31st March, 2024, there were 8 (eight) Directors on the Board in the Company, with 2 (two) Executive Directors and 6 (six) Non-Executive Directors which includes 2 (two) Nominee Directors and 4 (four) Independent Directors including 2 (two) Additional Director (Non-executive Independent) (“Directors”). All the Directors possess requisite qualifications and experience in general corporate management, risk management, banking, finance, economics, marketing, digitisation, analytics and other allied fields which enable them to contribute effectively to the Company by providing valuable guidance and expert advice to the Management and enhance the quality of Board’s decision making processes. The brief profiles of the directors can be accessed at <https://www.skfin.in/about/board-of-directors>.

Director & Officer Insurance (D & O):

Pursuant to the Articles of Association of the Company and Regulation 25(12) 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 and to meet out any uncertain events which may occur in near future, if any. 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 all the applicable circulars and guidelines issued by the Reserve Bank of India. All the Directors of our Company have confirmed that they fulfil the fit and proper criteria as prescribed under the RBI Master Directions.

Relationship between our Directors:

There is no relationship between the Directors inter-se except Mr. Yash Setia, Whole time Director being the son of Mr. Rajendra Kumar Setia, Managing Director & Chief Executive Officer. The following table lays down the composition and category of the Board of Directors including their DIN and their shareholding as on 31st March, 2024 in the Company.

Name of the Director	Designation and Category	DIN	Number of equity shares held ¹⁰	No. of Directorships in other companies	Committee positions held in other companies	
					Member	Chairperson
Mr. Amar Lal Daultani	Chairperson and Independent Director (Non-Executive)	05228156	Nil	2	NIL	NIL
Mr. Anand Raghavan	Independent Director (Non-Executive)	00243485	Nil	4	4	3
Ms. Debanshi Basu	Nominee Director representing Baring Private Equity India AIF (Equity Investor) (Non-Executive)	07135074	Nil	2	NIL	NIL
Mr. Mukul Mathur ⁹	Independent Director (Non-Executive)	10025806	Nil	Nil	Nil	Nil
Ms. Nanda Sameer Dave ⁸	Independent Director (Non-Executive)	08673208	Nil	2	2	Nil
Mr. Rajendra Kumar Setia	Managing Director and Chief Executive Officer (Promoter) (Executive)	00957374	4,30,70,524	NIL	NIL	NIL
Mr. Simit Batra ⁹	Nominee Director representing TPG Growth IV SF PTE. Ltd (Equity Investor) (Non-Executive)	09739615	Nil	4	NIL	NIL
Mr. Yash Setia	Whole Time Director (Promoter) (Executive)	09831391	2600	NIL	NIL	NIL

Notes:

- There are no convertible instruments issued by the Company.
- Number of Directorships excludes his/her Directorships in the Company, Private Companies, Section 8 Companies, high value debt listed entities 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 Master Directions.
- Ms. Nanda Sameer Dave and Mr. Mukul Mathur were appointed as an Additional Director (Non Executive and Independent) of the Company by the Board of Directors vide their meeting held on 14th March, 2024 and 29th March, 2024, respectively and their appointment as an independent Directors was approved by the Shareholders of the Company in their Extra-Ordinary General Meeting held on 25th April, 2024.
- Mr. Akshay Tanna resigned from the post of Nominee Director of the Company w.e.f. 13th June, 2023. In his place, Mr. Simit Batra was appointed as an Additional Director (Nominee) of the Company w.e.f. 13th June, 2023 and his appointment as Nominee Director was approved by the Shareholders of the Company in their Extra-Ordinary General Meeting held on 20th June, 2023.
- The shareholders in their meeting held on 11th March, 2024 approved the sub-division of Equity Share from face value of ₹2/- (Rupees Two) each into 2 (Two) Equity Shares of the Company of face value of ₹1/- (Rupee One) each and approved the issue of Bonus shares to the eligible shareholders of the Company whose names appeared in the register of members/beneficial owners' position as on record date i.e. 16th March, 2024, in proportion of 1 (One) equity share of ₹1 (Rupees One) each for every 1 (One) equity share of ₹1 (Rupees One only) held as on record date. The Board of Directors in their meeting held on 08th April, 2024 approved the allotment of Bonus Shares to the Equity shareholders of the Company.

The names of the listed entities where the directors were holding directorship as on 31st March, 2024 are given below:

Name of Director	DIN	Name of the Listed Entity	Category of Directorship
Mr. Amar Lal Daultani	05228156	Raghav Productivity Enhancers Limited	Independent Director (Non- Executive)
Mr. Anand Raghavan	00243485	Five-Star Business Finance Limited Muthoot Microfin Limited	Independent Director (Non- Executive)
Ms. Debanshi Basu	07135074	-	-
Mr. Mukul Mathur	10025806	-	-
Ms. Nanda Sameer Dave	08673208	-	-
Mr. Rajendra Kumar Setia	00957374	-	-
Mr. Simit Batra	09739615	-	-
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:

Sr. No.	Core Skills/ Expertise/ Competencies	Brief description of skills	Mr. Amar Lal Daultani	Mr. Anand Raghavan	Ms. Debanshi Basu	Mr. Mukul Mathur	Ms. Nanda Sameer Dave	Mr. Rajendra Kumar Setia	Mr. Simit Batra	Mr. Yash Setia
1.	Business Experience	<ul style="list-style-type: none"> 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. 	✓	✓	-	-	-	✓	✓	✓

Sr. No.	Core Skills/ Expertise/ Competencies	Brief description of skills	Mr. Amar Lal Daultani	Mr. Anand Raghavan	Ms. Debanshi Basu	Mr. Mukul Mathur	Ms. Nanda Sameer Dave	Mr. Rajendra Kumar Setia	Mr. Simit Batra	Mr. Yash Setia
2.	Financial Experience and Risk Oversight	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> An appreciation of emerging trends in Banking and Financial services across the globe. Expertise in digital and robotic innovation in the field of Finance and Investments. Ability to visualise future trends and devise strategies for adoption. 	✓	-	-	✓	✓	-	-	-
4.	Governance and Regulatory Oversight	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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 finalised in advance 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 **14 (Fourteen) times** on 12th April, 2023, 03rd May, 2023, 13th June, 2023, 26th June, 2023, 31st July, 2023, 25th August, 2023, 01st September, 2023, 13th September, 2023, 01st November, 2023, 04th January, 2024, 05th January, 2024, 01st February, 2024, 14th March, 2024 and 29th March, 2024. 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 & Compliance Officer 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 personnels and senior management personnels, 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 25th September, 2023 is given below:

Name of the Director	Attendance	
	Board Meeting	Last AGM
Mr. Amar Lal Daultani	14	Yes
Mr. Akshay Tanna*	1	NA
Mr. Anand Raghavan	14	Yes
Ms. Debanshi Basu	14	No
Mr. Mukul Mathur**	NA	NA
Ms. Nanda Sameer Dave**	0	NA
Mr. Rajendra Kumar Setia	12	Yes
Mr. Simit Batra*	10	No
Mr. Yash Setia	13	Yes

*Mr. Akshay Tanna resigned from the post of Nominee Director of the Company w.e.f. 13th June, 2023 and in his place, Mr. Simit Batra was appointed as the Additional Nominee Director of the Company on behalf of TPG Growth Iv Sf Pte. Ltd. w.e.f. 13th June, 2023 and his appointment as Nominee Director was approved

by the Shareholders of the Company in their Extra-Ordinary General Meeting held on 20th June, 2023.

**Ms. Nanda Sameer Dave and Mr. Mukul Mathur were appointed as Additional Director (Non-Executive and Independent) of the Company by the Board of Directors vide their meeting held on 14th March, 2024 and 29th March, 2024, respectively and their appointment as Independent Directors was approved by the Shareholders of the Company in their Extra-Ordinary General Meeting held on 25th April, 2024.

INDEPENDENT DIRECTORS

The Independent Directors are appointed for a specific term based on the recommendations of the Nomination and Remuneration Committee ("NRC"), by the Board and the shareholders at their respective meetings. Independent Directors are appointed as per the provisions of the Act and SEBI LODR Regulations and RBI Directions. None of the Independent Directors are Promoters or are related to Promoters. 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, for a period of 5 years. 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.

Ms. Nanda Sameer Dave (DIN: 08673208) was appointed as an Additional Director (Non-Executive and Independent) by the Board in their meeting held on 14th March, 2024 and her appointment as an Independent Director for a term of five consecutive years effective from 14th March, 2024, was approved by the shareholders at the Extra-Ordinary General Meeting held on 25th April, 2024.

Mr. Mukul Mathur (DIN: 10025806) was appointed as an Additional Director (Non-Executive and Independent) by the Board in their meeting held on 29th March, 2024, and his appointment as an Independent Director for a term of five consecutive years effective from 29th March, 2024, was approved by the shareholders at the Extra-Ordinary General Meeting held on 25th April, 2024.

The Company has not received resignation from any Independent Director during the Financial year ended 31st March, 2024.

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 05th March, 2024 for FY 2023-24, 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 Chairperson, Board as a whole, 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 except Mr. Mukul Mathur, who has appeared and passed 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/policies-codes>.

Familiarisation Programme

Pursuant to the provisions of the Act and Regulation 25(7) of the SEBI LODR Regulations, the Company has in place the familiarisation Programme which aims to familiarise Independent Directors with the Non-Banking and Financial services, technology, governance, risk management, analytics, management, products and areas in which the Company operates, the business model, the operational and financial performance of the Company, significant changes in the regulations including those pertaining to corporate

social responsibility, 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 familiarisation Programmes have been hosted on the website of the Company and can be accessed on the link <https://www.skfin.in/investor/policiescodes>.

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 & 19 read with Part D of Schedule II of SEBI LODR Regulations, Nomination-Remuneration & Compensation Policy of the Company ("the NRC Policy"), the NRC in its meeting held on 03rd May, 2023 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 the Institute of Company Secretaries of India ("ICSI") and Securities and Exchange Board of India ("SEBI"), an annual performance evaluation exercise was carried out, the NRC and Board has carried out an annual performance evaluation of its own performance, evaluation of Committees of Board as well as performance of all the Directors individually (including Independent Directors). The evaluation involves self-evaluation by the Board Member and subsequent assessment by the Independent Directors. A member of the Board will not participate in the discussion of his/her evaluation. The performance evaluation of the Non-Independent Directors, Chairman and the Board as a whole was carried out by the Independent Directors. The performance evaluation of the Independent Directors was carried out by the entire Board excluding the Director being evaluated. Performance evaluation of the Board and of its Committees was carried out by the Board on below criteria:

Evaluation Criteria	Criteria specified
Criteria of Board as a Whole	Board Structure Meeting Frequency & Procedures Strategy & Risk Management Board and Management Relations Stakeholder Value and responsibility
Criteria of Individual Directors Including Independent Directors	Leadership quality Strategy formulation & Execution Human Resources Management/ Relations Business Performance Knowledge & Skill Expertise Strong Governance Implementation Ethics and integrity Time Commitment Risk Management
Evaluation of Board Committee	Adequacy and Composition of Committees, Meeting Frequency and procedures, Combination of optimum expertise, Time commitment, Key Initiatives taken.

Evaluation Criteria	Criteria specified
Evaluation of Chairperson of the Board	Experience and Qualification. Leadership, Relationship among Board and Management, Strong Governance and Compliance, Ethics and Integrity.

Feedback was sought by way of well-defined structured online questionnaire forms 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 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 General Meeting(s). The details of the remuneration paid to the Executive Directors for the Financial Year ended 31st March, 2024 are as follows:

(₹ in lakh)						
Sr. No.	Name	Gross Salary	Commission	Stock Option/ Sweat Equity ²	Others ³	Total Amount
1	Mr. Rajendra Kumar Setia	261.60	0	0	300.00	561.60
2	Mr. Yash Setia	100.30	0	0	60.00	160.30

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.
- No stock options or sweat equity shares were granted to the executive directors during the FY 23-24.
- The executive directors were paid performance linked bonus as recommended by the NRC and approved by the Board of Directors, which was linked with their business performance.

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 2023-24 is given as below:

Sr. No.	Name	Sitting Fees
1.	Mr. Amar Lal Daultani	₹ 22.15
2.	Mr. Akshay Tanna*	Nil
3.	Mr. Anand Raghavan	₹ 21.70
4.	Mr. Mukul Mathur**	NA
5.	Ms. Nanda Sameer Dave**	NA
6.	Ms. Debanshi Basu	Nil
7.	Mr. Simit Batra*	Nil

*Mr. Akshay Tanna resigned from the post of Nominee Director of the Company w.e.f. 13th June, 2023 and in his place, Mr. Simit Batra was appointed as the Additional Nominee Director of the Company w.e.f. 13th June, 2023 and his appointment as Nominee Director was approved by the Shareholders of the Company in their Extra-Ordinary General Meeting held on 20th June, 2023.

**Ms. Nanda Sameer Dave and Mr. Mukul Mathur were appointed as Additional Director (Non-Executive and Independent) of the Company by the Board of Directors vide their meeting held on 14th March, 2024 and 29th March, 2024, respectively and their appointment as Independent Directors was approved by the Shareholders of the Company in their Extra-Ordinary General Meeting held on 25th April, 2024.

This sum is reviewed periodically taking into consideration the performance of the Company, the overall responsibility cast on the directors and other relevant factors such as their expertise, inputs received from them, brining strong governance on the Board etc. No stock options were granted to the Non-Executive Directors during the year. 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, 2024 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/investor-services>.

3. SENIOR MANAGEMENT PERSONNEL:

The below mentioned persons are designated as Senior Management Personnel (SMP's) of the Company:

Sr. No.	Name	Designation	Change during the year, if any	Reason for change
1.	Raj Kumar Setia	Chief Business Officer – SME	No Change	-
2.	Sameer Arora	Chief Operating Officer - 2	No Change	-
3.	Ritesh Sharma	Chief Operating Officer -1	No Change	-
4.	Amarpreet Singh Batra	Chief Operating Officer – 3	No Change	-
5.	Vivek Haripal Singh	Head – Resource Mobilisation, Investor Relations and Treasury Investments	No Change	-
6.	Anil Sharma	Head of Human Resources	No Change	-
7.	Gajendra Sharma	National Credit Manager	01 st Decemebr,2023	Appointment as National Credit Manager
8.	Tej Pratap Singh	National Operation Manager	20 th December,2023	Appointment as National Operation Manager
9.	Rajiv Kumar Yadav	National Legal Head	No Change	-
10.	Harendra Singh Rathore	National Collection Manager	01 st November,2023	Appointment as National Collection Manager
11.	Anuj Rawat*	Head of Internal Audit	No Change	-
12.	Rohit Srivastava	Chief Risk Officer	08 th May,2023	Resigned as Chief Risk Officer
13.	Vaibhav Bumb	Officiating Chief Risk Officer	09 th May,2023	Appointment as Officiating Chief Risk Officer
14.	Anubha Khandelwal	Chief Compliance Officer	No Change	-
15.	Ajit Singh Sajwan	Chief Technology Officer	No Change	-
16.	Bhavesh Kumar	Chief Information Security Officer	No Change	-
17.	Girish Dangayach	Chief Digital Officer	No Change	-
18.	Anshul Jain	Head – Brand Marketing	No Change	-

Note: *Mr. Anuj Rawat, Head of Internal Audit has resigned from his post w.e.f. closure of business hours on 15th June, 2024.

4. COMMITTEES OF THE BOARD

In order to facilitate the day-to-day operations, the Board has constituted various committees and delegated necessary powers to the Committees. The Committees constituted by the Board focus on specific areas and take informed decisions along with the specific recommendations to the Board within the framework designed by the Board. As on 31st March 2024, the Company has Eleven 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;
10. Customer Service Committee; and
11. IPO 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 five sub-committees, namely:

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

The terms of reference or charter of the aforesaid Committees are decided by the Board and noted by the relevant Committee in line with the applicable laws. Minutes of the Committee meetings are placed before the Board/ relevant Board Committee 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 94 of Chapter – XI Governance Guidelines of the RBI Master Directions.

Meeting Details

During the Financial Year 2023-24, 6(Six) Audit Committee Meetings were held on 03rd May, 2023, 13th June, 2023, 26th June, 2023, 31st July, 2023, 01st November, 2023, 01st February, 2024.

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	6
Mr. Amar Lal Daultani	Member	Non-Executive Independent Director	6
Ms. Debanshi Basu	Member	Non- Executive Nominee Director	6

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 not required to be granted as the committee members attended all the audit committee 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 & Compliance Officer 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 Audit Committee *inter-alia* includes the following:

- a) Oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- b) recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;
- c) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- d) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, 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 judgement 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;
- e) Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- f) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public issue or rights issue or preferential issue or qualified institutions placement], and making appropriate recommendations to the board to take up steps in this matter;

- g) Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- h) Approval or any subsequent modification of transactions of the listed entity with related parties;
- i) Scrutiny of inter-corporate loans and investments;
- j) Valuation of undertakings or assets of the listed entity, wherever it is necessary;
- k) Evaluation of internal financial controls and risk management systems;
- l) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- m) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- n) Discussion with internal auditors of any significant findings and follow up there on;
- o) Reviewing 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;
- p) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- q) 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;
- r) to review the functioning of the whistle blower mechanism;
- s) Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- t) Reviewing the utilisation of loans and/ or advances from/investment by the holding Company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.;
- u) Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders;
- v) monitoring the end use of funds raised through public offers and related matters;
- w) The audit committee shall mandatorily review the following information:
 - i. Management discussion and analysis of financial condition and results of operations;
 - ii. Management letters / letters of internal control weaknesses issued by the statutory auditors;
 - iii. Internal audit reports relating to internal control weaknesses; and
 - iv. The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
 - v. Statement of deviations:
 - Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI Listing Regulations**").
 - Annual statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of the SEBI Listing Regulations.
- x) To review the functioning of the vigil mechanism;
- y) 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;
- z) To oversight governance, compliance, implementation of Anti-Bribery and Anti-Corruption Policy and monitor the effectiveness considering its suitability and adequacy;
- aa) To oversee the Implementation of KYC/ AML Policy;
- bb) To accord the necessary approvals for selling of Individual Loans and Classification of Non-Performing Asset as prescribed under Sale of Stressed Asset Policy;
- cc) 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;
- dd) To oversee and approve any adjustments in the Expected Credit Losses (ECL) model output (i.e. a management overlay);
- ee) Review with Statutory Auditors, any audit problems or difficulties and management's response;
- ff) Resolve any disagreements of the Statutory Auditors with the management regarding financial reporting;

- gg) Review the performance of the Statutory Auditors and submit report to RBI post approval from the Audit Committee.

hh) Internal Audit:

- To review and approve the Risk Based Internal Audit Policy & propose the same to the Board;
- Review with Internal Auditors, any audit problems or difficulties and management's response;
- 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;
- Discuss with internal auditors for 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;
- 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;

ii) Internal Controls

- 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 formalise & maintain a quality assurance and improvement program that covers all aspects of the internal audit function;
- Review Management letters / letters of internal control weaknesses issued by internal auditors;
- Review management's report on internal control and Statutory auditor's attestation/observations on management's assertion;
- 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;

- To promote the use of new audit tools/ new technologies for reducing the extent of manual monitoring / transaction testing / compliance monitoring, etc.;
- To appoint Head of internal Audit ("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.

jj) Risk Management:

- 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;

kk) Related party transactions:

- 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;

ll) 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;
- 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 organisation 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 organisation 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.

mm) 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;
- The Audit Committee of a listed Company or other analogous body for intermediary or fiduciary shall review compliance with the provisions of these regulations at least once in a financial year and shall verify that the systems for internal control are adequate and are operating effectively;
- The compliance officer shall report to the board of directors and in particular, shall provide reports to the Chairman of the Audit Committee, if any, or to the Chairman of the board of directors at such frequency as may be stipulated by the board of directors, but not less than once in a year;
- Deciding penal and disciplinary action in respect of violation of the Regulations/Code;

nn) Others:

- Shall have the power to seek information from any employees, obtain legal or professional advice from external sources and have full access to information contained in the records of the Company and secure attendance of outsiders with relevant expertise, if it considers necessary;

- Carrying out such other functions as may be specifically referred to the Audit Committee by the Board and/or other committees of directors of the Company;
- Carrying out any other functions and roles as provided under the Companies Act, 2013, the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“SEBI ICDR Regulations”), SEBI Listing Regulations, each as amended and other applicable laws or by any regulatory authority and performing such other functions as may be necessary or appropriate for the performance of its duties;
- Such information as may be prescribed under the Companies Act, 2013 and the rules thereunder, SEBI ICDR Regulations, 2018 and the SEBI Regulations, each as amended;

2. NOMINATION AND REMUNERATION COMMITTEE

Regulatory Requirement

The NRC 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 94 of Chapter – XI Governance Guidelines of the RBI Master Directions.

Meeting Details

During the Financial Year 2023-24, 7(Seven) NRC Meetings were held on 03rd May, 2023, 13th June, 2023, 27th July, 2023, 01st November, 2023, 01st February, 2024, 14th March, 2024 and 28th March, 2024.

Composition & Attendance

The Composition of the NRC 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	7
Mr. Amar Lal Daultani	Member	Non- Executive Independent Director	7
Ms. Debanshi Basu	Member	Non- Executive Nominee Director	7

The necessary quorum was present for all the above meetings and Chairperson of the NRC was present in Annual General Meeting to answer the queries of the shareholders. Leave of absence was not required to be granted as the committee members attended all the NRC meetings.

Besides the members of the committee, meeting of the NRC is attended by the Chief Financial Officer, Investor Observers, and other invitees. The Company

Secretary & Compliance Officer 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 Nomination and Remuneration Committee *inter-alia* includes the following:

Nomination:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of performance of independent directors and the board of directors;
- For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
 - use the services of an external agencies, if required;
 - consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - consider the time commitments of the candidates
- Devising a policy on diversity of board of directors;
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal;
- Make recommendation to the Board on whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- Recommend to the board, all remuneration, in whatever form, payable to senior management;
- 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 Succession Planning;
 - To periodically review Succession Plan for Senior Managerial Personnel and Key Managerial Personnel as may be required;
 - To ensure ‘fit and proper’ status of proposed/ existing directors and that there is no conflict of interest in appointment of directors on Board of the Company, KMPs and senior management.

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 oversee the framing, review and implementation of compensation policy of the Company which should have the approval of the board;
- To formulate the criteria for making payments to Non-Executive Directors;
- To recommend to the board, all remuneration, in whatever form, payable to Executive and Non-Executive directors;
- To recommend changes in the Company’s compensation plans, in consultation with management and allot shares when options are exercised by eligible employees;
- The compensation of Key Managerial Personnel (KMPs) and senior management needs to be reasonable, recognising all relevant factors including adherence to statutory requirements and industry practices;
- The compensation packages may comprise of fixed and variable pay components aligned effectively with prudent risk taking to ensure that compensation is adjusted for all types of risks, the compensation outcomes are symmetric with risk outcomes, compensation pay-outs are sensitive to the time horizon of the risks, and the mix of cash, equity and other forms of compensation are consistent with risk alignment.

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;
- To specify the criteria for evaluation of performance of the KMPs and SMPs with KPIs;

- v) Determination and review of KPIs for the performance evaluation of KMPs and SMPs.

ESOP:

The Nomination and Remuneration Committee shall perform such functions as are required to be performed by the committee under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021:

- w) Administering and reviewing the implementation of the employee stock option plans of the Company, as may be required;
- x) determining the eligibility of employees to participate under the employee stock option plans of the Company;
- y) granting options to eligible employees and determining the date of grant;
- z) determining the number of options to be granted to an employee;
- aa) determining the exercise price under the employee stock option plans of the Company; and
- bb) construing and interpreting the employee stock option plans of the Company and any agreements defining the rights and obligations of the Company and eligible employees under the employee stock option plans of the Company, and prescribing, amending and/or rescinding rules and regulations relating to the administration of the employee stock option plans of the Company;
- cc) formulate detailed terms and conditions of the scheme;
- dd) frame suitable policies and procedures to ensure that there is no violation of securities laws by the Company and its employees.

Others:

- ee) The NRC may work in close coordination with Risk Management Committee (RMC) of the Company to achieve effective alignment between compensation and risks;
- ff) the NRC may ensure that compensation levels are supported by the need to retain earnings of the Company and the need to maintain adequate capital based on ICAAP;
- gg) To oversee the familiarisation programmes of the Independent Directors;
- hh) To scrutinise the declarations submitted by the existing / proposed directors;
- ii) 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;

- jj) carrying out any other activities as may be delegated by the Board and functions required to be carried out by the Nomination and Remuneration Committee as provided under the Companies Act, 2013, the SEBI Listing Regulations, RBI Master Directions or any other applicable law, as and when amended from time to time;

3. STAKEHOLDERS RELATIONSHIP COMMITTEE

Regulatory Requirement

The Stakeholders Relationship Committee of the Board has been constituted 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 2023-24, 1(One) Stakeholders Relationship Committee Meeting was held on 03rd May, 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	-
Mr. Rajendra Kumar Setia	Member	Managing Director & CEO	1
Mr. Simit Batra*	Member	Non- Executive Nominee Director	NA

*Mr. Akshay Tanna resigned from the post of Nominee Director of the Company w.e.f. 13th June, 2023. In his place, Mr. Simit Batra was appointed as an Additional Director (Nominee) of the Company w.e.f. 13th June, 2023 and his appointment as Nominee Director was approved by the Shareholders of the Company in their Extra-Ordinary General Meeting held on 20th June, 2023. The Stakeholders Relationship Committee was re-constituted on 13th June, 2023 in the meeting of the Board of Directors.

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 & Compliance Officer acts as a secretary to the Committee.

The necessary quorum was present for the above meeting and the Chairperson of the Stakeholders Relationship Committee was present at the annual general meeting to answer queries of the security holders. Leave of absence was granted

to the respective members who could not attend committee meeting.

The investor complaints are processed in a centralised web-based complaints redress system called SCORES. There were no investor grievances received during the financial year ended on 31st March, 2024. 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.

The Company hereby submits the statement of the investor complaints for the year ended on 31st March, 2024 and details are tabulated as below:

No. of shareholders complaints received during the Financial Year	NIL
No. of complaints not solved to the satisfaction of shareholders	NIL
No. of investor complaints pending at the end of the Financial Year	NIL

Terms of reference

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

- a) Resolving the grievances of the security holders of the Company 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;
- b) Review of measures taken for effective exercise of voting rights by shareholders;
- c) Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the registrar & share transfer agent;
- d) Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company;
- e) 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;
- f) 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;

- g) Oversee the statutory compliance relating to all securities including dividend payments and transfer of unclaimed amounts to the Investor Education and Protection Fund;
- h) Suggest and drive implementation of various investor-friendly initiatives.
- i) Committee may consult with other committees of the Board, if required, while discharging its responsibilities.
- j) Carrying out any other functions as is referred by the Board from time to time or required to be carried out by the Stakeholders Relationship Committee as contained in the Companies Act, SEBI Listing Regulations or any other applicable law, as and when amended from time to time.

4. RISK MANAGEMENT COMMITTEE

Regulatory Requirement

The Company has constituted Risk Management committee in accordance with Regulation 21 of SEBI LODR Regulations and Regulation 39 of Chapter – VI Governance Guidelines of the RBI Master Directions.

Meeting Details

During the Financial Year 2023-24, 5(five) Risk Management Committee Meetings were held on 03rd May, 2023, 13th June, 2023, 27th July, 2023, 26th October, 2023 and 30th January, 2024.

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. Amar Lal Daultani	Chairperson*	Non- Executive Independent Director	5
Mr. Akshay Tanna**	Member	Non-Executive Nominee Director	-
Mr. Anand Raghavan	Member	Non- Executive Independent Director	5
Ms. Debanshi Basu	Member	Non-Executive Nominee Director	5
Mr. Rajendra Kumar Setia*	Member	Managing Director & CEO	5
Mr. Rohit Srivastava***	Member	Chief Risk Officer	1
Mr. Simit Batra**	Member	Non-Executive Nominee Director	3
Mr. Vaibhav Bumb***	Member	Officiating Chief Risk Officer	4

* Mr. Amar Lal Daultani was appointed as the Chairperson of Risk Management Committee w.e.f. 13th June, 2023. Accordingly, Mr. Rajendra Kumar Setia who was the chairperson of the Risk Management Committee became member of the committee w.e.f 13th June, 2023.

**Mr. Akshay Tanna resigned from the post of Nominee Director of the Company w.e.f. 13th June, 2023. In his place, Mr. Simit Batra was appointed as an Additional Director (Nominee) of the Company w.e.f. 13th June, 2023 and his appointment as Nominee Director was approved by the Shareholders of the Company in their Extra-Ordinary General Meeting held on 20th June, 2023.

***Mr. Rohit Srivastava resigned as Chief Risk Officer of the Company w.e.f. 08th May, 2023 & Mr. Vaibhav Bumb was appointed as Officiating Chief Risk Officer in his place w.e.f. 09th May, 2023.

The Risk Management Committee was re-constituted on 13th June, 2023 in the meeting of the Board of Directors.

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 & Compliance Officer 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 Risk Management Committee *inter-alia* includes the following:

- a) To formulate a detailed risk management policy which shall include:
 - i. A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
 - ii. Measures for risk mitigation including systems and processes for internal control of identified risks.
 - iii. Business continuity plan
- b) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- c) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- d) To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;

- e) To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- f) The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.
- g) The board of directors shall define the role and responsibility of the Committee and may delegate monitoring and reviewing of the risk management plan to the committee and such other functions as it may deem fit such function shall specifically cover cyber security;
- h) The Committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the board of directors.

Risk Management Systems:

- i) To examine and determine the sufficiency of the Company's internal processes for reporting on and managing key risk areas;
- j) To assess and recommend to the Board acceptable levels of risk;
- k) To monitor and review the working and functioning of the Risk Management Committee of Executives;
- l) 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;
- m) To monitor sectoral exposure limits for consumer credit as approved by Board on an ongoing basis.

Liquidity Risk:

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

Information Technology and Information/Cyber Security Risk

- p) To review and update Information Technology and Information security risks, including the Cyber Security related risks in consultation with the IT Strategy Committee as presented by the Chief information Security Officer (CISO) on quarterly basis.

Chief Risk Officer:

- q) To formulate policy for safeguarding the independence of the Chief Risk Officer;

- r) The Chief Risk Officer 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;
- s) The CRO shall be involved in the process of identification, measurement and mitigation of risks;
- t) All credit products (retail or wholesale) shall be vetted by the CRO from the angle of inherent and control risks.

Outsourcing Financial Services:

- u) To formulate and implement a comprehensive Outsourcing of Financial Services policy;
- v) To approve a framework for evaluating the risks and materiality of all existing and prospective outsourcing and the policies that apply to such arrangements;
- w) To lay down appropriate approval authorities for outsourcing depending on risks and materiality;
- x) To set up suitable administrative framework of senior management for the purpose of implementing robust risk management practices with respect to Outsourcing;
- y) To undertake regular review of outsourcing strategies and arrangements for their continued relevance, safety and soundness;
- z) To decide on business activities of a material nature to be outsourced and to approve such arrangements;
- aa) To review the central record of material outsourcing on half yearly basis;
- bb) To establish adequate management structure to monitor and control the outsourcing activities;
- cc) To review the working of risk management committee of executives w.r.t. discussions and decisions pertaining to outsourcing of financial services;
- dd) To approve on boarding the vendor whose estimated annual expenses is more than INR 2 crore. For existing vendor, whose actual annual expense reaches the limit of INR 2 crore shall be submitted to the Committee in subsequent meeting.

Others

- ee) To review portfolio level report of all accounts turned into Special Mention Account or Non-Performing Asset along with status of repayment from such accounts;

- ff) To execute strategy of overall governance and oversight of core risk management activities when delegated by the Board of directors of the Company;
- gg) any other similar or other functions as may be laid down by Board from time to time and/or as may be required under applicable law, as and when amended from time to time, including the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, RBI Master Direction – Reserve Bank of India (Non-Banking Financial Company– Scale Based Regulation) Directions, 2023 notified vide RBI/DoR/2023-24/106 DoR. FIN.REC.No.45/03.10.119/2023-24 dated 19th October, 2023.

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” which forms part of this Annual Report.

Meeting Details

During the Financial Year 2023-24, 1(One) CSR Committee Meeting was held on 03rd May, 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	Managing Director & CEO	1
Mr. Amar Lal Daultani	Member	Non- Executive Independent Director	1
Mr. Akshay Tanna*	Member	Non-Executive Nominee Director	-
Mr. Anand Raghavan	Member	Non- Executive Independent Director	1
Mr. Simit Batra*	Member	Non-Executive Nominee Director	NA
Mr. Yash Setia	Member	Whole Time Director	1

*Mr. Akshay Tanna resigned from the post of Nominee Director of the Company w.e.f. 13th June, 2023. In his place, Mr. Simit Batra was appointed as an Additional Director (Nominee) of the Company w.e.f. 13th June, 2023 and his appointment as Nominee Director was approved by the Shareholders of the

Company in their Extra-Ordinary General Meeting held on 20th June, 2023.

The Corporate Social Responsibility Committee was re-constituted on 13th June, 2023 in the meeting of the Board of Directors.

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 & Compliance Officer 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:

1. 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;
2. Implementing the CSR policy and monitoring the same from time to time;
3. 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;
4. Recommending the amount of expenditure to be incurred on the identified CSR activities;
5. 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 utilisation 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;
6. 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;
7. 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-categorised as an Ongoing Project.

8. Fix the schedule of implementation of CSR projects and programs and monitoring the progress on approved projects and shortfalls in achieving the CSR plan;
9. Reviewing the expenditure incurred on CSR activities by the Company and submission of the Annual report on CSR to the Board;
10. Monitoring the administrative overheads in pursuance of CSR activities or projects or programs so that they do not exceed the prescribed thresholds;
11. The Committee shall ensure that the necessary monitoring mechanism has been put in place to monitor the utilisation of the funds disbursed for CSR activities or projects or programs.
12. 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.
13. Liaising with management on the Company's CSR program, including significant sustainable development, community relations and procedures;
14. Identifying the principal areas of risks and impacts relating to CSR and ensuring that sufficient resources are allocated to address these liabilities;
15. 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;
16. Reporting regularly to the Board with respect to such matters as are relevant for the Committee to discharge its responsibility;
17. 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 Reserve Bank of India (Information Technology Governance, Risk, Controls and Assurance Practices) Directions, 2023 dated 07th November, 2023, as amended from time to time. 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 2023-24, 5(five) IT Strategy Committee Meetings were held on 03rd May, 2023, 13th June, 2023, 27th July, 2023, 26th October, 2023 and 30th January, 2024.

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	5
Mr. Akshay Tanna*	Member	Non -Executive Nominee Director	-
Mr. Ajit Singh Sajwan	Member	Chief Technology Officer	5
Mr. Anand Raghavan	Member	Non- Executive Independent Director	5
Mr. Bhavesh Kumar	Member	Chief Information Security Officer	5
Mr. Simit Batra*	Member	Non -Executive Nominee Director	3
Mr. Yash Setia	Member	Whole Time Director	5

* Mr. Akshay Tanna resigned from the post of Nominee Director of the Company w.e.f. 13th June, 2023. In his place, Mr. Simit Batra was appointed as an Additional Director (Nominee) of the Company w.e.f. 13th June, 2023 and his appointment as Nominee Director was approved by the Shareholders of the Company in their Extra-Ordinary General Meeting held on 20th June, 2023.

The IT Strategy Committee was re-constituted on 13th June, 2023 in the meeting of the Board of Directors.

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 & Compliance Officer 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 organisational arrangements so that security concerns are appreciated, receive adequate attention and get escalated to appropriate levels in the hierarchy to enable quick action;
15. Reviewing the adequacy and effectiveness of the Business Continuity Planning and Disaster Recovery Management at least on annual 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;
19. Guide in preparation of IT Strategy and ensure that the IT Strategy aligns with the overall strategy of the RE towards accomplishment of its business objectives.
20. Ensuring processes for assessing and managing IT and cybersecurity risks are put in place.
21. Ensuring that the budgetary allocations for the IT function (including for IT security), cyber security are commensurate with the Company's IT maturity, digital depth, threat environment and industry standards and are utilised in a manner intended for meeting the stated objectives.

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 mobilisation and ensures efficient and timely decisions on the matters relating to Finance activities of the Company. The decisions taken at the meetings of Executive committee are within the power conferred by the Board to the committee. Such decisions are further noted at a duly convened Board meeting.

Meeting Details

During the Financial Year 2023-24, 49 (Forty Nine) Executive Committee Meetings were held on 05th April, 2023, 24th April, 2023, 10th May, 2023, 19th May, 2023, 30th May, 2023, 02nd June, 2023, 14th June, 2023, 21st June, 2023, 26th June, 2023, 30th June, 2023, 04th July, 2023, 06th July, 2023, 20th July, 2023, 24th July, 2023, 26th July, 2023, 01st August, 2023, 08th August, 2023, 18th August, 2023, 26th August, 2023, 29th August, 2023, 11th September, 2023, 19th September, 2023, 27th September, 2023, 04th October, 2023, 07th October, 2023, 10th October, 2023, 16th October, 2023, 18th October, 2023, 26th October, 2023, 27th October, 2023, 30th October, 2023, 02nd November, 2023, 08th November, 2023, 10th November, 2023, 20th November, 2023, 23rd November, 2023, 14th December, 2023, 21st December, 2023, 30th December, 2023, 10th January, 2024, 23rd January, 2024, 09th February, 2024, 14th February, 2024, 19th February, 2024, 28th February, 2024, 15th March, 2024, 20th March, 2024, 26th March, 2024 and 30th March, 2024.

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	Managing Director & CEO	44
Mr. Vivek Haripal Singh	Member	Head - Resource Mobilisation, Treasury Investments & Investor Relations	43
Mr. Atul Arora	Member	Chief Financial Officer	45
Mr. Rohit Srivastava*	Member	Chief Risk Officer	2
Mr. Vaibhav Bumb*	Member	Officiating Chief Risk Officer	46
Mr. Yash Setia	Member	Whole Time Director	42

*Mr. Rohit Srivastava resigned as Chief Risk Officer of the Company w.e.f. 08.05.2023 & Mr. Vaibhav Bumb was appointed as Officiating Chief Risk Officer in his place w.e.f. 09.05.2023.

The Company Secretary & Compliance Officer 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, functional standards and work ethics;
3. Borrow money and exercise all powers to borrow moneys not exceeding ₹16,000 crore (Rupees Sixteen Thousand crore 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 authorise 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 optimisation of borrowing costs (subject to overall limit of borrowing);
6. Selling assignment of its receivables/ book debts upto ₹5,000 crore (Rupees Five 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 authorise 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 ₹2000 crore (Rupees Two Thousand Crore only) in favour of company and to authorise 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 authorise 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 authorise signatories on behalf of the Company for Securitisation of its Receivables/ book debts/ asset of the Company;
15. Appointment of employees/ officers of Company as 'Authorised Officer' under Securitisation 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 ₹8,000 crore (Rupees Eight Thousand crore 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 which is a Board Delegated Committee in accordance with RBI Master Directions.

Meeting Details

During the Financial Year 2023-24, 5(five) Product Approval Committee Meetings were held on 24th April, 2023, 21st July, 2023, 11th October, 2023, 19th January, 2024 and 15th February, 2024.

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	No. of Meetings attended
Mr. Rajendra Kumar Setia*	Chairperson	Managing Director & Chief Executive Officer	5
Mr. Ajit Singh Sajwan**	Member	Head of IT Projects-CTO	4
Ms. Anubha Khandelwal	Member	Chief Compliance Officer	5
Mr. Atul Arora**	Member	Chief Financial Officer	5
Mr. Balveer Bera**	Member	Head of IT Projects-DVP Projects	5
Mr. Gajendra Sharma**	Member	Chief of Credit	4
Mr. Ritesh Kumar***	Member	Head of Operations	3
Mr. Tej Pratap Singh***	Member	National Head of Operations	2
Mr. Rohit Srivastava****	Member	Chief Risk Officer	1
Mr. Vaibhav Bumb****	Member	Officiating Chief Risk Officer	4
Mr. Yash Setia	Member	Whole time Director	5

*Mr. Rajendra Kumar Setia was appointed as chairperson of the committee w.e.f. 12th April, 2023, in place of Mr. Raj Kumar Setia who ceased to be member of the Committee on 12th April, 2023.

**Mr. Ajit Singh Sajwan, Mr. Atul Arora, Mr. Balveer Bera, Mr. Gajendra Sharma and Mr. Ritesh Kumar were appointed as the member of the committee w.e.f. 12th April, 2023.

***Mr. Ritesh Kumar ceased to be the member of the committee w.e.f. 15th November, 2023 and Mr. Tej Pratap Singh was appointed as member in his place.

****Mr. Rohit Srivastava resigned as Chief Risk Officer of the Company w.e.f. 03.05.2023 & Mr. Vaibhav Bumb was appointed as Officiating Chief Risk Officer in his place.

The Company Secretary & Compliance Officer 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 which is a Board Delegated Committee in accordance with RBI Master Directions.

Meeting Details

During the Financial Year 2023-24, 18 (eighteen) Investment Committee Meetings were held on 06th April, 2023, 13th April, 2023, 25th April, 2023, 19th May, 2023, 09th June, 2023, 26th June, 2023, 27th June, 2023, 28th June, 2023, 13th July, 2023, 09th August, 2023, 14th September, 2023, 27th September, 2023, 12th October, 2023, 22nd November, 2023, 06th December, 2023, 13th January, 2024, 19th February, 2024 and 12th March, 2024.

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	18
Atul Arora	Member	Chief Financial Officer	17
Vivek Haripal Singh	Member	Head - Resource Mobilisation, Treasury Investments & Investor Relations	17
Ankur Rastogi	Member	AVP-Treasury	17
Anand Agarwal*	Member	DVP-Treasury	1
Honey Jain	Member	Finance Controller	18

*Mr. Anand Agarwal resigned from the Company w.e.f. 31.10.2023 and consequently ceased to be member of the committee

The Company Secretary and Compliance Officer 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 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.

10. CUSTOMER SERVICE COMMITTEE (CSC):

Regulatory Requirement

The Company has constituted Customer Service Committee on 01st February, 2024 which is a Board Delegated Committee in accordance with Master Direction - Reserve Bank of India (Internal Ombudsman for Regulated Entities) Directions 2023.

Meeting Details

During the Financial Year 2023-24, no meeting of CSC was held.

Composition & Attendance

The Composition of the CSC are as under:

Name of the Member	Status in Committee	Category
Yash Setia	Chairperson	Whole Time Director
Rajendra Kumar Setia	Member	Managing Director & CEO
Nirmal Joshi	Permanent Invitee	Internal Ombudsman
Anubha Khandelwal	Permanent Invitee	Principal Nodal Officer
Chetan Gupta	Permanent Invitee	Grievance Redressal officer

Terms of reference

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

- 1) nature of their resolution;
- 2) To provide guidance in improving the level of customer service;
- 3) To ensure that the Company provides and continues to provide services focused on Customer Centricity across all its category of customers to help the Company in protecting and growing its brand equity;
- 4) To evolve innovative measures for enhancing the quality of customer service and improving the overall satisfaction level of customers;
- 5) To ensure implementation of directives received from RBI with respect to rendering of services to customers;
- 6) To determine the structure of emoluments, facilities and benefits accorded to the Internal Ombudsman / Deputy Internal Ombudsman, which should be appropriate keeping in view their stature and position being at the apex of the grievance redress mechanism and also the need to attract experienced persons with requisite expertise;
- 7) To review the periodic reports (including the analysis of complaints) furnished by the Internal Ombudsman to the committee;
- 8) To review and discuss the cases where the decision of the Internal Ombudsman has been rejected;
- 9) To review and approve the SOP for handling rejected/ partially rejected complaints;

- 10) To review the root cause analysis for the complaints received and controls implemented to improve the process;
- 11) To review complaints escalated by the customer to RBI and reason thereof;
- 12) To review any amendments made in the Customer Grievance Redressal mechanism and provide guidance on the same;
- 13) To review customer service aspects and intimate the same to the Board and guide for initiating prompt corrective action wherever service quality / skill gaps have been noticed;
- 14) To review metrics and indicators that provide information on the state of customer service; providing direction to the management on actions to be taken to improve the metrics;
- 15) To reviewing the actions taken/ being taken to standardise the delivery of customer experience across all branches;

11. IPO COMMITTEE:

Regulatory Requirement

The Company has constituted an IPO Committee which is a Board Delegated Committee constituted on 01st February, 2024 for the purposes of approving and undertaking various activities in relation to the Initial Public Offer and listing the Equity Shares on one or more of the recognised stock exchanges.

Meeting Details

During the Financial Year 2023-24, no meeting of IPO Committee was held.

Composition & Attendance

The Composition of the IPO Committee are as under:

Name of the Member	Status in Committee	Category
Rajendra Kumar Setia	Chairperson	Managing Director & CEO
Yash Setia	Member	Whole Time Director
Anand Raghavan	Member	Independent Director
Simit Batra	Member	Non-Executive Nominee Director
Niren Shah	Invitee	Invitee- Investor Observer on behalf of Norwest Venture Partners X - Mauritius

Terms of reference

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

- (a) To take on record the number of Equity Shares proposed to be offered by the Selling Shareholder(s);

- (b) To make applications to, seek clarifications, obtain approvals and seek exemptions from, where necessary, the SEBI, the Stock Exchanges, the Registrar of Companies, Rajasthan at Jaipur ("RoC"), the relevant registrar of companies, the Reserve Bank of India, and any other governmental or statutory authorities as may be required in connection with the Offer and accept on behalf of the Board such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions as may be required and wherever necessary, incorporate such modifications / amendments as may be required in the draft red herring prospectus, the red herring prospectus and the prospectus as applicable;
- (c) To finalise, settle, approve, adopt and file in consultation with the book running lead managers appointed for the Offer (the "BRLMs") where applicable, the draft red herring prospectus, the red herring prospectus and the prospectus in connection with the Offer, the preliminary and final international wrap, abridged prospectus, and any amendments, supplements, notices, addenda or corrigenda thereto together with any summaries thereof as may be considered desirable or expedient ("Offer Documents"), and take all such actions as may be necessary for the submission and filing of these documents including incorporating such alterations/corrections/modifications as may be required by SEBI, the RoC or any other relevant governmental and statutory authorities or in accordance with Applicable Laws;
- (d) To decide, negotiate and finalise in consultation with the BRLMs on the actual Offer size, timing, pricing, discount, reservation and all the terms and conditions of the Offer, including any reservation, green shoe option and any rounding off in the event of any oversubscription, the price band (including offer price for anchor investors), any revision to the price band, bid period, minimum bid lot for the purpose of bidding, final Offer price after bid closure, to finalise the basis of allocation and to allot the Equity Shares to the successful allottees and credit Equity Shares to the demat accounts of the successful allottees in accordance with applicable law, determine the anchor investor portion, and to do all such acts and things as may be necessary and expedient for, and incidental and ancillary to the Offer including to make any amendments, modifications, variations or alterations in relation to the Offer;
- (e) To appoint, instruct and enter into and terminate arrangements with the BRLMs, and in consultation with BRLM(s), appoint and enter into agreements with intermediaries including underwriters to the Offer, syndicate members to the Offer, brokers to the Offer, escrow collection bankers to the Offer, refund bankers to the Offer, registrars, sponsor bank(s), legal advisors, auditors, advertising agency, independent chartered accountants, industry expert, depositories, custodians, printers and any other agencies or persons or intermediaries in relation to the Offer, including any successors or replacements thereof, and to negotiate, finalise and amend the terms of their appointment, including but not limited to the execution of the mandate letter with the BRLMs and negotiation, finalisation, execution and remuneration of all such intermediaries/agencies including the payments of commissions, brokerages, etc.;
- (f) To negotiate, finalise and settle and to execute and deliver or arrange the delivery of the draft red herring prospectus, the red herring prospectus, the prospectus, the preliminary and final international wrap, offer agreement, syndicate agreement, underwriting agreement, share escrow agreement, cash escrow agreement, agreements with the registrar to the Offer, agreement with the advertising agency in relation to the Offer, bid-cum-application forms, confirmation of allotment notes and all other documents, deeds, agreements and instruments whatsoever with the registrar to the Offer, legal advisors, auditors, advertising agency, stock exchange(s), BRLMs, and any other agencies/intermediaries in connection with the Offer, and any notices, supplements and corrigenda thereto, with the power to authorise one or more officers of the Company to execute all or any of the aforesaid documents or any amendments thereto as may be required or desirable in relation to the Offer;
- (g) To decide, negotiate and finalise, in consultation with the BRLMs, all matters regarding the Pre-IPO Placement, if any, including entering into discussions and execution of all relevant documents with Investors;
- (h) To seek, if required, the consent and/or waiver of the lenders of the Company, customers, suppliers, strategic partners, parties with whom the Company has entered into various commercial and other agreements, all concerned government and regulatory authorities in India or outside India, and any other consents and/or waivers that may be required in relation to the Offer or any actions connected therewith;
- (i) To open and operate bank accounts in terms of the cash escrow and sponsor bank agreement with a scheduled bank to receive applications along with application monies, for handling of refunds, and for the purposes set out in Section 40(3) of the Companies Act, 2013, as amended, in respect of the Offer, and to authorise one or more officers of the Company to execute all documents/deeds as may be necessary in this regard;
- (j) To determine the amount, the number of Equity Shares, terms of the issue of the equity shares, the categories of investors for the Pre-IPO Placement, if any including the execution of the relevant documents with the investors, in consultation with the BRLMs, and rounding off, if any, in the event of oversubscription and in accordance with Applicable Laws;
- (k) To determine and finalise the bid opening and bid closing dates (including bid opening and bid closing dates for anchor investors), the floor price/price band for the Offer (including issue price for anchor investors), reservation or discount (if any), approve the basis of allotment and confirm allocation/allotment of the equity shares to various categories of persons as disclosed in the DRHP, the RHP and the Prospectus, in consultation with the BRLM(s) and the Selling Shareholders (to the extent applicable) and do all such acts and things as may be necessary and expedient for, and incidental and ancillary to the Offer including any alteration, addition or making any variation in relation to the Offer;
- (l) all actions as may be necessary in connection with the Offer, including extending the Bid/Offer period, revision of the price band, allow revision of the Offer portion in case any Selling Shareholder decides to revise it, in accordance with the applicable laws;
- (m) To authorise and approve in consultation with the BRLM(s), incurring of expenditure and payment of fees, commissions, brokerage, remuneration and reimbursement of expenses in connection with the Offer;
- (n) To accept and appropriate the proceeds of the Offer in accordance with the Applicable Laws;
- (o) To approve code of conduct as may be considered necessary by the IPO Committee or as required under the Applicable Laws, regulations or guidelines for the Board, officers of the Company and other employees of the Company;
- (p) To approve the implementation of any corporate governance requirements, code of conduct for the Board, officers and other employees of the Company that may be considered necessary by the Board or the IPO Committee or as may be required under the Applicable Laws or the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and listing agreements to be entered into by the Company with the relevant stock exchanges, to the extent allowed under Applicable Laws;
- (q) To finalise and issue receipts/allotment letters/confirmation of allotment notes either in physical or electronic mode representing the underlying Equity Shares in the capital of the Company with such features and attributes as may be required and to provide for the tradability and free transferability thereof as per market practices and regulations, including listing on one or more stock exchanges, with power to authorise one or more officers of the Company to sign all or any of the aforesaid documents;
- (r) To undertake as appropriate such communication with the Selling Shareholders as required under applicable law, including inviting the existing shareholders of the Company to participate in the Offer by making an offer for sale in relation to such number of Equity Shares held by them as may be deemed appropriate, and which are eligible for the offer for sale in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "SEBI ICDR Regulations"), take all actions as may be necessary and authorised in connection with the Offer for Sale and to approve and take on record the approval of the Selling Shareholder(s) for offering their Equity Shares in the Offer for Sale and the transfer of Equity Shares in the Offer for Sale;
- (s) To authorise and approve notices, advertisements in relation to the Offer in consultation with the relevant intermediaries appointed for the Offer in accordance with the SEBI ICDR Regulations, Companies Act, as amended and other Applicable Laws;
- (t) To issue advertisements in such newspapers and other media as it may deem fit and proper in accordance with the SEBI ICDR Regulations, Companies Act, 2013, as amended and other Applicable Laws;
- (u) To decide the total number of Equity Shares to be reserved for allocation to eligible categories of investors, if any;
- (v) To do all such acts, deeds, matters and things and execute all such other documents, etc., as may be deemed necessary or desirable for such purpose, in consultation with the Selling Shareholders and BRLMs, including without limitation, to determine the anchor investor portion and allocation to anchor investors, to finalise the basis of allocation and to allot the shares to the successful allottees

as permissible in law, issue of allotment letters/ confirmation of allotment notes, credit of Equity Shares to the demat accounts of the successful allottees in accordance with the relevant rules, in consultation with the BRLMs in accordance with Applicable Laws;

- (w) To do all such acts, deeds and things as may be required to dematerialise the Equity Shares and to sign and/ or modify, as the case maybe, agreements and/ or such other documents as may be required with the National Securities Depository Limited, the Central Depository Services (India) Limited, registrar and transfer agents and such other agencies, authorities or bodies as may be required in this connection and to authorise one or more officers of the Company to execute all or any of the aforesaid documents;
- (x) To make in-principle and final applications for listing and trading of the Equity Shares in one or more stock exchange(s) for listing of the Equity Shares and to execute and to deliver or arrange the delivery of necessary documentation to the concerned stock exchange(s) in connection with obtaining such listing including without limitation, entering into listing agreements and affixing the common seal of the Company where necessary and to take all such other actions as may be necessary in connection with obtaining such listing;
- (y) To settle all questions, difficulties or doubts that may arise in relation to the Offer, including issue, allotment, terms of the Offer, utilisation of the Offer proceeds and matters incidental thereto as it may deem fit;
- (z) To submit undertaking/certificates or provide clarifications to the SEBI, Registrar of Companies, Rajasthan at Jaipur, the Reserve Bank of India and the relevant stock exchange(s) where the Equity Shares are to be listed;
- (aa) To negotiate, finalise, settle, execute and deliver any and all other documents or instruments and to do or cause to be done any and all acts or things as the IPO Committee may deem necessary, appropriate or advisable in order to carry out the purposes and intent of this resolution or in connection with the Offer and any documents or instruments so executed and delivered or acts and things done or caused to be done by the IPO Committee shall be conclusive evidence of the authority of the IPO Committee in so doing;
- (bb) To execute and deliver and/ or to authorise and empower officers of the Company (each, an **"Authorised Officer"**) for and on behalf

of the Company to execute and deliver, on a several basis, any and all other documents or instruments and any declarations, affidavits, certificates, consents, agreements as well as amendments or supplements thereto as may be required from time to time or that the Authorised Officers consider necessary, appropriate or advisable, in connection with the Offer, including, without limitation, engagement letter(s), memoranda of understanding, the listing agreements, the registrar agreement, the depositories agreements, the offer agreement, the underwriting agreement, the syndicate agreement, the cash escrow and sponsor bank agreement and confirmation of allocation notes, with the BRLMs, syndicate members, bankers to the Offer, registrar to the Offer, bankers to the Company, managers, underwriters, guarantors, escrow agents, accountants, auditors, legal counsel, depositories, trustees, custodians, advertising agencies, and all such persons or agencies as may be involved in or concerned with the Offer, if any and any and all other documents or instruments and doing or causing to be done any and all acts or things as the IPO Committee and/ or Authorised Officer may deem necessary, appropriate or advisable in order to carry out the purposes and intent of the foregoing or in connection with the Offer and any documents or instruments so executed and delivered or acts and things done or caused to be done by the IPO Committee and/ or Authorised Officer shall be conclusive evidence of the authority of the IPO Committee and/ or Authorised Officer and Company in so doing;

- (cc) To decide, negotiate and finalise the pricing and all other related matters regarding the execution of the relevant documents with the investors in consultation with the BRLMs and in accordance with Applicable Laws;
- (dd) To if necessary, withdraw the draft red herring prospectus or the red herring prospectus or to decide to not proceed with the Offer at any stage in accordance with Applicable Laws and in consultation with the BRLMs; and
To delegate any of its powers set out hereinabove, as may be deemed necessary and permissible under Applicable Laws to the officials of the Company;

5. GENERAL BODY MEETINGS

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

AGM	Date & Time	Location	Special Resolutions passed
29 th AGM	25 th September, 2023 at 02:30 p.m.	Through Video Conferencing Hosted At Plot No.36, Dhuleshwar Garden, Jaipur- 302001 (Rajasthan)	To approve the remuneration of non-executive directors of the Company
28 th AGM	03 rd August, 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	18 th August, 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.

Postal Ballot

During the financial year 2023-24, 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.

6. 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/investor-services>. 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 2023-24 and Notice of 30th 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.

7. GENERAL SHAREHOLDER INFORMATION

30 th Annual General Meeting	Day & Date: Wednesday, 7 th August, 2024 Time: 10:30 a.m. Venue: Video Conferencing (VC)/Other Audio-Visual Means (OAVM)	Through video conferencing
Financial Year	The financial year covers the period from 1 st April, 2023 to 31 st March, 2024.	
Dividend Payment Date	The Board has not recommended dividend for FY 2023-2024.	
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, 2024, 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	<p>Kfin Technologies Limited (Formerly known as Kfin Technologies Private Limited) Selenium Building, Tower B, Plot No- 31 & 32, Financial District, Nanakramguda, Serilingampally Hyderabad Rangareddi Telangana 500032 India.</p> <p>Email id: einward.ris@kfin.tech</p>
Share Transfer System	<p>In terms of Regulation 7 of the SEBI LODR Regulation, M/s Kfin Technologies Limited (Formerly known as Kfin Technologies Private 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 dematerialised 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 Regulation, 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.</p>
Debenture Trustees	<ol style="list-style-type: none"> Beacon Trusteeship Limited 5W, 5th Floor, The Metropolitan, Bandra Kurla Complex, Bandra(East), Mumbai, Maharashtra, India, 400051 Email: nehalpatel@beacontrustee.co.in; viraj@beacontrustee.co.in Contact: +91 (0)22 2655 87 Catalyst Trusteeship Limited (Formerly known as GDA Trusteeship Limited) Unit No- 901, 9th Floor, Tower - B, Peninsula Business Park, Senapati Bapat Marg, Lower Parel (W), Mumbai-400013 MITCON 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) 408070 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 rushabh@vardhmantrustee.com
Dematerialisation of shares and liquidity	<p>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").</p> <p>Transfer of these shares are done through the depositories with no involvement of the Company.</p>
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	<p>Commodity price risk: Not Applicable</p> <p>The Company has fully hedged its foreign exchange risks associated with External Commercial Borrowings.</p>
Locations	The Company has strengthened its presence across the 11 states and 1 Union Territory with a network of more than 579 branches. The geographic concentration of branches are provided in the Management Discussion and Analysis Report of this annual report.
Address for correspondence	<p>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</p> <p>For queries/ complaints Contact person: Ms. Anagha Bangur Designation: Company Secretary & Compliance Officer Email id: cs@skfin.in</p>

Credit ratings obtained	During the period under review, the Company reported the following changes in the credit ratings.			
	Type of Instrument	Name of Credit Rating	Rating assigned	Previous rating assigned
	(i) Non – convertible debentures	CARE Ratings Limited	CARE AA-/Stable	CARE A+/Positive
		CRISIL Ratings Limited	CRISIL A+/Positive	CRISIL A+/Stable
		ICRA Limited	ICRA AA-(Stable)	ICRA A+/Positive
		India Ratings & Research Private Limited	India Rating and Research Pvt. Ltd. AA- /Stable	-
	(ii) Market Linked debentures	CARE Ratings Limited	CARE PP-MLD AA-/Stable	CARE PP-MLD A+/Positive
		CRISIL Ratings Limited	CRISIL PPMLD A+/Positive	CRISIL PP-MLD A+/Stable
		ICRA Limited	Withdrawn	ICRA PP-MLD A+/Positive
		Acuite Ratings and Research Limited	Acuite Rating and Research Ltd. PP-MLD AA-(Stable)	Acuite Rating and Research Ltd. AA-/Stable
	(iii) Subordinated bonds	CARE Ratings Limited	Withdrawn	CARE A+/Positive
	(iv) Loan facility	CARE Ratings Limited	CARE AA-/Stable	CARE A+/Positive
		CRISIL Ratings Limited	Withdrawn	CRISIL A+/Stable
		India Ratings & Research Private Limited	India Rating and Research Pvt. Ltd. AA-/Stable	India Rating and Research Pvt. Ltd. A+/Stable
		Acuite Ratings and Research Limited	Withdrawn	Acuite Rating and Research Ltd AA-
	(v) Commercial Paper	India Ratings & Research Private Limited	India Rating and Research Pvt. Ltd. A1+	India Rating and Research Pvt. Ltd. A1+
		Acuite Ratings and Research Limited	Withdrawn	Acuite Rating and Research Ltd. A1+
		CRISIL Ratings Limited	Withdrawn	CRISIL A1+

The Company's Non- Convertible Debentures are listed on BSE Limited under the following ISINs/Scrip Codes as on 31st March, 2024:

ISIN	Scrip Code	Address
INE124N07556*	973129	
INE124N08075	973691	
INE124N07572	973929	
INE124N07598	973953	
INE124N07606	974100	
INE124N07614	974232	
INE124N07622	974364	
INE124N07630	974519	
INE124N07648	974565	
INE124N07655	974581	
INE124N07671	975189	

*The ISIN was redeemed on 02-Apr-24.

8. DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2024

a. *Distribution of equity shareholding as on 31st March, 2024:

Number of Shares	Holding	Percentage to capital	Number of Accounts	Percentage to total accounts
Upto 50,00,000	3,19,63,904	23.90%	105	96.33 %
50,00,001- 1,00,00,000	71,95,836	5.38%	1	0.92%
Above 1,00,00,000	9,45,85,324	70.72%	3	2.75 %
Total	133745064	100%	109	100%

b. Categories of equity shareholders as on 31st March, 2024:

Category	No of equity shares*	Percentage of Holding
Promoter & Promoter Group**	4,45,41,558	33.31%
Alternate Investment Funds	1,86,64,028	13.96%
Foreign Institutional Investors	6,86,32,920	51.30%
Others	19,06,568	1.43%
Total	13,37,45,064	100%

Notes:

*The shareholders in their meeting held on 11th March, 2024 approved the subdivision of Equity Share from 1 Equity Share having face value of ₹2/- (Rupees Two) each into 2 (Two) Equity Shares of the Company of face value of ₹1/- (Rupee One) each and approved the issue of Bonus shares to the eligible shareholders of the Company whose names appeared in the register of members/beneficial owners' position as on record date i.e. 16th March, 2024, in proportion of 1 (One) equity share of ₹1 (Rupees One Only) each for every 1(One) equity share of ₹1 (Rupees One only) each.

**The equity shares in Promoter & Promoter group comprises of persons as under:

Sr. No.	Name of person	Category	No. of shares
1	Mr. Rajendra Kumar Setia	Promoter	4,30,70,534
2	Rajendra Kumar Setia HUF	Promoter	2,50,000
3	Mr. Yash Setia	Promoter	2,600
4	Ms. Bhajan Devi Setia	Promoter Group	2,600
5	Ms. Shalini Setia	Promoter Group	2,600
6	Mr. Raj Kumar Setia	Promoter Group	7,65,224
7	Mr. Sameer Arora	Promoter Group	4,39,000
8	Mr. Sanjeev Arora	Promoter Group	9,000

9. OTHER DISCLOSURES

a) All transactions entered into with the Related Parties as defined under the Act and SEBI LODR regulation 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 2023-24, 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 Regulation 23(9) of SEBI LODR, the Company have submitted the disclosures of

related party transactions along with the half yearly financial results.

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 victimisation 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. Three Complaint were 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 behaviour, 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 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 31st March, 2024, are as follows:

Sr.No.	Particulars	Fees Amount
1	Statutory Audit Fee	60,00,000
2	Limited Review Fee	30,00,000
3	Certification Fee	15,75,000
	Total	1,05,75,000

- 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 2023-24, 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	NIL	NIL	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 31st March, 2024. 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 - I**.

- 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-II**.
- 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 - III**.
- 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) The Company does not have any subsidiary Company, therefore, no policy was required to be framed by Company for determining 'material' subsidiaries as per Regulation 16 of SEBI LODR Regulations.
- n) The Company has received waiver from the BSE Limited for the fine of ₹23,600 w.r.t. delay in submission of record date notice under Regulation 60(2) of SEBI LODR Regulations. There are no other 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 raised funds through preferential allotment or qualified institutions placement. The Company has utilised the proceeds of such allotments for the purpose funds was raised.
- p) 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.

- q) 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>.

10. ADOPTION OF MANDATORY AND NON-MANDATORY REQUIREMENTS OF PART E OF SCHEDULE II OF SEBI LISTING REGULATIONS:

The Company has complied with all the mandatory requirements as stipulated in SEBI Listing Regulations and fulfilled the following non - mandatory requirements:

- The Report of the Statutory Auditors on the financial statement of the Company for the FY 2023-24 doesn't contain any qualification.
- 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.
- The position of Chairperson and Managing Director are held by different individuals;
- Head of internal audit of the Company directly reports to the Audit Committee of the Board.

For and on behalf of the Board of Directors

For **SK Finance Limited**

Yash Setia

Whole Time Director

DIN: 09831391

Rajendra Kumar Setia

Managing Director & CEO

DIN: 00957374

Place: Jaipur

Date: 15th July 2024

Regd. Address: G 1-2, New Market, Khasa Kothi,

Jaipur - 302001 (Rajasthan)

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

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

To,
The Board of Directors
Sk Finance Limited

I, Rajendra Kumar Setia, Managing Director and Chief Executive Officer of the Company acknowledges that the Board of Directors of SK Finance 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. I hereby declares that 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, 2024.

Rajendra Kumar Setia

Managing Director & Chief Executive Officer

DIN: 00957374

Place: Jaipur

Date: 28th May, 2024

Regd. Address: G 1-2, New Market, Khasa Kothi,

Jaipur - 302001 (Rajasthan)

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

Annexure II

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to BSE Limited's Notice dated 07th January, 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
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** 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 07th January, 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, 2024 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.	Amar Lal Daultani	05228156
5.	Debanshi Basu	07135074
6.	Simit Batra	09739615
7.	Nanda Sameer Dave	08673208
8.	Mukul Mathur	10025806

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: 28th May, 2024
UDIN: F003355F000464310

For **V. M. & Associates**
Company Secretaries
(ICSI Unique Code P1984RJ039200
PR 5447 / 2024

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

Annexure III

CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members,
SK Finance Limited
G 1-2, New Market, KhasaKothi
Jaipur- 302001 (Rajasthan)

1. We have examined the compliance of conditions of Corporate Governance of SK Finance Limited ("the Company") for the year ended on 31st March, 2024 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, 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: 28th May, 2024
UDIN: F003355F000464332

For **V. M. & Associates**
Company Secretaries
(ICSI Unique Code P1984RJ039200)
PR 5447 / 2024

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

Independent Auditor's Report

To the Members of SK Finance Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of SK Finance Limited ("the Company"), which comprise the Balance sheet as at March 31, 2024, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of material 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, 2024, 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, 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Key audit matters

How our audit addressed the key audit matter

(a) Impairment of loans as at the balance sheet date (expected credit losses) (as described in note 2(F) of the Ind AS financial statements)

The Company provide for impairment of its loans using the Expected Credit Loss ("ECL") model. ECL involves an estimation of probability weighted loss on financial assets 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 Company's loans.

In the process, a significant degree of judgement has been applied by the management for:

- Defining qualitative/ quantitative factors for 'significant increase in credit risk' ("SICR") and 'default'.
- Grouping of borrowers (retail loan portfolio) based on homogeneity for estimating probability of default ('PD'), loss given default ('LGD') and exposure at default ('EAD');

Our audit procedures included the following:

- Considered the Company's accounting policies for impairment of loans and assessed compliance of the policies with Ind AS 109: Financial Instruments and the governance framework approved by the Board of Directors pursuant to applicable Reserve Bank of India guidelines, ("the RBI Guidelines").
- Evaluated the reasonableness of the management estimates by understanding the process of ECL estimation and related assumptions. Tested the internal controls around extraction, validation and computation of the input data used in such estimation.

Key audit matters

How our audit addressed the key audit matter

- Determining effect of less frequent past events on future probability of default.
- Determining macro-economic factors impacting credit quality of loans.

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 expected credit losses) is a key audit matter.

- Assessed the criteria for staging of loans based on their past-due status to check compliance with requirement of Ind AS 109. Tested a sample of performing (stage 1) loans to assess whether any SICR or loss indicators were present requiring them to be classified under stage 2 (i.e. default in repayment is within the range of 31 to 90 days) or stage or 3 (i.e. the default in repayment is more than 90 days).
- Tested the arithmetical accuracy of computation of ECL provision performed by the Company.
- Assessed the adequacy of disclosures included in the financial statements with the relevant requirements of Ind AS 107 and 109.

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.

Responsibilities 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 scepticism 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, 2024 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.

2. As required by Section 143(3) of the Act, we report, to the extent applicable, 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 except for the matters stated in the paragraph 2(i)(vi) below on reporting under Rule 11(g);
- (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, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) The modification relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph 2(b) above on reporting under Section 143(3)(b) and paragraph 2(i)(vi) below on reporting under Rule 11(g);
- (g) 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;
- (h) In our opinion, the managerial remuneration for the year ended March 31, 2024 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;
- (i) 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 37 to the financial statements;

- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any on long-term contracts including derivative contracts. Refer Note 53 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 during the year.
- 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 performed that have been 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.
- vi. Based on our examination which included test checks, the Company uses two

accounting software as explained in the note 91 to the financial statements. Also as explained in this note, in respect of;

- A. one software relating to general ledger accounting, the audit trail (edit log) feature was enabled for application-level changes (i.e. for transaction level and Master table level). Further, audit trail feature was operated effectively throughout the year for transaction level changes but not for master table level changes. Further, no instances of modifications with the audit trail feature was noted at transaction level data, however, 3 instances of modification with the audit trail feature were noticed at Master table level data. Also, the audit trail feature was neither enabled for direct changes to database when using certain access rights nor the management is in possession of relevant system logs to determine whether the audit trail has been operated through out the year or whether there were any instances of the audit trail feature being modified with in relation to these software.
- B. Other software related to loan management system, the audit trail feature was enabled at both application and database level. Further, at application level, audit trail feature was operated effectively throughout the year and no instances of modifications with the audit trail feature was noted. Further also, in absence of sufficient appropriate audit evidence on database level, we are unable to comment whether the audit trail feature operated through the year or whether there was any instance of audit trail feature being modified with.

For **S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Amit Kabra

Partner

Membership Number: 094533

UDIN: 24094533BKEXFW4757

Place : Jaipur

Date : May 28, 2024

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

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

Re: SK Finance Limited

- companies, firms, Limited Liability Partnerships or any other parties are not prejudicial to the Company’s interest.
- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (i) (a) (B) The Company has maintained proper records showing full particulars of intangibles assets recognised in the financial statements.
- (i) (b) Property, Plant and Equipment have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (i) (c) The title deeds of all the immovable properties (other than properties where the Company is the lessee, and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.
- (i) (d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2024.
- (i) (e) There are no proceedings initiated during the year or are pending against the Company as at March 31, 2024 for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended) and rules made thereunder.
- (ii) (a) The Company’s business does not require maintenance of inventories and, accordingly, the requirement to report on clause 3(ii)(a) of the Order is not applicable to the Company.
- (ii) (b) The Company has been sanctioned working capital limits in excess of ₹ 5 crore in aggregate by banks or financial institutions. However, such loans are either unsecured or secured by way of negative lien over assets of the Company. Accordingly, the requirement to report on clause 3(ii)(b) of the Order is not applicable to the Company.
- (iii) (a) Since, the Company’s principal business is to give loans and accordingly, the requirement to report on clause 3(iii)(a) of the Order is not applicable to the Company.
- (iii) (b) During the year the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees to
- (iii) (c) In respect of loans and advances in the nature of loans, granted by the Company as part of its business of providing loans, the schedule of repayment of principal and payment of interest has been stipulated by the Company. Having regard to the voluminous nature of loan transactions, it is not practicable to furnish entity-wise details of amount, due date for repayment or receipt and the extent of delay (as suggested in the Guidance Note on CARO 2020, issued by the Institute of Chartered Accountants of India for reporting under this clause), in respect of loans and advances which were not repaid / paid when they were due or were repaid / paid with a delay, in the normal course of lending business.
- Further, except for 62,377 loans having amount outstanding of ₹ 1,24,951.79 lakh and overdue amount of ₹ 18,857.59 lakh as at March 31, 2024 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.
- (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, 2024 is ₹ 21,358.23 lakh and the number of such loans are 11,537. In such instances, in our opinion, reasonable steps have been taken by the Company for recovery of the overdue amount of principal and interest.
- (iii) (e) Since, the Company’s principal business is to give loans and accordingly, the requirement to report on clause 3(iii)(e) of the Order is not applicable to the Company.
- (iii) (f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.
- (iv) There are no loans, investments, guarantees, and security in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 are applicable

and accordingly, the requirement to report on clause 3(iv) of the Order is not applicable to the Company.

- (v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.
- (vi) The Company is not in the business of sale of any goods or provision of such services as prescribed. Accordingly, the requirement to report on clause 3(vi) of the Order is not applicable to the Company.
- (vii) (a) Undisputed statutory dues including goods and services tax, provident fund, employees’ state insurance, income-tax, cess and other statutory dues, as applicable to the Company have generally been regularly deposited with the

appropriate authorities though there has been a slight delay in a few cases. The provisions relating to sales tax, service tax, duty of customs, duty of excise, value added tax and cess are not applicable to the Company.

According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

- (vii) (b) The dues of goods and service tax, provident fund, employees’ state insurance, income tax, sales tax, service tax, duty of custom, duty of excise, value added tax, cess, and other statutory dues as applicable to the Company, which have not been deposited on account of any dispute, are as follows:

Name of the statute	Nature of the disputed dues	Amount under dispute (₹ in lakh)	Amount paid* (₹ in lakh)	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	591.80	-	FY 2017-2018	-
CGST Act, 2017**	GST	172.86	-	FY 2018-2019	-
Income Tax Act, 1961	Income Tax	33.46	-	FY 2019-20	Commissioner of income-tax (Appeals)

*paid under protest

**The Company is in process of filing appeal against these litigations

- (viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.
- (ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.
- (ix) (b) The Company has not been declared as a wilful defaulter by any bank or financial institution or other lender during the year.
- (ix) (c) Money raised during the year by the Company by way of term loans has been applied for the purpose for which they were raised other than temporary deployment pending application of proceeds.
- (ix) (d) On an overall examination of the financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes during the year by the Company.
- (ix) (e) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(ix)(e) of the Order is not applicable to the Company.
- (ix) (f) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on Clause 3(ix)(f) of the Order is not applicable to the Company.
- (x) (a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.
- (x) (b) The Company has complied with provisions of sections 42 and 62 of the Companies Act, 2013 in respect of the preferential allotment or private placement of shares/fully or partially or optionally convertible debentures respectively during the year. The funds raised, have been used for the purposes for which the funds were raised.

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| <p>(xi) (a) No fraud by the Company or no material fraud on the Company has been noticed or reported during the year.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>(xiv) (a) The Company has an internal audit system commensurate with the size and nature of its business.</p> <p>(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.</p> <p>(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.</p> <p>(xvi) (a) The Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934).</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>(xvii) The Company has not incurred cash losses in the current financial year or the immediately preceding financial year.</p> | <p>(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.</p> <p>(xix) On the basis of the financial ratios disclosed in note 50 to the financial statements, ageing and expected dates of realisation 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.</p> <p>(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 36 to the financial statements.</p> <p>(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 36 to the financial statements.</p> <p>(xxi) The Company doesn't have any subsidiary, Associate or Joint Venture. Accordingly, the requirement to report on clause 3(xxii) of the Order is not applicable to the Company.</p> |
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For **S.R. BATLIBOI & ASSOCIATES LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Amit Kabra
Partner
Membership Number: 094533
UDIN: 24094533BKEXFW4757

Place : Jaipur
Date : May 28, 2024

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, 2024 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, 2024, 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: 24094533BKEXFW4757

Place : Jaipur
Date : May 28, 2024

Balance Sheet

As at March 31, 2024

Particulars	Note No.	(₹ in lakh except otherwise stated)	
		As at March 31, 2024	As at March 31, 2023
ASSETS			
Financial assets			
Cash and cash equivalents	4	40,999.64	75,748.71
Bank balance other than cash and cash equivalents	5	1,55,476.42	46,230.76
Derivative financial instruments	6	1,980.01	2,508.06
Receivables			
Other receivables	7	7.41	1,075.13
Loans	8	9,64,384.41	6,99,039.30
Investments	9	28,754.70	52,611.88
Other financial assets	10	14,356.86	7,968.05
Total financial assets		12,05,959.45	8,85,181.89
Non-financial assets			
Current tax assets (net)		2,310.37	2,228.52
Deferred tax assets (net)	33	1,972.62	2,640.19
Property, plant and equipment	11	17,972.99	13,264.05
Capital work-in-progress	12	208.37	417.56
Intangible assets under development	13	-	112.40
Other intangible assets	14	1,356.31	1,035.14
Other non-financial assets	15	1,132.11	686.02
Total non-financial assets		24,952.77	20,383.88
Total assets		12,30,912.22	9,05,565.77
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Derivative financial instruments	6	67.70	37.69
Debt securities	16	1,53,655.91	1,71,495.99
Borrowings (other than debt securities)	17	7,39,832.06	5,32,818.22
Other financial liabilities	18	24,024.88	15,722.23
Total financial liabilities		9,17,580.55	7,20,074.13
Non-financial liabilities			
Provisions	19	1,472.38	1,056.18
Other non-financial liabilities	20	1,001.19	1,061.57
Total non-financial liabilities		2,473.57	2,117.75
EQUITY			
Equity share capital	21	1,337.44	586.39
Other equity	22	3,09,520.66	1,82,787.50
Total equity		3,10,858.10	1,83,373.89
Total liabilities and equity		12,30,912.22	9,05,565.77
Material 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 : 28th May, 2024

Place : Jaipur
Date : 28th May, 2024

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

Yash Setia
(Whole Time Director)
DIN - 009831391

Anagha Bangur
(Company Secretary)
Membership No.: F10697

Statement of Profit and Loss (including other comprehensive income)

For the year ended March 31, 2024

Particulars	Note No.	(₹ in lakh except otherwise stated)	
		For the year ended March 31, 2024	For the year ended March 31, 2023
Revenue from operation			
Interest income	23	1,63,283.66	1,21,052.12
Fees and commission income	24	6,165.22	3,947.59
Net gain on fair value changes	25	704.66	2,100.11
Net gain on de-recognition of financial instruments under amortised cost category	26	8,965.92	3,176.94
(I) Total revenue from operations		1,79,119.46	1,30,276.76
(II) Other income	27	675.45	1,147.31
(III) Total income (I+II)		1,79,794.91	1,31,424.07
Expenses			
Finance costs	28	74,734.23	54,747.99
Impairment on financial instruments	29	11,943.35	9,174.65
Employee benefit expenses	30	38,633.73	28,280.46
Depreciation and amortisation	31	3,611.35	2,520.40
Other expenses	32	10,940.12	7,679.75
(IV) Total expenses		1,39,862.78	1,02,403.25
(V) Profit before tax (III-IV)		39,932.13	29,020.82
(VI) Tax expense	33		
(1) Current tax		8,037.83	5,882.80
(2) Tax related to earlier years		-	(125.58)
(3) Deferred tax		701.97	985.12
Total tax expense		8,739.80	6,742.34
(VII) Profit for the year (V-VI)		31,192.33	22,278.48
(VIII) Other comprehensive income	33		
Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit plans		(136.69)	(29.84)
Income tax relating to items that will not be reclassified to profit or loss		34.40	7.51
Other comprehensive income		(102.29)	(22.33)
(IX) Total comprehensive income for the year (VII+VIII) (comprising profit and other comprehensive income for the year)		31,090.04	22,256.15
(X) Earnings per equity share par value of ₹ 1 each	34		
Basic (₹)		25.00	19.13
Diluted (₹)		24.70	18.79
Material 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 : 28th May, 2024

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

Atul Arora
(Chief Financial Officer)

Place : Jaipur
Date : 28th May, 2024

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

Yash Setia
(Whole Time Director)
DIN - 009831391

Anagha Bangur
(Company Secretary)
Membership No.: F10697

Statement of Cash Flow

For the year ended March 31, 2024

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Cash flow from operating activities		
Profit before tax	39,932.13	29,020.82
Adjustments for:		
Loss/(gain) on sale of property plant and equipment	(4.32)	21.52
Finance costs	74,685.54	54,690.71
Interest income	(1,63,283.66)	(1,21,052.12)
Net (gain) on de-recognition of financial instruments under amortised cost category	(8,965.92)	(3,176.94)
Net (gain) on investments	(1,338.81)	(1,559.13)
Impairment on financial instruments	11,943.35	9,174.65
Employee share based payment expenses	1,442.02	829.89
Depreciation and amortisation	3,611.35	2,520.40
	(41,978.32)	(29,530.20)
Cash inflow from interest on loans	1,49,419.70	1,07,661.53
Cash outflow towards finance cost	(68,268.10)	(57,490.61)
Cash generated from operation before working capital changes	39,173.28	20,640.72
Working capital changes:		
(Increase)/decrease in trade receivables	1,067.72	(852.02)
(Increase) in loans	(2,74,563.30)	(2,41,271.97)
(Increase)/decrease in other financial assets	430.66	(1,089.01)
(Increase) in other non-financial assets	(446.09)	(261.38)
Increase in other financial liabilities	10,077.72	5,076.49
Increase in provisions	279.51	163.67
Increase/(decrease) in other non-financial liabilities	(60.38)	236.37
	(2,24,040.88)	(2,17,357.13)
Direct taxes paid (net of refunds)	(8,119.68)	(6,983.10)
Net cash (used in) operating activities (A)	(2,32,160.56)	(2,24,340.23)
Cash flow from investing activities		
Purchase of property, plant and equipment, capital work in progress and other intangible assets	(8,450.44)	(7,057.27)
Proceeds from sale of property plant and equipment	134.89	24.08
Investment in fixed deposits	(1,64,573.76)	(1,90,764.77)
Proceeds from redemption of fixed deposits	56,324.40	1,92,095.80
Purchase of investments	(9,72,039.71)	(9,09,307.44)
Proceeds from redemptions of investments	9,96,064.66	9,36,438.94
Interest received on investments	13,383.90	6,655.42
Net cash generated from / (used in) investing activities (B)	(79,156.06)	28,084.76

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Cash flows from financing activities		
Proceeds from issue of shares including securities premium (net off expenses)	94,952.15	643.96
Proceeds from issue of debt securities	51,000.00	1,24,600.00
Repayment of debt securities	(70,617.33)	(99,829.04)
Proceeds from borrowings (other than debt securities)	4,64,384.69	4,32,277.02
Repayment of borrowings (other than debt securities)	(2,61,376.89)	(2,01,749.73)
Payment of lease liability	(1,775.07)	(1,393.88)
Net cash generated from financing activities (C)	2,76,567.55	2,54,548.33
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(34,749.07)	58,292.86
Add : Cash and cash equivalents as at the beginning of the year	75,748.71	17,455.85
Cash and cash equivalents as at the end of the year*	40,999.64	75,748.71
*Components of cash and cash equivalents as at the end of the year (refer note 4)		
Balances with banks	35,417.15	31,458.46
Term deposits with original maturity of 3 months or less	3,628.89	43,183.11
Cash on hand	1,953.60	1,107.14
	40,999.64	75,748.71

Change in liabilities arising from financing activities

Particulars	As at April 1, 2022	Issued/taken	Repaid	Non-cash changes*	As at March 31, 2023	Issued/taken	Repaid	Non-cash changes*	As at March 31, 2024
Debt securities	1,47,357.91	1,24,600.00	(99,829.04)	(632.88)	1,71,495.99	51,000.00	(70,617.33)	1,777.25	1,53,655.91
Borrowings (other than debt securities)	3,00,378.15	4,32,277.02	(1,99,324.78)	(512.17)	5,32,818.22	4,64,384.69	(2,61,376.89)	4,006.04	7,39,832.06
Subordinated liabilities	2,036.64	-	(2,424.95)	388.31	-	-	-	-	-
Lease liability	5,380.64	2,848.07	(1,393.88)	28.67	6,863.50	3,532.94	(1,775.07)	569.06	9,190.43
Total	4,55,153.34	5,59,725.09	(3,02,972.65)	(728.07)	7,11,177.71	5,18,917.63	(3,33,769.29)	6,352.34	9,02,678.40

The above statement of cash flows has been prepared under the 'indirect method' as set out in Ind AS 7 - 'Statement of cash flows'.

Material accounting policies 1-3

*Non-cash changes includes amortisation of transaction cost, accrued interest, exchange difference and change in lease liability on account of termination.

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 28, 2024

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 28, 2024

Statement of Changes in Equity

For the year ended March 31, 2024

(₹ in lakh except otherwise stated)

A. Equity share capital

Particulars	As at March 31, 2024	As at March 31, 2023
Balance at the beginning of the reporting year	586.39	581.66
Changes in equity share capital during the year	751.05	4.73
Balance at the end of the reporting year	1,337.44	586.39

Equity share capital

Particulars	As at March 31, 2024		As at March 31, 2023	
	Number	Amount	Number	Amount
Equity shares of ₹ 1 each (March 31, 2023 ₹ 2 each) issued, subscribed and fully paid				
Balance at the beginning of the reporting year	2,84,29,328	568.58	2,81,92,808	563.85
Changes in equity share capital due to prior period errors	-	-	-	-
Restated balance at the beginning of the current/previous year	2,84,29,328	568.58	2,81,92,808	563.85
Changes in equity share capital during the year	10,53,15,736	768.86	2,36,520	4.73
Balance at the end of the reporting year	13,37,45,064	1,337.44	2,84,29,328	568.58

Particulars	As at March 31, 2024		As at March 31, 2023	
	Number	Amount	Number	Amount
Equity shares of ₹ 1 each (March 31, 2023 ₹ 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	(10,17,447)	(17.81)	-	-
Balance at the end of the reporting year	-	-	10,17,447	17.81

Note 1 - refer note 21(f) for description of changes in equity shares during the year.

B. Other equity

Particulars	Reserves and surplus						Total
	Share application money pending allotment	Statutory reserve	Securities premium account	Share options outstanding account	Retained earnings- other than remeasurement of post employment benefit obligations	Retained earnings- remeasurement of post employment benefit obligations	
Balance as at April 1, 2022	-	8,903.04	1,13,444.09	431.73	36,367.87	(84.50)	1,59,062.23
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/utilisations							
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

Particulars	Share application money pending allotment	Reserves and surplus					Total
		Statutory reserve	Securities premium account	Share options outstanding account	Retained earnings- other than remeasurement of post employment benefit obligations	Retained earnings- remeasurement of post employment benefit obligations	
Balance as at April 1, 2023	-	13,358.74	1,14,358.01	986.93	54,190.65	(106.83)	1,82,787.50
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-
Restated balance as at April 1, 2023	-	13,358.74	1,14,358.01	986.93	54,190.65	(106.83)	1,82,787.50
Profit for the year (net of tax)	-	-	-	-	31,192.33	-	31,192.33
Other comprehensive income for the year (net of tax)	-	-	-	-	-	(102.29)	(102.29)
Total Comprehensive income for the year ended March 31, 2024	-	-	-	-	31,192.33	(102.29)	31,090.04
Transfer/utilisations							
Application money received/ (adjusted) during the year	160.02	-	-	-	-	-	160.02
Transfer to statutory reserve	-	6,238.47	-	-	(6,238.47)	-	-
Securities premium on fresh issue of equity share capital	-	-	95,103.82	-	-	-	95,103.82
Securities premium on transfer of ESOP shares to employees	-	-	318.72	-	-	-	318.72
Share issue expenses	-	-	(1,072.61)	-	-	-	(1,072.61)
Share options exercised during the year	-	-	162.46	(162.46)	-	-	-
Share based payment expenses	-	-	-	1,133.17	-	-	1,133.17
Transfer of reserve on account of bonus issue	-	-	668.72	-	(668.72)	-	-
Balance as at March 31, 2024	160.02	19,597.21	2,09,539.12	1,957.64	78,475.79	(209.12)	3,09,520.66

Material 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 28, 2024

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

Atul Arora
(Chief Financial Officer)

Place : Jaipur
Date : May 28, 2024

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

Notes to the Financial Statements

as at and for the year ended March 31, 2024

Note 1 – Corporate Information

SK Finance 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 Non-Banking Financial Company (“NBFC”) as defined under Section 45-IA of the Reserve Bank of India (“RBI”) Act, 1934 and having its registered office in G 1-2, New Market, Khasa Khoti, Jaipur-302001 (Rajasthan). The Company is a NBFC classified under ‘Middle Layer’ pursuant to Scale Based Regulations prescribed by the RBI vide its Circular Ref. No. RBI/2021-22/112 DOR CRE.REC. No.60/03.10.001/2021-22 dated 22nd October, 2021 as amended read with Master Direction - Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023 dated 19th October, 2023 as amended. The Company is engaged in the business of asset financing, lending to Small and Medium Enterprises and allied activities.

Note 1A – Basis of preparation

A. Statement of compliance and basis of preparation of financial statements

The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income) 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 (including other comprehensive income), Statement of Cash Flows, Statement of Changes in Equity and notes to the financial statement, including a summary of material accounting policies and other explanatory information are together referred as the ‘financial statement’ of the Company.

The financial statement of the Company as at and for the year ended 31st March, 2024 have been prepared and presented in accordance with the accounting principle generally accepted in India specified under Section 133 of the Companies Act, 2013 (the “Act”) read with the Companies (Indian Accounting Standards) Rules 2015, as amended.

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.

These financial statements were authorised for issue by the Company’s Board of Directors in their meeting held on 28th May, 2024.

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/ amortised cost, as applicable (refer to material accounting policies), net defined (asset)/ liability present value of defined benefit obligations at fair value, investments carried at fair value and liabilities for equity-settled share-based payment arrangements at fair value. 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 or ₹), which is the Company’s functional currency. All financial information presented in INR or ₹ has been rounded to the nearest lakh and two decimals thereof, except as stated otherwise. The Company presents its Balance sheet in order of liquidity.

Note 2 – Material accounting policies

This note provides a list of the material accounting policies adopted in the preparation of these financial statements. 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.

A. 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.

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. The capital work-in-progress is stated at cost less impairment, if any.

Notes to the Financial Statements

as at and for the year ended March 31, 2024

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, plant and equipment to their residual values over their estimated useful lives in the manner prescribed in Part C of the Schedule II of the Companies Act, 2013, and is recognised in the statement of profit and loss (including other comprehensive income). Depreciation 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.

The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

Nature of assets	Useful life as per Schedule II	Useful life adopted by the Company
Furniture and fixture	10 years	10 years
Vehicles	8 years	8 years
Office equipment	5 years	5 years
Computers and accessories	3 years	3 years
Servers and networks	6 years	6 years
Plant and equipment	15 years	15 years

Leasehold improvements are depreciated over the remaining period of lease or estimated useful life of the assets, whichever is lower.

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 prospectively 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 prospectively.

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

(including other comprehensive income) in the year the asset is de-recognised.

B. Intangible assets

i. Recognition and measurement

Intangible assets are stated at cost of acquisition less accumulated amortisation 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 is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in statement of profit and loss (including other comprehensive income) as incurred.

iii. Amortisation

Intangible assets comprise computer software which is amortised 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.

Amortisation 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 (including other comprehensive income) 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’.

C. 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 recognised in statement of profit and loss (including other comprehensive income), if any.

Notes to the Financial Statements

as at and for the year ended March 31, 2024

D. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value (except trade receivables which is at transaction price) and, 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.

All regular way purchase or sale of financial assets are recognised and derecognised on a trade date basis.

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 amortised cost or fair value based on the business model for managing the financial assets and the contractual cash flows 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 (and the financial assets held within that business model) and, in particular, the way those risks are managed.

(₹ in lakh except otherwise stated)

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.

Subsequent measurement and gains and losses:

The Company classifies its financial assets in the following measurement categories:

(i) Amortised cost (AC)

A financial asset is measured at amortised cost if it meets both of the following conditions:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. 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 (including other comprehensive income). The losses if any, arising from impairment are recognised in the statement of profit and loss (including other comprehensive income).

(ii) 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 (including other comprehensive income).

Notes to the Financial Statements

as at and for the year ended March 31, 2024

(₹ in lakh except otherwise stated)

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.

The Company issues certain non-convertible debentures, the return of which is linked to performance of specified indices market indicators over the period of the debenture. Such debentures have a component of an embedded derivative which is fair valued at a reporting date. The resultant 'net unrealised loss or gain' on the fair valuation of these embedded derivatives is recognised in the statement of profit and loss (including other comprehensive income). The debt component of such debentures is measured at amortised cost using yield to maturity basis.

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 recognised initially at fair value. In the case of financial liabilities not recorded at fair value through profit or loss, the financial liabilities are recognised at fair value plus transaction fees or costs that are directly attributable and incremental to the origination/acquisition of the financial liabilities.

All financial liabilities are subsequently measured at amortised cost using effective interest method. Liabilities which are classified at fair value through profit or loss, including derivatives that are liabilities, shall be subsequently measured at fair value. Interest expense and foreign exchange gains and losses are recognised in statement of profit and loss (including other comprehensive income). Any gain or loss on derecognition is also recognised in statement of profit and loss (including other comprehensive income).

E. 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 (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 assesses 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 recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises 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 (including other comprehensive income).

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 (including other comprehensive income).

F. 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.

Notes to the Financial Statements

as at and for the year ended March 31, 2024

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:

ECL has been estimated by determining the probability of default ('PD'), Exposure at Default ('EAD') and loss given default ('LGD'). PD has been computed using observed history of default and converted into forward looking PD's using suitable macro-economic variable data. For the financial assets that are credit impaired at the reporting date, the methodology is similar with PD set at 100%.

For trade receivables, the Company applies a simplified approach. It recognises 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.

Criteria used for determination of movement from stage 1 (12 month ECL) to stage 2 (lifetime ECL), stage 3 (Credit impaired) and regulatory stage 3

The Company applies a three-stage approach to measure ECL on financial assets measured at amortised cost. 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

(₹ in lakh except otherwise stated)

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 amortised 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 (credit impaired) to lifetime ECL (significant impaired)/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.

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 judgement to estimate the amount of expected credit losses. The methodology and assumptions including any forecasts of future economic conditions are

Notes to the Financial Statements

as at and for the year ended March 31, 2024

(₹ in lakh except otherwise stated)

periodically reviewed and changes, if any, are accounted for prospectively.

G. 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 (including other comprehensive income). 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.

H. Measurement of fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company has taken into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

The Company's accounting policies and disclosures require the measurement of fair values for financial instruments such as investments etc.

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 categorised 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.

I. 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.

J. Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate risk and foreign exchange rate risk. Derivatives held include foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

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 (including other comprehensive income).

Derivatives embedded in a host contract that is an asset within the scope of Ind AS 109 are not separated. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Derivatives embedded in all other host contract are separated only if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host and are measured at fair value through profit or loss.

K. 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

Notes to the Financial Statements

as at and for the year ended March 31, 2024

that meet specified criteria. At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging / economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the Company would assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an on-going basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the criteria for hedge accounting are accounted for, as described below:

Fair value hedges

Fair value hedges hedge 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 statement of profit and loss (including other comprehensive income).

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 (including other comprehensive income) 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 (including other comprehensive income) in net gain/(loss) on fair value changes.

The Company classifies a fair value hedge relationship when the hedged item (or group of items) is a distinctively identifiable asset or liability hedged by one or a few hedging instruments. If the hedging instrument expires or is sold, terminated or exercised, or where the hedge no longer meets the criteria for hedge accounting, the hedge relationship is discontinued prospectively. If the relationship does not meet hedge effectiveness criteria, the Company discontinues hedge accounting from the date on which the qualifying criteria are no longer met. For hedged items recorded at amortised cost, the

(₹ in lakh except otherwise stated)

accumulated fair value hedge adjustment to the carrying amount of the hedged item on termination of the hedge accounting relationship is amortised over the remaining term of the original hedge using the recalculated EIR method by recalculating the EIR at the date when the amortisation begins. If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the statement of profit and loss (including other comprehensive income).

L. Revenue recognition

Interest income

Interest income from financial asset is recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial assets other than credit-impaired assets.

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 transaction fees or costs that are directly attributable. 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. The adjustment is subsequently amortised through Interest income in the statement of profit and loss (including other comprehensive income).

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.

Delayed payment interest levied on customers for delay in repayments/non-payment of contractual cash flows is accrued on certainty of realisation.

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 towards satisfaction of a performance obligation (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at amount of transaction price (net of variable consideration) allocated to that performance

Notes to the Financial Statements

as at and for the year ended March 31, 2024

(₹ in lakh except otherwise stated)

obligation. 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.

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 classifies 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 statement of profit and loss (including other comprehensive income).

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 rates is recorded upfront in statement of profit and loss (including other comprehensive income).

M. 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 (including other comprehensive income) 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.

Notes to the Financial Statements

as at and for the year ended March 31, 2024

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 recognised in the statement of profit and loss (including other comprehensive income).

(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.

N. Taxes

Income tax

Income tax expense comprises current and deferred tax. It is recognised in statement of profit and loss (including other comprehensive income), 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

(₹ in lakh except otherwise stated)

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.

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.

Notes to the Financial Statements

as at and for the year ended March 31, 2024

(₹ in lakh except otherwise stated)

O. Earnings per share

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

P. 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 end of the lease term. 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 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, a corresponding adjustment is made to the carrying amount of the lease liability, right-of-use asset or is recorded in statement of profit and loss (including other comprehensive income) if the carrying amount of the right-of-use asset has been reduced to zero.

Right of use assets has been presented under Property, plant and equipment while lease liability is presented under Other Financial Liabilities in the Balance Sheet. Lease payments made by the Company are classified as financing cash flows.

Q. 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.

Notes to the Financial Statements

as at and for the year ended March 31, 2024

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 recognised 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 recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

Contingent assets are not recognised in the financial statement. Contingent assets are disclosed in the financial statements where an inflow of economic benefits is probable. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and the Company recognise such assets.

R. 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 (including other comprehensive income).

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 pre-tax discount rate.

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 (including other comprehensive income), to the extent the amount was previously charged to the statement of profit and loss (including other comprehensive income).

S. 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

(₹ in lakh except otherwise stated)

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.

T. Statement of cash flows

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.

U. Recent accounting pronouncements

Ministry of Corporate Affairs ('MCA') notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA issued the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 01, 2023. The material pronouncement has been disclosed as below:

Ind AS 1 Presentation of Financial Statements:

The amendments require the Company to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of financial statements. The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the financial statements.

Ind AS 12 Income taxes

The amendments narrow the scope of the initial recognition exception under Ind AS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases.

The Company previously recognised for deferred tax on leases on a net basis. As a result of these amendments, the Company has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. Since, these balances qualify for offset as per the requirements of paragraph 74 of Ind AS 12, there is no impact in the balance sheet. There was also no impact on the opening retained earnings as at April 01, 2022.

Notes to the Financial Statements

as at and for the year ended March 31, 2024

(₹ in lakh except otherwise stated)

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.

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 and intangible assets are based on the life prescribed in Schedule II of the Act.

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 recognised 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 recognised 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 utilised.

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, future salary increases and dividend yield and making assumptions about them.

For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Company uses a Black-Scholes model.

VI. Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

VII. Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI (Solely Payments of Principal and Interest) and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held.

Notes to the Financial Statements

as at and for the year ended March 31, 2024

(₹ in lakh except otherwise stated)

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 recognises loss allowances for Expected Credit Losses (ECL) on its financial assets measured at amortised cost and Fair Value through Other Comprehensive Income (FVOCI). 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 and right of use assets

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics. And discount rate of security deposits is generally based on the SBI deposit rate at the time of deposit.

Notes to the Financial Statements

as at and for the year ended March 31, 2024

(₹ in lakh except otherwise stated)

4 Cash and cash equivalents

Particulars	As at March 31, 2024	As at March 31, 2023
Cash on hand	1,953.60	1,107.14
Balances with banks		
(i) In current account	35,417.15	31,458.46
(ii) In term deposits with original maturity of 3 months or less	3,628.89	43,183.11
Total	40,999.64	75,748.71

5 Bank balances other than cash and cash equivalents

Particulars	As at March 31, 2024	As at March 31, 2023
Freehold deposits with banks	79,510.83	16.44
Balances with banks to the extent held as margin money or security against the borrowings *	75,965.59	46,214.32
Total	1,55,476.42	46,230.76

* Balances with banks held as security against debt securities amounts to Nil (March 31, 2023: ₹ 11,645.72 lakh), against borrowings amounts to ₹ 66,000.19 lakh (March 31, 2023: ₹ 31,333.82 lakh) and as cash collateral for securitisation of receivables amounts to ₹ 9,965.40 lakh (March 31, 2023: ₹ 3,234.78 lakh).

6 Derivative financial instruments

Particulars	As at March 31, 2024		As at March 31, 2023	
	Fair value assets	Fair value liability	Fair value assets	Fair value liability
Part I				
Currency derivatives				
Cross currency swaps	1,980.01	-	2,508.06	-
Interest rate derivatives				
Interest rate swaps	-	67.70	-	-
Embedded options on market linked debentures	-	-	-	37.69
Total derivative financial instruments	1,980.01	67.70	2,508.06	37.69
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	1,980.01	-	2,508.06	-
Undesignated derivatives	-	67.70	-	37.69
Total derivative financial instruments	1,980.01	67.70	2,508.06	37.69

6.1 Notional amount of derivatives financial instruments cross currency swaps is ₹ 29,890.86 lakh (March 31, 2023 is ₹ 17,642.13 lakh) and Interest rate swaps is ₹ 18,663.69 lakh (March 31, 2023 is Nil)

6.2 Refer note 44 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, 2024	As at March 31, 2023
Other receivables		
Receivables considered good - unsecured	7.41	1,075.13
Total	7.41	1,075.13

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 including limited liability partnerships (LLPs) or private companies respectively in which any director is a partner, a director or a member.

Notes to the Financial Statements

as at and for the year ended March 31, 2024

(₹ in lakh 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, 2024						
Undisputed other receivables – considered good	7.41	-	-	-	-	7.41
Undisputed other receivables – which have significant increase in credit risk	-	-	-	-	-	-
Undisputed other receivable – credit impaired	-	-	-	-	-	-
Disputed other receivables - considered good	-	-	-	-	-	-
Disputed other receivables – which have significant increase in credit risk	-	-	-	-	-	-
Disputed other receivables – credit impaired	-	-	-	-	-	-
Total	7.41	-	-	-	-	7.41
As at March 31, 2023						
Undisputed other receivables – considered good	1,066.76	2.24	4.47	1.66	-	1,075.13
Undisputed other receivables – which have significant increase in credit risk	-	-	-	-	-	-
Undisputed other receivable – credit impaired	-	-	-	-	-	-
Disputed other receivables - considered good	-	-	-	-	-	-
Disputed other receivables – which have significant increase in credit risk	-	-	-	-	-	-
Disputed other receivables – credit impaired	-	-	-	-	-	-
Total	1,066.76	2.24	4.47	1.66	-	1,075.13

There are no unbilled and undue receivables, hence the same is not disclosed in the ageing schedule.

8 Loans

Particulars	As at March 31, 2024	As at March 31, 2023
A. Loans - amortised cost		
(a) Term loans	9,67,288.21	7,05,474.17
(b) Others		
- Trade advances	3,127.58	2,816.32
- Retained interest under direct assignments	10,926.42	4,561.12
Total - Gross (A)	9,81,342.21	7,12,851.61
Less: Impairment loss allowance	(16,957.80)	(13,812.31)
Total - Net Loans (A)	9,64,384.41	6,99,039.30
B. Secured/ Unsecured		
(a) Secured by tangible assets	9,71,421.24	7,06,310.61
(b) Unsecured	9,920.97	6,541.00
Total - Gross Loans (B)	9,81,342.21	7,12,851.61
Less: Impairment loss allowance	(16,957.80)	(13,812.31)
Total - Net Loans (B)	9,64,384.41	6,99,039.30

Notes to the Financial Statements

as at and for the year ended March 31, 2024

(₹ in lakh except otherwise stated)

- 8.1 All loans are in India and have been granted to individuals or entities other than public sector.
- 8.2 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.
- 8.3 During the year, the Company has not given any loan or advance to promoters, directors, key managerial personnel's and the related parties (as defined under the Act), either severally or jointly with any other person that are (a) repayable on demand, (b) without specifying any terms or period of repayment.
- 8.4 Refer note 44 on financial risk management for credit risk of assets.
- 8.5 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, 2024	As at March 31, 2023
At fair value through profit and loss account		
Outside India	-	-
In India		
Mutual funds units	-	2,542.89
Alternative investment funds (AIF) units	-	444.94
Debts securities	24,842.19	47,130.92
Security receipt of ARC	3,912.51	2,493.13
Total	28,754.70	52,611.88

- 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, 2024	As at March 31, 2023
At amortised cost		
Unsecured considered good		
Other advances recoverable	2,568.86	3,058.88
Interest receivable on direct assignments	11,466.05	4,646.58
Security deposits	429.93	296.97
Total Gross	14,464.84	8,002.43
Less: impairment loss allowance	(107.98)	(34.38)
Total net of impairment loss allowance	14,356.86	7,968.05

Notes to the Financial Statements

as at and for the year ended March 31, 2024

11 Property, plant and equipment

Particulars	Land	Furniture and fixtures	Vehicles	Office equipment	Computers	Leasehold improvement	Plant and equipment	Right of use assets	Total
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
Balance as at April 1, 2023	8.88	1,873.83	1,515.26	1,479.53	2,068.50	3,222.74	-	8,381.74	18,550.47
Additions	-	607.09	633.65	411.92	850.59	2,009.33	28.15	3,577.35	8,118.09
Disposals/adjustments	-	(7.68)	(153.74)	(21.32)	(42.27)	(17.35)	-	(683.61)	(925.97)
Balance as at March 31, 2024	8.88	2,473.24	1,995.17	1,870.13	2,876.82	5,214.72	28.15	11,275.48	25,742.59
Accumulated depreciation as at April 1, 2023	-	500.42	307.15	455.32	1,057.22	782.44	-	2,183.88	5,286.43
Depreciation for the year	-	207.04	216.96	297.14	564.65	494.33	0.56	1,317.94	3,098.62
Disposals/adjustments	-	(4.68)	(39.28)	(15.73)	(37.28)	(14.82)	-	(503.65)	(615.44)
Accumulated depreciation as at March 31, 2024	-	702.78	484.83	736.73	1,584.59	1,261.95	0.56	2,998.17	7,769.61
Net carrying amount as at March 31, 2024	8.88	1,770.46	1,510.34	1,133.40	1,292.24	3,952.77	27.59	8,277.31	17,972.99

11.1. The Company has not carried out any revaluation of property, plant and equipment during the year ended March 31, 2024 and March 31, 2023

11.2 The title deeds of the immovable properties mentioned above are in the name of the Company.

11.3 The Company does not have any benami property, where any proceeding has been initiated or pending against the Company 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, whose title deeds have been pledged in favour of trustees for the benefit of debenture holders as security, has been explained in note 16.

11.6 On transition to Ind AS, the Company has elected to continue with the carrying value of all Property, plant and equipment measured as per the previous GAAP and use that carrying value as the deemed cost of Property, plant and equipment.

(₹ in lakh except otherwise stated)

Notes to the Financial Statements

as at and for the year ended March 31, 2024

(₹ in lakh except otherwise stated)

12 Capital work-in-progress (CWIP)

Particulars	As at March 31, 2024	As at March 31, 2023
Capital work-in-progress	208.37	417.56
Total	208.37	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, 2024					
Projects in progress	208.37	-	-	-	208.37
Projects temporarily suspended	-	-	-	-	-
Total	208.37	-	-	-	208.37
As at March 31, 2023					
Projects in progress	417.56	-	-	-	417.56
Projects temporarily suspended	-	-	-	-	-
Total	417.56	-	-	-	417.56

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, 2024	As at March 31, 2023
Intangible assets under development	-	112.40
Total	-	112.40

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, 2024					
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-
Total	-	-	-	-	-
As at March 31, 2023					
Projects in progress	112.40	-	-	-	112.40
Projects temporarily suspended	-	-	-	-	-
Total	112.40	-	-	-	112.40

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, 2024

(₹ in lakh except otherwise stated)

14 Other intangible assets

Particulars	Computer software	Total
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
Amortisation 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
Balance as at April 1, 2023	1,479.43	1,479.43
Additions	833.90	833.90
Disposals/adjustments	-	-
Balance as at March 31, 2024	2,313.33	2,313.33
Accumulated depreciation as at April 1, 2023	444.29	444.29
Amortisation for the year	512.73	512.73
Disposals/adjustments	-	-
Accumulated depreciation as at March 31, 2024	957.02	957.02
Net carrying amount as at March 31, 2024	1,356.31	1,356.31

14.1. Company has not carried out any revaluation of intangible assets during the year ended March 31, 2024 and March 31, 2023.

14.2. On transition to Ind AS, the Company has elected to continue with the carrying value of all other intangible assets measured as per the previous GAAP and use that carrying value as the deemed cost of other intangible assets.

15 Other non-financial assets

Particulars	As at March 31, 2024	As at March 31, 2023
Prepaid expenses	804.15	180.58
Balances with statutory / government authorities	39.60	39.48
Advance against salary to staff	179.11	400.04
Capital advances	109.25	65.92
Total	1,132.11	686.02

16 Debt securities

Particulars	As at March 31, 2024	As at March 31, 2023
At amortised cost		
Secured		
Non-convertible debentures	1,53,306.00	1,69,751.25
Unsecured		
Non-convertible debentures	349.91	1,744.74
Total (A)	1,53,655.91	1,71,495.99
Debt securities in India	1,53,655.91	1,71,495.99
Debt securities outside India	-	-
Total (B)	1,53,655.91	1,71,495.99

Notes to the Financial Statements

as at and for the year ended March 31, 2024

(₹ in lakh 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 Tamil Nadu and are also secured against fixed deposits, investments and designated loans assets. The total asset cover is 100%-120% 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 Nil (March 31, 2023 ₹ 13,500.00 lakh)

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

Maturity schedule	Interest rate range		Carrying amount	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
Maturity within 1 year	8.90% - 10.44%	8.70% - 11.65%	99,576.89	45,595.54
Maturity between 1 to 3 years	9.25% - 11.33%	8.25% - 10.78%	12,212.62	1,20,389.87
Maturity between 3 to 5 years	9.65% - 9.70%	12.00% - 12.05%	42,332.40	5,255.20
Total			1,54,121.91	1,71,240.61
Less: Unamortised finance cost			(815.91)	(1,489.36)
Total amortised cost			1,53,306.00	1,69,751.25

c) Terms of repayment schedule of unsecured privately placed redeemable non-convertible debenture

Maturity schedule	Interest rate range		Carrying amount	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
Maturity within 1 year	9.20% - 9.25%	-	350.27	-
Maturity between 1 to 3 years	-	9.20% - 9.25%	-	1,751.77
Total			350.27	1,751.77
Less: Unamortised finance cost			(0.36)	(7.03)
Total amortised cost			349.91	1,744.74

d) The Company has not defaulted in the repayment of dues to its lenders.

17 Borrowings (other than debt securities)

Particulars	As at March 31, 2024	As at March 31, 2023
At amortised cost		
Secured		
Term loans		
From banks	5,12,454.70	3,53,240.00
From other parties	41,220.62	53,822.60
External commercial borrowings	17,026.35	19,545.56
Loans repayable on demand		
from banks (cash credit facilities and working capital demand loans)	18,108.38	5,616.18
Other loans		
Associated liabilities in respect of securitisation transactions*	1,51,022.01	1,00,593.88
Total (A)	7,39,832.06	5,32,818.22
Borrowings in india	7,22,805.71	5,13,272.66
Borrowings outside india	17,026.35	19,545.56
Total (B)	7,39,832.06	5,32,818.22

* Includes associated liabilities in respect of securitisation transactions from banks of ₹ 1,47,822.87 lakh (March 31, 2023: ₹ 68,755.26 lakh) and from other parties ₹ 3,199.14 lakh (March 31, 2023: ₹ 31,838.62 lakh)

Notes to the Financial Statements

as at and for the year ended March 31, 2024

(₹ in lakh except otherwise stated)

17 Borrowings (other than debt securities) (Continued)

a) Nature of security

- Term loans from banks, from other parties and external commercial borrowings are secured by way of hypothecation on book debts, receivable and fixed deposits along with personal guarantees of directors. The total amount of personal guarantee given by directors against the term loans amounting to ₹ 87,953.15 lakh (March 31, 2023 ₹ 1,02,932.24 lakh).
- Cash credit facilities and working capital demand loans from banks are secured by way of hypothecation on book debts, term deposits and receivable along with personal guarantees of directors. The total amount of personal guarantee given by directors against the cash credit facilities and working capital demand loans amounting to ₹ 57.36 lakh (March 31, 2023 ₹ 0.91 lakh).
- Associated liabilities in respect of securitisation transactions' represents amount received in respect of securitisation 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. The Company has provided credit enhancement to the trust by way of cash collateral and bank guarantee.

b) Terms of repayment schedule of term loans from banks

Maturity schedule	Interest rate range		Carrying amount	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
Maturity within 1 year	7.95% - 10.95%	8.40% - 11.00%	22,775.22	7,930.06
Maturity between 1 to 3 years	7.10% - 10.40%	7.95% - 11.70%	2,12,282.25	1,27,439.65
Maturity between 3 to 5 years	7.10% - 10.10%	7.10% - 11.45%	2,65,246.53	2,04,912.56
Maturity greater than 5 years	8.80% - 9.35%	9.00% - 10.35%	15,024.36	15,050.98
Total			5,15,328.36	3,55,333.25
Less: Unamortised finance cost			(2,873.66)	(2,093.25)
Total amortised cost			5,12,454.70	3,53,240.00

c) Terms of repayment schedule of term loans from other parties

Maturity schedule	Interest rate range		Carrying amount	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
Maturity within 1 year	5.15% - 11.75%	10.25% - 11.25%	13,236.83	4,006.89
Maturity between 1 to 3 years	7.50% - 10.62%	5.15% - 11.75%	28,039.51	42,981.69
Maturity between 3 to 5 years	-	9.50% - 9.60%	-	6,958.28
Total			41,276.34	53,946.86
Less: Unamortised finance cost			(55.72)	(124.26)
Total amortised cost			41,220.62	53,822.60

d) Terms of repayment schedule of external commercial borrowings

Maturity schedule	Interest rate range		Carrying amount	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
Maturity between 1 to 3 years	10.80% - 10.85%	10.80% - 10.85%	5,357.97	7,517.07
Maturity between 3 to 5 years	10.55% - 10.60%	-	11,917.85	-
Maturity over 5 years	-	10.30% - 10.35%	-	12,370.70
Total			17,275.82	19,887.77
Less: Unamortised finance cost			(249.47)	(342.21)
Total amortised cost			17,026.35	19,545.56

Notes to the Financial Statements

as at and for the year ended March 31, 2024

(₹ in lakh except otherwise stated)

e) Terms of repayment schedule of associated liabilities related to securitisation transactions

Maturity schedule	Interest rate range		Carrying amount	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
Maturity within 1 year	9.10% - 9.10%	-	1,012.92	-
Maturity between 1 to 3 years	8.50% - 9.00%	9.25% - 9.30%	20,095.83	478.33
Maturity between 3 to 5 years	8.75% - 9.25%	8.42% - 11.00%	1,16,617.04	74,627.93
Maturity greater than 5 years	9.00% - 9.75%	9.00% - 9.75%	13,497.70	25,662.36
Total			1,51,223.49	1,00,768.62
Less: Unamortised finance cost			(201.48)	(174.74)
Total amortised cost			1,51,022.01	1,00,593.88

- Loans repayable on demand includes on cash credit and working capital demand loans from banks which are secured by specific charge on identified receivables and term deposits. As at March 31, 2024, the rate of interest across the cash credit and working capital demand loans was in the range of 7.95% p.a. to 11.45% p.a. (March 31, 2023 - 6.60% p.a. to 11.45% p.a.)
- The Company has not defaulted in the repayment of dues to its lenders.
- The Company has utilised the borrowings for the purpose for which it was obtained except temporary deployment pending application of proceeds.

18 Other financial liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
Lease liability (refer note 39)	9,190.43	6,863.50
Creditors for other expenses	7,012.77	4,176.60
Advances received from customers	1,027.86	1,033.64
Pending remittance on assignments	5,975.28	3,272.85
Security and other deposits received	818.53	375.62
Unclaimed dividend	0.01	0.02
Total	24,024.88	15,722.23

19 Provisions

Particulars	As at March 31, 2024	As at March 31, 2023
Provision for employee benefits		
Gratuity (refer note 40)	1,299.30	920.42
Compensated absences (refer note 40)	173.08	135.76
Total	1,472.38	1,056.18

20 Other non-financial liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
Statutory dues payables	1,001.19	1,061.57
Total	1,001.19	1,061.57

Notes to the Financial Statements

as at and for the year ended March 31, 2024

(₹ in lakh except otherwise stated)

21 Equity share capital

Particulars	As at	
	March 31, 2024	March 31, 2023
Authorised		
30,00,00,000 equity shares of ₹ 1 each (March 31, 2023: 15,00,00,000 equity shares of ₹ 2 each) fully paid up with voting rights	3,000.00	3,000.00
Issued and subscribed		
13,37,45,064 equity shares of ₹ 1 each (March 31, 2023: 2,94,46,775 equity shares of ₹ 2 each)	1,337.44	588.94
Paid up (fully paid)		
13,37,45,064 equity shares of ₹ 1 each (March 31, 2023: 2,84,29,328 equity shares of ₹ 2 each)	1,337.44	568.58
Paid up (partly paid)		
Nil (March 31, 2023: 10,17,447 equity shares of ₹ 2 each (partly paid up ₹ 1.75 each))	-	17.81

During the year, shares of face value of ₹ 2 each has been sub-divided into 2 equity shares of ₹ 1 each and issued an bonus in ratio of 1:1.

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 ₹ 1 each (March 31, 2023 ₹ 2 each), fully paid-up		
Balance as at April 1, 2022	2,81,92,808	563.85
Add : Issued during the year	2,36,520	4.73
Less : Converted into fully paid up during the year	-	-
Balance as at March 31, 2023	2,84,29,328	568.58
Add : Issued during the year	39,89,491	79.79
Add : Converted into fully paid up during the year	10,17,447	20.35
Before adjustment of sub-division of shares	3,34,36,266	668.72
Adjusted no. of shares on account of sub-division of equity share of ₹ 1 each	6,68,72,532	668.72
Add: Bonus shares issued during the year	6,68,72,532	668.72
Balance as at March 31, 2024	13,37,45,064	1,337.44
Equity shares of ₹ 1 each (March 31, 2023 ₹ 2 each), partly paid-up		
Balance as at April 1, 2022	10,17,447	17.81
Add : Issued during the year	-	-
Less : Converted into fully paid up during the year	-	-
Balance as at March 31, 2023	10,17,447	17.81
Add : Issued during the year	-	-
Less : Converted into fully paid up during the year	(10,17,447)	(17.81)
Balance as at March 31, 2024	-	-

b. Rights, preferences and restrictions attached to equity shares

The Company has only one class of outstanding equity shares having a face value of ₹ 1 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.

Notes to the Financial Statements

as at and for the year ended March 31, 2024

(₹ in lakh except otherwise stated)

c. Details of shares held by each shareholder holding more than 5% shares in the Company

Particulars	As at March 31, 2024		As at March 31, 2023	
	Number of shares	% Holding	Number of shares	% Holding
Equity shares				
Rajendra Kumar Setia	4,30,70,524	32.20%	1,12,57,463	37.96%
Norwest Venture Partners X – Mauritius	3,20,69,840	23.98%	71,28,818	24.31%
TPG Growth IV	2,42,23,896	18.11%	55,14,119	18.81%
India Business Excellence Fund IV	71,95,836	5.38%	-	0.00%
Total	10,65,60,096	79.67%	2,39,00,400	81.08%

During the year, shares of face value of ₹ 2 each has been sub-divided into 2 equity shares of ₹ 1 each and issued an bonus in ratio of 1:1.

d. Number of shares reserved for share options

Particulars	As at March 31, 2024	As at March 31, 2023
Equity shares of ₹ 1 fully paid up		
Number of shares reserved for ESOPs (refer note 41)	22,66,400	7,46,735

During the year, shares of face value of ₹ 2 each has been sub-divided into 2 equity shares of ₹ 1 each and issued an bonus in ratio of 1:1.

e. Details of shareholding of promoters and promoter groups (face value ₹ 1 per share)

Promoter name	After bonus and sub-division		Before bonus and sub-division				% Changes during the year
	As at March 31, 2024		As at March 31, 2024		As at March 31, 2023		
	Nos.	% Holding	Nos.	% Holding	Nos.	% Holding	
Promoter:							
Rajendra Kumar Setia	4,30,70,524	32.20%	1,07,67,631	32.20%	1,12,57,463	37.96%	-4.35%
Rajendra Kumar Setia HUF	2,50,000	0.19%	62,500	0.19%	62,500	0.21%	0.00%
Yash Setia*	2,600	0.00%	650	0.00%	650	0.00%	0.00%
Promoter Group:							
Bhajan Devi Setia	2,600	0.00%	650	0.00%	650	0.00%	0.00%
Raj Kumar Setia	7,65,224	0.57%	1,91,306	0.57%	57,556	0.20%	232.38%
Shalini Setia	2,600	0.00%	650	0.00%	650	0.00%	0.00%
Sameer Arora	4,39,000	0.33%	1,09,750	0.33%	38,500	0.13%	185.06%
Sanjeev Arora	9,000	0.01%	2,250	0.01%	1,500	0.01%	50.00%
	4,45,41,548	33.31%			1,14,19,469	38.51%	

During the year, shares of face value of ₹ 2 each has been sub-divided into 2 equity shares of ₹ 1 each and issued an bonus in ratio of 1:1.

* Pursuant to resolution dated March 14, 2024, Yash Setia has been classified as the promoter.

f. During the year ended March 31, 2024, the Company has issued 38,64,144 fully paid equity shares of ₹ 2/- each and the Company has allotted 1,25,347 shares to employees in accordance with the Company's employees stock option scheme(s). Also, called ₹ 0.25 per share on 10,17,447 shares from partly paid to fully paid equity share. 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).

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 except as stated below-

Notes to the Financial Statements

as at and for the year ended March 31, 2024

(₹ in lakh except otherwise stated)

- i) The Board of Directors of the Company in its meeting held on February 01, 2024 and shareholders of the Company in the Extraordinary General Meeting held on March 11, 2024 approved the sub-division of shares from ₹ 2 per share to ₹ 1 per share and also approved the bonus share in the ratio of 1:1.
- ii) Pursuant to above approval, the Company has effected the sub-division of the equity shares from face value of ₹ 2 each to ₹ 1 each and has allotted 6,68,72,532 equity shares of face value of ₹ 1 each as bonus shares in the proportion of one bonus equity share of face value of ₹ 1 for every one equity share of face value of ₹ 1 held as on the record date i.e. March 16, 2024, by capitalising an amount of ₹ 668.72 lakh from 'Retained earnings- other than remeasurement of post employment benefit obligations'.
- iii) Consequently, in terms of the Employee Stock Option Scheme of the Company, the grant price and the number of outstanding stock options in respect of stock options granted under the Employee Stock Option Scheme were proportionately adjusted.

h. Shares bought back :-

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

22 Other equity

Particulars	As at March 31, 2024	As at March 31, 2023
Securities premium	2,09,539.12	1,14,358.01
Share options outstanding account	1,957.64	986.93
Statutory reserve	19,597.21	13,358.74
Retained earnings- other than remeasurement of post employment benefit obligations	78,475.79	54,190.65
Retained earnings- remeasurement of post employment benefit obligations	(209.12)	(106.83)
Share application money pending allotment	160.02	-
Total	3,09,520.66	1,82,787.50

22.1 Nature and purpose of reserve

Securities premium account

Securities premium is used to record the premium received on issue of shares. It is utilised 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 shareholders of the Company have 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.

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 (including other comprehensive income). 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.

Notes to the Financial Statements

as at and for the year ended March 31, 2024

(₹ in lakh except otherwise stated)

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.

Share application money pending allotment

Share application money pending allotment as at March 31, 2024 represents amount received towards 53,340 equity shares of the Company pursuant to ESOP scheme and have been subsequently allotted.

22.2 Other equity movement

Particulars	As at March 31, 2024	As at March 31, 2023
(i) Securities premium account		
Opening balance	1,14,358.01	1,13,444.09
Addition during the year	96,253.72	913.92
Deduction during the year	(1,072.61)	-
Closing balance	2,09,539.12	1,14,358.01
(ii) Share options outstanding account		
Opening balance	986.93	431.73
Addition during the year	1,133.17	829.89
Transfer to securities premium	(162.46)	(274.69)
Closing balance	1,957.64	986.93
(iii) Statutory reserve		
Opening balance	13,358.74	8,903.04
Transfer from retained earnings	6,238.47	4,455.70
Closing balance	19,597.21	13,358.74
(iv) Retained earnings- other than remeasurement of post employment benefit obligations		
Opening balance	54,190.65	36,367.87
Net profit for the year	31,192.33	22,278.48
Transfer to statutory reserve	(6,238.47)	(4,455.70)
On issue of bonus shares	(668.72)	-
Closing balance	78,475.79	54,190.65
(v) Retained earnings- remeasurement of post employment benefit obligations		
Opening balance	(106.83)	(84.50)
Other comprehensive income for the year	(102.29)	(22.33)
Closing balance	(209.12)	(106.83)

23 Interest income

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Financial assets measured at amortised Cost		
Interest income on financial assets measured at amortised cost	1,49,998.41	1,11,274.62
Interest on deposits with banks	5,142.70	3,033.42
Financial assets measured at fair value through profit or loss (FVTPL)		
Income on investment	8,142.55	6,744.08
Total	1,63,283.66	1,21,052.12

Notes to the Financial Statements

as at and for the year ended March 31, 2024

(₹ in lakh except otherwise stated)

24 Fees and commission income

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Foreclosure and other charges	6,165.22	3,947.59
Total	6,165.22	3,947.59

25 Net gain on fair value changes

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Net gain on financial instruments at fair value through profit or loss		
On trading portfolio		
- Investments	1,262.72	1,559.13
- Derivative contracts	(558.06)	540.98
Total net gain on fair value changes	704.66	2,100.11
Fair value changes:		
- Realised	1,262.72	1,534.40
- Unrealised	(558.06)	565.71
Total net gain on fair value changes	704.66	2,100.11

26 Net gain on de-recognition of financial instruments under amortised cost category

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Gain on derecognition of financial instruments	8,965.92	3,176.94
Total	8,965.92	3,176.94

27 Other income

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Income from support services	595.25	1,078.16
Net gain on derecognition of property, plant and equipment	4.32	-
Miscellaneous income	75.88	69.15
Total	675.45	1,147.31

28 Finance costs

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
At amortised cost		
Interest on debt securities	17,612.26	18,563.97
Interest on borrowings	55,631.30	35,138.95
Interest on subordinated liabilities	-	216.36
Interest on lease liability (refer note 39)	762.46	592.40
Other borrowing costs	727.92	230.51
Other interest expenses	0.29	5.80
Total	74,734.23	54,747.99

Notes to the Financial Statements

as at and for the year ended March 31, 2024

(₹ in lakh except otherwise stated)

29 Impairment on financial instruments

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
At amortised cost		
Loans	4,373.45	3,439.52
Bad debts written-off (net of recoveries)	7,569.90	5,735.13
Total	11,943.35	9,174.65

30 Employee benefit expenses

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Salaries and wages	33,395.45	24,451.02
Contribution to provident and other funds	2,302.64	1,709.57
Staff welfare expenses	1,311.16	1,040.88
Gratuity and compensated absence (refer note 40)	491.31	249.10
Share based payments to employees (refer note 41)	1,133.17	829.89
Total	38,633.73	28,280.46

31 Depreciation and amortisation

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Depreciation on property, plant and equipment (refer note 11)	1,780.68	1,268.98
Depreciation on right of use assets (refer note 11)	1,317.94	1,003.75
Amortisation of intangible assets (refer note 14)	512.73	247.67
Total	3,611.35	2,520.40

32 Other expenses

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Rent, taxes and energy costs	686.83	409.71
Repairs and maintenance	200.48	120.30
Communication costs	842.73	661.62
Printing and stationery	315.48	278.25
Advertisement and publicity expenses	264.98	265.56
Business promotion expenses	427.88	225.62
Director's fees, allowances and expenses	47.80	30.30
Auditor's fees and expenses (refer note 35)	118.79	108.38
Legal and professional charges	1,564.87	1,376.99
Collection expenses	654.22	734.78
Travelling expenses	2,155.31	1,448.63
Net loss on derecognition of property, plant and equipment	-	21.52
Expenses towards corporate social responsibility (refer note 36)	461.98	262.00
Other expenditure	3,198.77	1,736.09
Total	10,940.12	7,679.75

Notes to the Financial Statements

as at and for the year ended March 31, 2024

(₹ in lakh except otherwise stated)

33 Tax expenses

(A) Amounts recognised in statement of profit and loss (including other comprehensive income)

Particulars	For the year ended March 31, 2024		For the year ended March 31, 2023	
	Net balance	Recognised in profit or loss	Net balance	Recognised in OCI
Current tax expense				
Current period	8,037.80		5,882.80	
Tax related to earlier years	-		(125.58)	
Total current tax expense (A)	8,037.80		5,757.22	
Deferred tax (asset) / liability, net				
Origination and reversal of temporary differences	701.98		985.12	
Deferred tax (income) / expense (B)	701.98		985.12	
Total tax expense for the year (A)+(B)	8,739.78		6,742.34	

(B) Amounts recognised in other comprehensive income

Particulars	For the year ended March 31, 2024			For the year ended March 31, 2023		
	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	(136.69)	34.40	(102.29)	(29.84)	7.51	(22.33)
Total	(136.69)	34.40	(102.29)	(29.84)	7.51	(22.33)

(C) Reconciliation of effective tax rate

Particulars	For the year ended March 31, 2024		For the year ended March 31, 2023	
	Amount	% terms	Amount	% terms
Profit before tax as per statement of profit and loss (including other comprehensive income)	39,932.13		29,020.82	
Enacted Tax Rate is 25.168%	10,050.12	25.17%	7,303.96	25.17%
Add/(less) : Non-deductible expenses for tax purposes				
CSR expenses	116.27	0.29%	65.94	0.23%
Tax related to earlier years	-	0.00%	(125.58)	-0.43%
Tax effect of expenses that are deductible for tax purposes	(1,426.61)	-3.57%	(501.98)	-1.73%
Total adjustments	(1,310.34)	-3.28%	(561.62)	-1.94%
Total tax expense	8,739.78	21.89%	6,742.34	23.23%

33(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.

(D) Movement in deferred tax balances

Particulars	Net balance March 31, 2023	Recognised in profit or loss	Recognised in OCI	Net balance March 31, 2024	Deferred tax asset	Deferred tax liability
	Deferred tax asset/(liabilities)					
Expected credit loss (ECL)	3,150.51	991.10	-	4,141.61	4,141.61	-
Unamortised processing fee	95.44	(407.98)	-	(312.54)	-	312.54
Employee benefits	265.82	70.35	34.40	370.57	370.57	-
Fair valuation impact on investments	(13.71)	13.71	-	-	-	-
Lease liability	1,727.41	585.64	-	2,313.05	2,313.05	-
Right to use asset	(1,510.80)	(499.00)	-	(2,009.80)	-	2,009.80
Interest receivable on direct assignments	(1,169.45)	(1,716.33)	-	(2,885.78)	-	2,885.78
Depreciation on property, plant and equipment	(8.95)	50.58	-	41.63	41.63	-
Other adjustments	103.90	209.95	-	313.85	313.85	-
Total	2,640.17	(701.98)	34.40	1,972.59	7,180.71	5,208.12

Notes to the Financial Statements

as at and for the year ended March 31, 2024

(₹ in lakh except otherwise stated)

Particulars	Net balance March 31, 2022	Recognised in profit or loss	Recognised 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	-
Unamortised 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
Lease liability	1,354.20	373.21	-	1,727.41	1,727.41	-
Right to use asset	(1,179.85)	(330.95)	-	(1,510.80)	-	1,510.80
Interest receivable on direct assignments	(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	5,343.08	2,702.91

33(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 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.

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
	(i) Profit for the year, attributable to equity shareholders	31,192.33
(ii) Weighted average number of equity shares for basic earnings per share	1,247.54	1,164.60
(iii) Effect of dilution on account of ESOP and partly paid-up shares	15.07	21.20
(iv) Weighted average number of equity shares for diluted earnings per share	1,262.61	1,185.80
Earning per share (basic) (i/ii) *	25.00	19.13
Earning per share (diluted) (i/iv) *	24.70	18.79
Face value per share	1	1

* The Board of Directors of the Company in its meeting held on February 01, 2024 and shareholders of the Company in the Extraordinary General Meeting held on March 11, 2024 approved the sub-division of shares from ₹ 2 per share to ₹ 1 per share and also approved the bonus share in the ratio of 1:1. Consequently, the number of shares used for the calculation of earnings per share for the year ended March 31, 2023, has been adjusted retrospectively as required under Paragraph 64 of Ind AS 33 - "Earnings Per Share", prescribed under Section 133 of the Companies Act, 2013.

35 Payment to auditors

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
	a) As auditor:	
Audit fees	65.40	67.58
Limited review	32.70	26.16
b) For other services:		
Certification fees	17.17	9.27
c) For reimbursement of expenses	3.52	5.37
Total	118.79	108.38

Notes to the Financial Statements

as at and for the year ended March 31, 2024

(₹ in lakh except otherwise stated)

36 Corporate social responsibility (CSR)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
a. Amount required to be spent by the Company during the financial year	390.00	262.00
b. Amount spent during the year ended:		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	461.98	221.38

c. Pursuant to Section 135 (5) & (6) of companies act, 2013 read with companies (corporate social responsibility policy) rules, 2014, the Company have transferred Nil (March 31, 2023 ₹ 40.62 lakh) 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 38).

e. The Company has undertaken CSR activities as per schedule VII of the Companies Act, 2013.

37 Contingent liabilities and commitments

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
(i) Contingent liabilities:-		
(a) Claims against the company not acknowledged as debt;		
- Indirect tax matter	2,327.29	1,663.99
- Direct tax matter	33.46	33.46
(b) Guarantees:-		
- Corporate guarantees towards securitisation transaction	-	990.99
- towards law suits, claims and proceedings, including collection and repossession related matters, which arise in the ordinary course of business.	5.42	10.46
(c) Other money for which the company is contingently liable	75.00	-
	2,441.17	2,698.90
(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 securitisation / direct assignments transactions is ₹ 1,560.17 lakh. 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 lakh under protest.

ii) Demand raised by the office of the principal commissioner, central goods and service tax commissioner, Jaipur for the period July 2017 to March 2019 for non-payment of GST on excess interest spread income on assignment transactions is ₹ 767.11 lakh. The Company is in the process of filing the appeal against demand order.

iii) The assistant commissioner, income tax, through an order dated March 31, 2022, has confirmed the demand of income tax of ₹ 33.46 lakh 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).

iv) Demand raised by the office of commissioner, central goods and service tax, Jaipur for the financial year 2017-18 and 2018-19 for non-payment of GST on deemed commission for personal guarantee given by director on various loan taken is ₹ 206.30 lakh. The order for financial year 2017-18 and 2018-19 was received on August 31, 2022 and the corresponding appeal has been filled with commissioner (appeals) CGST, Jaipur on November 30, 2022. During the year ended March 31, 2024, the commissioner (appeals) has passed an order in favor of the Company and the demand has been set aside.

Notes to the Financial Statements

as at and for the year ended March 31, 2024

(₹ in lakh except otherwise stated)

v) 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.

38 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 (Since 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 (Upto June 13, 2023)
Debanshi Basu	Nominee Director
Simit Batra	Nominee Director (Since June 13, 2023)
Nanda Sameer Dave	Independent Director (Since March 14, 2024)
Mukul Mathur	Independent Director (Since March 29, 2024)
c) Relatives of key management personnel and promoter group	
Bhajan Devi Setia	Mother of Managing Director & CEO
Shalini Setia	Wife of Managing Director & CEO (Since January 30, 2023)
Raj Kumar Setia	Brother of Managing Director & CEO
Sameer Arora	Brother of Whole-time Director (Upto January 30, 2023)/Promoter group
Sanjeev Arora	Brother of Whole-time Director (Upto January 30, 2023)/Promoter group
Yash Setia	Son of Managing Director & CEO (Upto January 30, 2023)
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, 2024	For the year ended March 31, 2023
i) Short-term employee benefits	907.40	554.76
ii) Post-employment benefits	-	-
iii) Other long-term benefits	-	-
iv) Termination benefits	-	-
v) Share-based payment *	-	-

Notes to the Financial Statements

as at and for the year ended March 31, 2024

(₹ in lakh except otherwise stated)

* The above details does not include employee stock option plan cost charged in statement of profit and loss (including other comprehensive income) as the same is calculated for the Company as a whole, the said expense/ liability pertaining specifically to key managerial personnel are not known.

38(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.

38(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.

C. Transactions/balances with related parties

i) Transactions during the period

Name of the related party	Nature of transactions	For the year ended March 31, 2024	For the year ended March 31, 2023
Directors			
Rajendra Kumar Setia	Salary	561.61	395.56
Shalini Setia	Salary	-	9.73
Yash Setia	Salary	160.31	10.14
Amar Lal Daultani	Sitting Fees	24.14	15.37
Anand Raghavan	Sitting Fees	23.66	14.93
Rajendra Kumar Setia	Insurance Expenses	5.06	5.06
Shalini Setia	Rent	-	34.45
Rajendra Kumar Setia	Personal Guarantee received for Borrowings	35,000.00	10,000.00
Rajendra Kumar Setia and Shalini Setia (Jointly)	Personal Guarantee received for Borrowings	-	20,000.00
Rajendra Kumar Setia	Issue of Share Capital [#]	7,362.14	-
Relative of directors			
Raj Kumar Setia	Salary	203.31	91.04
Sameer Arora	Salary	-	100.37
Sanjeev Arora	Salary	-	-
Yash Setia	Salary	-	21.08
Shalini Setia	Rent	43.47	6.96
Sanjeev Arora	Issue of Share Capital	-	5.61
Sameer Arora	Issue of Share Capital	-	90.39
Raj Kumar Setia	Issue of Share Capital ^{**}	2,503.95	-
Key management personnel (excluding directors)			
Atul Arora	Salary	111.85	88.72
Anagha Bangur	Salary	25.83	20.31
Atul Arora	Issue of Share Capital	1,518.62	83.70
Anagha Bangur	Issue of Share Capital	1.87	5.61
Atul Arora	Number of ESOP grant (in lakh)	-	0.35
Anagha Bangur	Number of ESOP grant (in lakh)	-	0.04
Entities controlled or jointly controlled by individual having significant influence or their relatives			
Infrasoft Private Limited	Information Technology Expenses	22.11	8.42
SK Foundation	CSR Expenses	334.77	303.42
SK Foundation	Donation	20.05	17.00

Notes to the Financial Statements

as at and for the year ended March 31, 2024

(₹ in lakh except otherwise stated)

ii) Outstanding balances

Name of the related party	Nature of transactions	As at March 31, 2024	As at March 31, 2023
Directors			
Rajendra Kumar Setia	Equity share capital	430.71	222.61
Yash Setia	Equity share capital	0.03	0.01
Rajendra Kumar Setia	Salary Payable	11.06	-
Yash Setia	Salary Payable	4.39	-
Relative of directors			
Bhajan Devi Setia	Equity share capital	0.03	0.01
Shalini Setia	Equity share capital	0.03	0.01
Raj Kumar Setia	Equity share capital	7.65	1.15
Sameer Arora	Equity share capital	-	0.77
Sanjeev Arora	Equity share capital	-	0.03
Raj Kumar Setia	Salary Payable	2.61	-
Key management personnel (excluding directors)			
Atul Arora	Equity share capital	5.90	0.80
Anagha Bangur	Equity share capital	0.12	0.05
Atul Arora	Salary Payable	3.06	-
Anagha Bangur	Salary Payable	0.71	-
Entities controlled or jointly controlled by individual having significant influence or their relatives			
Rajendra Kumar Setia HUF	Equity share capital	2.50	1.25

[#] The issue of share capital includes receipt of pending call money of partly paid up shares during the period ended March 31, 2024.

^{**}The issue of share capital includes the sweat equity share issued during the year ended March 31, 2024.

38(C.1) The above details does not include employee stock option plan cost charged in statement of profit and loss (including other comprehensive income) as the same is calculated for the Company as a whole, the said expense/ liability pertaining specifically to key managerial personnel are not known.

38(C.2) 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.

38(C.3) 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.

D. Personal guarantees provided by directors

Details of personal grantees given by the directors for borrowings as at March 31, 2024 and March 31, 2023 is stated under note 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.

Notes to the Financial Statements

as at and for the year ended March 31, 2024

(₹ in lakh except otherwise stated)

39 Leases

Lease in the capacity of lessee:

The Company's lease asset primarily consist of leases for office premises having lease term upto 25 years with an option to extend the lease or terminate on mutual agreement between lessee and lessor. At the date of commencement of the lease, the Company recognises 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, 2024	As at March 31, 2023
Opening balance	6,197.86	4,821.26
Additions	3,577.35	2,886.81
Depreciation (refer note 11)	(1,317.94)	(1,003.75)
Adjustment/Deletion (refer note 11)	(179.96)	(506.46)
Closing balance	8,277.31	6,197.86

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

Particulars	As at March 31, 2024	As at March 31, 2023
Opening balance	6,863.50	5,380.64
Additions	3,532.94	2,848.07
Finance cost accrued during the period (refer note 28)	762.46	592.40
Payment of lease liabilities (refer statement of cash flows)	(1,775.07)	(1,393.88)
Adjustment/Deletion	(193.40)	(563.73)
Closing balance	9,190.43	6,863.50
Current	1,016.53	850.03
Non-current	8,173.90	6,013.47

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

Particulars	As at March 31, 2024	As at March 31, 2023
Within one year	1,836.59	1,475.15
One to three years	3,355.61	2,593.64
Three to five years	3,081.59	2,224.92
More than five years	5,021.31	3,575.88
Closing balance	13,295.10	9,869.59

40 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 recognised provident fund for employees. The Company has recognised ₹ 2,302.64 lakh (March 31, 2023 ₹ 1,709.57 lakh) for provident fund and national pension fund contributions in the statement of profit and loss (including other comprehensive income).

Notes to the Financial Statements

as at and for the year ended March 31, 2024

(₹ in lakh except otherwise stated)

(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 recognised in the company's financial statements as at balance sheet date:

Particulars	As at March 31, 2024	As at March 31, 2023
Present value of defined benefit obligation (A)	1,299.30	920.42
Fair value of plan assets (B)	-	-
Net liability recognised in the balance sheet (A-B)	1,299.30	920.42

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, 2024	As at March 31, 2023
Opening balance	920.42	774.22
Included in profit or loss:		
Current service cost	277.29	140.43
Past service cost	-	-
Interest cost	62.33	50.84
	1,260.04	965.49
Included in OCI		
Remeasurement loss (gain):		
Actuarial loss (gain) arising from:		
Demographic assumptions	1.94	1.10
Financial assumptions	18.45	(9.61)
Experience adjustment	116.30	38.35
Return on plan assets excluding interest income	-	-
	136.69	29.84
Other		
Contributions paid by the employer		
Benefits paid	(97.43)	(74.91)
Liabilities settled	-	-
Closing balance	1,299.30	920.42

Notes to the Financial Statements

as at and for the year ended March 31, 2024

(₹ in lakh except otherwise stated)

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, 2024	As at March 31, 2023
Discount rate	6.97%	7.15%
Salary increase rate	7.00%	7.00%
Attrition Rate	11% - 46%	10% - 46%
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, 2024		As at March 31, 2023	
	Increase	Decrease	Increase	Decrease
Discount rate (100 bps)	1,208.15	1,403.67	853.83	997.11
Future salary growth (100 bps)	1,396.94	1,212.45	986.77	860.84
Attrition (100 bps)	1,286.70	1,312.19	915.34	925.28

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

Particulars	As at March 31, 2024	As at March 31, 2023
Expected contributions / addl. provision next year	277.29	140.43
Average duration of defined benefit obligations	4.70 years	7 years
Expected total benefit payments		
Year 1	103.53	83.93
Year 2	115.53	88.46
Year 3	121.09	89.61
Year 4	148.94	102.93
Year 5	128.86	82.66
Next 5 years	591.37	355.82

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.

Notes to the Financial Statements

as at and for the year ended March 31, 2024

(₹ in lakh except otherwise stated)

F. Compensated absences

As per the policy of the Company, all the outstanding leaves shall lapse at the end of every calendar year i.e. December every year. The net amount of compensated absences of the Company's obligation is actuarially determined based on the projected unit credit method as at balance sheet date by actuarial valuation. Amount recognised in the statement of profit and loss (including other comprehensive income) for the year ended March 31, 2024 is as under :

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Compensated absences	173.08	135.76

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.

41 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, 2024 ₹ 1,133.17 lakh (March 31, 2023 ₹ 829.89 lakh) has recognised to the Company's statement of profit and loss (including other comprehensive income) in respect of equity-settled share-based payments transactions.

B Movement of share options

Movement in the options outstanding under the Employees Stock Option Plan for the year ended March 31, 2024

Scheme reference	Grant date	Balance as at April 1, 2023	Granted during the year	Exercised during the year	Lapsed/ cancelled/ adjusted during the year	Addition in number of option on account of bonus and sub- division*	Balance as at March 31, 2024	Weighted average exercise price
ESOP - I (a)	15-Oct-18	1,24,660	-	(1,22,847)	-	5,439	7,252	62.34
ESOP - II (a)	02-Apr-19	3,125	-	-	-	9,375	12,500	149.07
ESOP - II (c)	05-Nov-20	18,750	-	(2,500)	(5,000)	33,750	45,000	149.07
ESOP - I (b) and II (d)	05-Aug-22	6,00,200	-	-	(68,888)	15,93,936	21,25,248	300.00
ESOP - I (c) and II (e)	05-May-23	-	21,600	-	(2,500)	57,300	76,400	300.00
		7,46,735	21,600	(1,25,347)	(76,388)	16,99,800	22,66,400	

The total options exercisable as at March 31, 2024 is 5,65,502.

Notes to the Financial Statements

as at and for the year ended March 31, 2024

(₹ in lakh except otherwise stated)

The weighted average remaining contractual life of options as at March 31, 2024 is 4.28 years.

* Pursuant to resolution by The Board of Directors of the Company in its meeting held on February 01, 2024 and shareholders of the Company in the Extraordinary General Meeting held on March 11, 2024 approved the sub-division of shares from ₹ 2 per share to ₹ 1 per share and also approved the bonus share in the ratio of 1:1. Consequently, in terms of the Employee Stock Option Scheme of the Company, the grant price and the number of outstanding stock options in respect of stock options granted under the Employee Stock Option Scheme were proportionately adjusted.

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.

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 (c)	ESOP - I (b) and II (d)	ESOP - I (c) and II (e)
Grant Date	15-Oct-18	02-Apr-19	05-Nov-20	05-Aug-22	05-May-23
Exercise price (₹)*	62.34	149.07	149.07	300.00	300.00
Expected life of the option (Years)	4.50 to 7.50	4.50 to 7.50	1.50 to 4.50	4.50 to 7.50	4.00 to 6.76
Annual Dividend yield	Nil	Nil	Nil	Nil	Nil
Expected volatility	0.30	0.30	0.47	0.46	0.44
Risk free rate	7.81% to 7.98%	7.81% to 7.98%	3.82% to 5.01%	6.89% to 7.39%	7.02% to 7.09%
Fair value per share options (₹)	24.34 to 32.97	58.16 to 78.79	43.93 to 75.37	129.53 to 167.73	169.71 to 237.16
Market price (₹)	62.35	149.07	159.08	310.01	393.26

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

* Pursuant to resolution by The Board of Directors of the Company in its meeting held on February 01, 2024 and shareholders of the Company in the Extraordinary General Meeting held on March 11, 2024 approved the sub-division of shares from ₹ 2 per share to ₹ 1 per share and also approved the bonus share in the ratio of 1:1. Consequently, in terms of the Employee Stock Option Scheme of the Company, the grant price and the number of outstanding stock options in respect of stock options granted under the Employee Stock Option Scheme were proportionately adjusted.

Notes to the Financial Statements

as at and for the year ended March 31, 2024

(₹ in lakh except otherwise stated)

42 Transfer of financial assets

42.1 Transfer of financial assets that do not result in derecognition

The Company has transferred its receivables through securitisation 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 derecognised in their entirety and associated liabilities:

Particulars	As at March 31, 2024	As at March 31, 2023
Securitisation		
Carrying amount of assets	1,81,016.91	1,18,213.76
Carrying amount of associated liabilities	1,51,022.01	1,00,593.88
Fair value of assets (A)	1,85,608.55	1,21,405.85
Fair value of associates liabilities (B)	1,51,033.71	1,00,747.88
Net position at fair value (A-B)	34,574.84	20,657.97

42.2 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	As at March 31, 2024	As at March 31, 2023
Direct assignment		
Carrying amount of transferred assets measured at amortised cost	1,01,260.29	52,184.82
Carrying amount of exposures retained by the company at amortised cost	11,540.51	5,218.48
Gain on sale of the derecognised financial assets	9,632.78	6,211.58

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 recognised on the date of derecognition itself as interest strip receivable and correspondingly recognised as gain on derecognition of financial asset.

42.3 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.

Notes to the Financial Statements

as at and for the year ended March 31, 2024

(₹ in lakh except otherwise stated)

43 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, 2024				As at March 31, 2023			
	FVTPL	FVTOCI	Amortised cost	Total	FVTPL	FVTOCI	Amortised cost	Total
Financial assets								
Cash and cash equivalents	-	-	40,999.64	40,999.64	-	-	75,748.71	75,748.71
Bank balance other than cash and cash equivalents	-	-	1,55,476.42	1,55,476.42	-	-	46,230.76	46,230.76
Derivative financial instruments	1,980.01	-	-	1,980.01	2,508.06	-	-	2,508.06
Receivables								
Other receivables	-	-	7.41	7.41	-	-	1,075.13	1,075.13
Loans	-	-	9,64,384.41	9,64,384.41	-	-	6,99,039.30	6,99,039.30
Investments	28,754.70	-	-	28,754.70	52,611.88	-	-	52,611.88
Other financial assets	-	-	14,356.86	14,356.86	-	-	7,968.05	7,968.05
Total	30,734.71	-	11,75,224.74	12,05,959.45	55,119.94	-	8,30,061.95	8,85,181.89
Financial liabilities								
Derivative financial instruments	67.70	-	-	67.70	37.69	-	-	37.69
Debt securities	-	-	1,53,655.91	1,53,655.91	-	-	1,71,495.99	1,71,495.99
Borrowings (other than debt securities)	-	-	7,39,832.06	7,39,832.06	-	-	5,32,818.22	5,32,818.22
Other financial liabilities	-	-	24,024.88	24,024.88	-	-	15,722.23	15,722.23
Total	67.70	-	9,17,512.85	9,17,580.55	37.69	-	7,20,036.44	7,20,074.13

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, 2024				As at March 31, 2023			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Derivative financial instruments	-	1,980.01	-	1,980.01	-	2,508.06	-	2,508.06
Investments								
Security receipt of ARC	-	3,912.51	-	3,912.51	-	2,493.13	-	2,493.13
Mutual funds units	-	-	-	-	-	2,542.89	-	2,542.89
Alternative investment funds (AIF) units	-	-	-	-	-	444.94	-	444.94
Debt securities	-	24,842.19	-	24,842.19	-	47,130.92	-	47,130.92
Total	-	30,734.71	-	30,734.71	-	55,119.94	-	55,119.94
Financial liabilities								
Derivative financial instruments	-	67.70	-	67.70	-	37.69	-	37.69
Total	-	67.70	-	67.70	-	37.69	-	37.69

Notes to the Financial Statements

as at and for the year ended March 31, 2024

(₹ in lakh except otherwise stated)

Financial instruments measured at amortised cost

Particulars	As at March 31, 2024			As at March 31, 2023		
	Carrying amount	Fair value	Fair value hierarchy	Carrying amount	Fair value	Fair value hierarchy
Financial assets						
Loans	9,64,384.41	10,15,936.27	Level 3	6,99,039.30	7,28,736.10	Level 3
Total	9,64,384.41	10,15,936.27		6,99,039.30	7,28,736.10	
Financial liabilities						
Debt securities	1,53,655.91	1,55,064.33	Level 3	1,71,495.99	1,74,872.16	Level 3
Borrowings (other than debt securities)	7,39,832.06	7,50,589.90	Level 3	5,32,818.22	5,42,557.39	Level 3
Total	8,93,487.97	9,05,654.23		7,04,314.21	7,17,429.55	

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.

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 maximise 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

Notes to the Financial Statements

as at and for the year ended March 31, 2024

(₹ in lakh except otherwise stated)

Instrument type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
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 cash flows 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. The fair value of Interest Rate Swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.	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

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.

44 Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk; and
- 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:

Notes to the Financial Statements

as at and for the year ended March 31, 2024

(₹ in lakh except otherwise stated)

- Adheres to procedures described in various policies approved by the board from time to time by implementing adequate financial controls.
- Communicates various policies to the stakeholders through suitable training and communication and periodical review of its relevance in changing business atmosphere.
- Identifies risks and promotes proactive approach for treating such risks.
- Allocates adequate and timely resources to mitigate, manage and minimise 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.
- Optimises 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. 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, 2024	As at March 31, 2023
Loans	9,67,288.21	7,05,474.17
Others	14,054.00	7,377.44
Total	9,81,342.21	7,12,851.61

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, 2024					As at March 31, 2023				
	Stage 1	Stage 2	Stage 3	Regulatory Stage 3	Total	Stage 1	Stage 2	Stage 3	Regulatory Stage 3	Total
Gross Loans										
Neither past due nor impaired	8,45,717.47	-	-	484.73	8,46,202.20	6,13,407.02	-	-	419.81	6,13,826.83
Past due but not impaired										
01-30 days past due	59,902.55	-	-	1,420.39	61,322.94	51,302.15	-	-	1,111.87	52,414.02
31-90 days past due	-	28,014.23	-	10,947.22	38,961.45	-	18,810.20	-	6,836.13	25,646.33
Impaired (more than 90 days)	-	-	20,801.62	-	20,801.62	-	-	13,587.00	-	13,587.00
Others	12,619.04	757.11	556.61	121.24	14,054.00	6,546.39	610.20	220.84	-	7,377.43
	9,18,239.06	28,771.34	21,358.23	12,973.58	9,81,342.21	6,71,255.56	19,420.40	13,807.84	8,367.81	7,12,851.61
Expected credit loss ratio	0.40%	10.24%	40.97%	12.54%	1.73%	0.99%	8.76%	32.26%	12.27%	1.94%
Impairment loss allowance	(3,633.06)	(2,946.55)	(8,751.40)	(1,626.79)	(16,957.80)	(6,630.09)	(1,700.82)	(4,454.45)	(1,026.95)	(13,812.31)
Net Loans	9,14,606.00	25,824.79	12,606.83	11,346.79	9,64,384.41	6,64,625.47	17,719.58	9,353.39	7,340.86	6,99,039.30

Notes to the Financial Statements

as at and for the year ended March 31, 2024

(₹ in lakh except otherwise stated)

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 property.

Quantitative information of collateral

The Company monitors its exposure to loan portfolio using the Loan To Value (LTV) ratio, which is calculated as the ratio of the gross amount of the loan to the value of the collateral. The value of the collateral for retail loans except loan against property is derived by writing down the asset cost at origination by 12.50% p.a on reducing balance basis.

Quantitative information of collateral - secured loans

Collateral coverage	Collateral value of loans	
	As at March 31, 2024	As at March 31, 2023
Less than 50% coverage	6.06	37.31
51% to 70% coverage	410.72	305.07
71% to 90% coverage	4,313.12	2,971.45
91% to 100% coverage	19,351.89	15,068.29
More than 100% coverage	17,31,175.88	12,63,982.95
Total	17,55,257.67	12,82,365.07

Quantitative information of collateral - credit impaired assets

Collateral coverage	Collateral value of loans			
	As at March 31, 2024		As at March 31, 2023	
	Stage 3	Regulatory Stage 3	Stage 3	Regulatory Stage 3
Less than 50% coverage	3.58	0.23	35.96	-
51% to 70% coverage	409.46	-	293.92	5.47
71% to 90% coverage	4,004.85	18.73	2,422.42	90.96
91% to 100% coverage	3,092.34	487.42	2,553.08	286.62
More than 100% coverage	26,562.89	23,257.80	35,138.91	17,469.18
Total	34,073.12	23,764.18	40,444.29	17,852.23

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, 2024	As at March 31, 2023
A - Northern state	8,10,771.47	5,89,849.23
B - Western state	1,70,570.74	1,23,002.38
Total	9,81,342.21	7,12,851.61

Notes to the Financial Statements

as at and for the year ended March 31, 2024

(₹ in lakh 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 categorises 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 (EAD x PD x LGD) 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 historical movement of default rates and future adjustment for macro-economic factor.

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.

Notes to the Financial Statements

as at and for the year ended March 31, 2024

(₹ in lakh except otherwise stated)

b An analysis of changes in gross carrying amount as follows:

	Stage 1	Stage 2	Stage 3	Regulatory stage 3	Total
Gross Loans					
Balance as at April 1, 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	5,53,798.40	5,426.13	1,715.71	1,344.95	5,62,285.19
Matured or repaid or derecognised	(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	6,71,255.56	19,420.40	13,807.84	8,367.81	7,12,851.61
Transfer to/from stage 1	2,281.37	(1,484.13)	(173.79)	(623.45)	-
Transfer to/from stage 2	(17,405.06)	17,548.33	(32.38)	(110.89)	-
Transfer to/from stage 3	(10,260.73)	(2,756.53)	14,553.57	(1,536.31)	-
Transfer to/from regulatory stage 3	(8,189.01)	(1,306.36)	(128.29)	9,623.66	-
New financial assets originated during the year	7,10,184.38	8,923.04	2,170.04	2,421.45	7,23,698.91
Matured or repaid or derecognised	(4,29,614.32)	(11,573.41)	(6,531.08)	(5,168.69)	(4,52,887.50)
Write-offs	(13.13)	-	(2,307.68)	-	(2,320.81)
Balance as at March 31, 2024	9,18,239.06	28,771.34	21,358.23	12,973.58	9,81,342.21

c Impairment loss allowance:

The following table shows reconciliations from the opening to the closing balance of the loss allowances:

	Stage 1	Stage 2	Stage 3	Regulatory stage 3	Total
Impairment loss allowance - Gross Loans					
Balance as at April 1, 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 derecognised	(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
Transfer to/from stage 1	59.42	(41.35)	(2.38)	(15.69)	-
Transfer to/from stage 2	(2,710.75)	2,721.91	(2.62)	(8.54)	-
Transfer to/from stage 3	(5,158.15)	(1,146.39)	6,952.60	(648.06)	-
Transfer to/from regulatory stage 3	(1,343.40)	(160.65)	(12.47)	1,516.52	-
New financial assets originated or impact of changes in credit risk during the year	10,739.73	876.25	495.93	433.96	12,545.87
Matured or repaid or derecognised	(4,583.88)	(1,004.04)	(3,134.11)	(678.35)	(9,400.38)
Balance as at March 31, 2024	3,633.06	2,946.55	8,751.40	1,626.79	16,957.80

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.

Notes to the Financial Statements

as at and for the year ended March 31, 2024

(₹ in lakh except otherwise stated)

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 securitisation transaction.

The Company uses debt funds and fixed deposit receipts to manage/ invest its available surplus. The Company has also taken the overdraft facilities on its investments in fixed deposits, and used as a working capital in an ordinary courses of business.

The asset liability management committee (ALCO) of the Company defines its risk management strategy and set the overall policies and procedures. The Liquidity risk management strategies are reviewed by the ALCO to align with changes to the external environments, including regulatory changes, business conditions and market developments.

Maturity profile of financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted.

Particulars	Carrying amount	Total	On demand	0 - 12 months	1-3 years	3-5 years	5+ years
As at March 31, 2024							
Non-derivative financial liabilities							
Debt securities	1,53,655.91	1,53,655.91	-	1,14,397.69	18,964.02	20,294.20	-
Borrowings (other than debt securities)	7,39,832.06	7,39,832.06	18,108.38	2,94,425.68	3,54,427.68	72,275.32	595.00
Other financial Liabilities	24,024.88	24,024.87	13,606.63	-	21.58	178.37	10,218.29
Derivative financial liabilities							
Market linked derivative	67.70	67.70	-	-	49.27	18.43	-

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	-	71,770.21	99,725.78	-	-
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
Other financial liabilities	15,722.23	15,722.23	8,483.09	57.76	606.41	720.56	5,854.42
Derivative financial liabilities							
Market linked derivative	37.69	37.69	-	10.26	27.43	-	-

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, 2024

(₹ in lakh 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, 2024	As at March 31, 2023
Fixed-rate instruments		
Financial assets	12,05,959.45	8,85,181.89
Financial liabilities	4,13,364.42	3,23,190.22
Variable-rate instruments		
Financial assets	-	-
Financial liabilities	5,04,216.13	3,96,883.91
Total Net	2,88,378.90	1,65,107.76

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 before tax by the amounts shown below. This analysis assumes that all other variables remain constant.

Particulars	As at March 31, 2024		As at March 31, 2023	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Variable rate instruments	5,042.16	(5,042.16)	3,968.84	(3,968.84)
Cash Flow Sensitivity	5,042.16	-5,042.16	3,968.84	-3,968.84

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 for 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.

Foreign currency risk (Continued)

Particulars	Currency	As at March 31, 2024	As at March 31, 2023
Financial liabilities in ₹	USD	31,736.15	19,545.56

Cash flow sensitivity analysis for foreign currency risk

The Company's policy is to fully hedge its foreign currency borrowings at the time of drawdown and remain so till repayment. Thus, there is no sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments. This analysis assumes that all other variables remain constant.

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, 2024

(₹ in lakh except otherwise stated)

iv. Hedging Policy

The Company hedging policy only allows for effective hedging relationships to be considered as hedges as per the relevant Ind AS. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Company enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item, and so a qualitative and quantitative assessment of effectiveness is performed.

Fair Value Hedge

The impact of the hedging instrument and hedged item on the balance sheet and statement of profit and loss (including other comprehensive income):

Hedging Instrument

The Notional value and Carrying amount for derivative has been shown under note 6. The change in fair value of the derivative has been shown under note 25.

Hedge Ratio

The foreign exchange forward and currency swap contracts are denominated in the same currency as the highly probable future foreign currency principal and interest payments, therefore the hedge ratio is 1:1.

45 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, 2024			As at March 31, 2023		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	40,999.64	-	40,999.64	75,748.71	-	75,748.71
Bank balance other than cash and cash equivalents	1,21,363.78	34,112.64	1,55,476.42	42,922.50	3,308.26	46,230.76
Derivative financial instruments	-	1,980.01	1,980.01	-	2,508.06	2,508.06
Receivables						
Other receivables	7.41	-	7.41	1,075.13	-	1,075.13
Loans	3,12,986.61	6,51,397.80	9,64,384.41	2,37,517.59	4,61,521.71	6,99,039.30
Investments	11,801.12	16,953.58	28,754.70	43,507.67	9,104.21	52,611.88
Other financial assets	2,571.60	11,785.26	14,356.86	4,197.79	3,770.26	7,968.05
Total financial assets	4,89,730.16	7,16,229.29	12,05,959.45	4,04,969.39	4,80,212.50	8,85,181.89
Non-financial assets						
Current tax assets (net)	-	2,310.37	2,310.37	-	2,228.52	2,228.52
Deferred tax assets (net)	-	1,972.62	1,972.62	-	2,640.19	2,640.19
Property, plant and equipment	-	17,972.99	17,972.99	-	13,264.05	13,264.05
Capital work-in-progress	-	208.37	208.37	-	417.56	417.56
Intangible assets under development	-	-	-	-	112.40	112.40
Other intangible assets	-	1,356.31	1,356.31	-	1,035.14	1,035.14
Other non-financial assets	965.72	166.39	1,132.11	516.40	169.62	686.02
Total non-financial assets	965.72	23,987.05	24,952.77	516.40	19,867.48	20,383.88
Total assets	4,90,695.88	7,40,216.34	12,30,912.22	4,05,485.79	5,00,079.98	9,05,565.77

Notes to the Financial Statements

as at and for the year ended March 31, 2024

(₹ in lakh except otherwise stated)

Particulars	As at March 31, 2024			As at March 31, 2023		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
LIABILITIES						
Financial liabilities						
Derivatives financial instruments	-	67.70	67.70	10.26	27.43	37.69
Debt securities*	1,14,397.69	39,258.22	1,53,655.91	71,770.21	99,725.78	1,71,495.99
Borrowings (other than debt securities)	3,12,534.06	4,27,298.00	7,39,832.06	2,14,871.00	3,17,947.22	5,32,818.22
Other financial liabilities	13,606.64	10,418.24	24,024.88	8,540.84	7,181.39	15,722.23
Sub total	4,40,538.39	4,77,042.16	9,17,580.55	2,95,192.31	4,24,881.82	7,20,074.13
Non-Financial liabilities						
Provisions	120.61	1,351.77	1,472.38	74.91	981.27	1,056.18
Other non-financial liabilities	1,001.19	-	1,001.19	1,061.57	-	1,061.57
Sub total	1,121.80	1,351.77	2,473.57	1,136.48	981.27	2,117.75
Total Liabilities	4,41,660.19	4,78,393.93	9,20,054.12	2,96,328.79	4,25,863.09	7,22,191.88

* Debt securities includes put options of Nil (March 31, 2023 ₹ 5,250.00 lakh), 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.

46 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 & borrowing as may be appropriate. The Company determines the amount of capital required on the basis of operations, capital expenditure and strategic investment plans.

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. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

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 maximise shareholder value.

Particulars	As at March 31, 2024	As at March 31, 2023
Tier I capital	2,78,481.04	1,65,006.73
Tier II capital	-	3,753.05
Total Capital funds	2,78,481.04	1,68,759.78
Risk weighted assets	8,22,434.85	6,46,562.00
Tier I Capital ratio	33.86%	25.52%
Total Capital ratio	33.86%	26.10%

Tier I capital comprises of shareholders' equity and retained earnings. Tier II Capital comprises of general provision and loss reserves (12 month expected credit losses). Credit enhancement relating to securitisation transactions have been adjusted against Tier I and Tier II capital in accordance with RBI circular DOR (NBFC). CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020. Tier 1 and Tier II capital have been reported based on financial statements of the Company and as prescribed by RBI guidelines. Risk weighted assets represents the weighted sum of Company's credit exposures based on their risk as prescribed by RBI guidelines.

Notes to the Financial Statements

as at and for the year ended March 31, 2024

(₹ in lakh except otherwise stated)

47 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. Presently, the Company's operations are predominantly confined in India. There are no individual customer contributing more than 10% of Company's total revenue. All non-current assets other than financial instruments, deferred tax assets, post-employment benefit assets of the Company are located in India.

48 Revenue from contracts with customers

a) The Company has recognised following amounts relating to revenue in the statement of profit and loss (including other comprehensive income):

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Fees and commission income (refer note 24)	6,165.22	3,947.59
Income from support services (refer note 27)	595.25	1,078.16
Total revenue	6,760.47	5,025.75

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, 2024	As at March 31, 2023
Primary geographical market		
India	6,760.47	5,025.75
Total	6,760.47	5,025.75
Major products/service lines		
Income from support services (refer note 27)	595.25	1,078.16
Fees and commission income (refer note 24)	6,165.22	3,947.59
Total	6,760.47	5,025.75
Timing of revenue recognition		
At a point in time	6,760.47	5,025.75
Over a period of time	-	-
Total	6,760.47	5,025.75

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

Particulars	As at March 31, 2024	As at March 31, 2023
Contracts assets	-	-
Contracts liabilities	-	-
Other receivables	7.41	1,075.13

Notes to the Financial Statements

as at and for the year ended March 31, 2024

(₹ in lakh except otherwise stated)

49 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, 2024	As at March 31, 2023
Principal amount due to suppliers under MSMED Act, as at the year end	108.66	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	-	-

50 Analytical Ratios

Ratio	As at March 31, 2024	As at March 31, 2023	% 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	33.86%	26.10%	29.73%	Increase in CRAR is due to infusion of equity share capital
Tier I CRAR Numerator : Tier I capital Denominator: Total risk weighted assets	33.86%	25.52%	32.68%	Increase in CRAR is due to infusion of equity share capital
Tier II CRAR Numerator : Tier II capital Denominator: Total risk weighted assets	0.00%	0.58%	-100.00%	Decrease on account of increase in amount of credit enhancement for Securitisation.
Liquidity Coverage Ratio Numerator : High quality liquid assets amount (HQLA) Denominator: Total net cash flow amount	168.85%	94.85%	78.03%	Increase in HQLA on account of higher liquidity maintained and decrease in in borrowings outflow.

RBI disclosures from Notes 51 to 89 have been prepared as per RBI Circulars / Notification / Master Direction / Scale Based Regulation etc. basis Ind-AS financial statements

51 Capital adequacy ratio

Particulars	As at March 31, 2024	As at March 31, 2023
CRAR (%)	33.86%	26.10%
CRAR-Tier- I capital (%)	33.86%	25.52%
CRAR-Tier- II capital (%)	0.00%	0.58%
Amount of subordinated debt raised as Tier-II capital	-	-
Amount raised by issue of perpetual debt instruments	-	-

Notes to the Financial Statements

as at and for the year ended March 31, 2024

(₹ in lakh except otherwise stated)

52 Investments

Particulars	As at March 31, 2024	As at March 31, 2023
(1) Value of investments		
(i) Gross value of investments		
(a) In India	28,754.70	52,611.88
(b) Outside India	-	-
(ii) Provision for depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net value of investments		
(a) In India	28,754.70	52,611.88
(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	-	-

53 Derivatives

The Company has market linked derivatives contracts as at March 31, 2024: Nil. (March 31, 2023: ₹ 37.69 lakh).

a) Forward Rate Agreement / Interest Rate Swap

S No	Particulars	As at March 31, 2024	As at March 31, 2023
i)	The notional principal of swap agreements	48,554.55	17,642.13
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	1,912.31	2,508.06

*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 and holds interest rate swaps against some of its term loan from banks.

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

- 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.
- 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.

Notes to the Financial Statements

as at and for the year ended March 31, 2024

(₹ in lakh except otherwise stated)

Market/Price risk arising from the fluctuations of interest rates and foreign exchange rates or from other factors shall be closely monitored and controlled. Normally transaction entered for hedging, will run over the life of the underlying instrument, irrespective of profit or loss. Liquidity risk is controlled by restricting counterparties to those who have adequate facility, sufficient information, and sizable trading capacity and capability to enter into transactions in any markets around the world.

iii) The respective functions of trading, confirmation and settlement should be performed by different personnel. The front office and back-office role is well defined and segregated. All the derivatives transactions are quarterly monitored and reviewed. All the derivative transactions have to be reported to the board of directors on every quarterly board meetings including their financial positions.

iv) Refer note 2 for detailed accounting policies on derivatives and hedge accounting.

Quantitative Disclosures

S No	Particulars	As at March 31, 2024		As at March 31, 2023	
		Currency Derivatives*	Interest Rate Derivatives#	Currency Derivatives*	Interest Rate Derivatives
(i)	Derivatives (Notional Principal Amount) For hedging	29,890.86	-	17,642.13	-
	Derivatives (Notional Principal Amount)	-	18,663.69	-	-
(ii)	Marked to Market Positions				
	a) Asset (+)	1,980.01	-	2,508.06	-
	b) Liability (-)	-	(67.70)	-	-
(iii)	Credit Exposure	-	-	-	-
(iv)	Unhedged Exposures	-	-	-	-

* Cross currency swap

Interest rate swap

54 Disclosure pursuant to RBI notification : Details of securitisation transactions

S No	Particulars	As at March 31, 2024	As at March 31, 2023
1	No of SPEs holding assets for securitisation transactions originated by the originator (only the SPVs relating to outstanding securitisation exposures to be reported here)	15	13
2	Total amount of securitised assets as per books of the SPEs	1,82,493.23	1,21,411.19
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
	b) On-balance sheet exposures		
	First loss	11,406.01	4,762.63
	(Cash collateral term deposits with banks)		
	Others*	31,802.80	21,639.63
4	Amount of exposures to securitisation transactions other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own securitisations		
	First loss	-	-
	Others	-	-
	ii) Exposure to third party securitisations		
	First loss	-	-
	Others	-	-

Notes to the Financial Statements

as at and for the year ended March 31, 2024

(₹ in lakh except otherwise stated)

S No	Particulars	As at March 31, 2024	As at March 31, 2023
	b) On-balance sheet exposures		
	i) Exposure to own securitisations		
	First loss	-	-
	Others	-	-
	ii) Exposure to third party securitisations		
	First loss	-	-
	Others	-	-
5	Sale consideration received for the securitised assets and gain/loss on sale on account of securitisation	2,98,870.00	1,78,051.01
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	11,406.01	4,762.63
	- Corporate guarantee		
	(a) Amount paid	-	-
	(b) Repayment received	-	-
	(c) Outstanding amount	-	990.99
8	Average default rate of portfolios observed in the past	0.98%	3.09%
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 securitisation investments.

55 Disclosure pursuant to RBI notification : Loans not in default/stressed loans transferred and acquired to/from other entities

a) Details of loans (not in default) transferred through assignment

S No	Particulars	As at March 31, 2024	As at March 31, 2023
(i)	Amount of loan accounts assigned	1,01,260.29	52,184.82
(ii)	Retention of beneficial economic interest (MRR)	10%-15%	10%
(iii)	Weighted average maturity (Residual Maturity)	44 Months	35 Months
(iv)	Weighted average holding period	17 Months	15 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, 2024

(₹ in lakh except otherwise stated)

b) Details of loans (not in default) acquired through assignment

S No	Particulars	As at March 31, 2024	As at March 31, 2023
(i)	Amount of loan accounts assigned (₹ in lakh)	-	676.66
(ii)	Retention of beneficial economic interest (MRR)	-	10%
(iii)	Weighted average maturity (Residual Maturity)	-	24 Months
(iv)	Weighted average holding period	-	24 Months
(v)	Coverage of tangible security coverage	-	100%
(vi)	Rating-wise distribution of rated loans	-	Unrated

c) Details of stressed loans transferred

S No	Particulars	As at March 31, 2024 To asset reconstruction companies (ARC)		As at March 31, 2023 To asset reconstruction companies (ARC)	
		NPA*	SMA	NPA*	SMA
(i)	No. of accounts	5,173.00	-	4,185.00	-
(ii)	Aggregate principal outstanding of loans transferred	8,574.25	-	8,572.28	-
(iii)	Weighted average residual tenor of the loans transferred	less than 2 years	-	less than 3 years	-
(iv)	Net book value of loans transferred (at the time of transfer)	5,952.97	-	6,734.72	-
(v)	Aggregate consideration	5,890.00	-	6,000.00	-
(vi)	Additional consideration realised in respect of accounts transferred in earlier years	-	-	-	-

*Including written off loans for the year ended March 31, 2024: 1,714.57 lakh (March 31, 2023: ₹ 1,012 lakh)

The Company has not reversed any amount of provision in Statement of Profit and Loss (including other comprehensive income) 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, 2024 and March 31, 2023.

e) Details of ratings of SRs outstanding :

Rating	Rating Agency	Recovery Rating	As at March 31, 2024	As at March 31, 2023
			Gross Value of outstanding SRs*	Gross Value of outstanding SRs
RR1+	India Rating & Research	More than 150%	1.10	604.40
RR2	India Rating & Research	75%-100%	2,225.30	-

* The rating for the SRs of gross value ₹ 2,870 lakh are unrated till approval of financials and rating will be obtained in due course of time as per RBI circular RBI/DOR/2024-25/116 DoR.FIN.REC.16/26.03.001/2024-25 dated April 24, 2024.

Notes to the Financial Statements

as at and for the year ended March 31, 2024

(₹ in lakh except otherwise stated)

56 Asset liability management

Maturity pattern of certain items of assets and liabilities as per RBI guidelines.

As at March 31, 2024

Particulars	Liabilities			Assets		
	Foreign currency liability	Borrowings from banks	Market borrowings	Advances	Deposits*	Investments
1 to 7 days	-	3,546.58	12,181.17	31,884.08	108.48	1,105.94
8 to 14 days	-	10,749.29	979.93	426.86	5.76	18.91
15 to 30/31 days	-	10,042.36	2,056.90	1,721.88	1,006.12	2,353.76
Over one month to 2 months	-	29,809.76	25,269.54	23,291.87	51,680.77	3,212.79
Over 2 months upto 3 months	1,661.91	27,546.10	2,078.96	34,026.49	2,706.63	208.90
Over 3 months to 6 months	561.38	55,084.44	30,024.39	73,938.09	10,974.58	3,003.93
Over 6 months to 1 year	2,039.13	1,57,994.65	55,305.26	1,49,812.09	58,510.33	1,896.89
Over 1 year to 3 years	7,869.12	3,44,870.07	20,652.50	4,50,332.32	33,543.58	8,953.74
Over 3 years to 5 years	4,894.82	87,671.92	2.78	1,78,265.45	569.06	1,944.71
Over 5 years	-	595.01	-	37,643.08	-	6,055.13
Total	17,026.36	7,27,910.18	1,48,551.43	9,81,342.21	1,59,105.31	28,754.70

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

* Deposit is in the form of term deposits with banks.

The Company has no foreign currency assets.

57 Disclosure on Restructured Accounts

The Company has not restructured any non-performing financial assets during the financial year ended March 31, 2024 and March 31, 2023.

Notes to the Financial Statements

as at and for the year ended March 31, 2024

(₹ in lakh except otherwise stated)

58 Exposure to real estate sector

S No	Particulars	As at March 31, 2024	As at March 31, 2023
(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 securitised 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
Total Exposure to real estate sector		-	1,153.57

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.

59 Exposure to capital market

S No	Particulars	As at March 31, 2024	As at March 31, 2023
(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
c)	Category III	-	-
Total Exposure to Capital Market		-	444.94

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, 2024

(₹ in lakh except otherwise stated)

60 Sectoral exposure

S No	Sectors	As at March 31, 2024			As at March 31, 2023		
		Total exposure*	Gross NPAs to total exposure in that sector	% of Gross NPAs to total exposure in that sector	Total exposure*	Gross NPAs to total exposure in that sector	% of Gross NPAs to total exposure in that sector
1	Agriculture and Allied Activities	-	-	-	-	-	-
2	Industry	-	-	-	-	-	-
3	Services	-	-	-	-	-	-
4	Personal Loans	1,81,993.51	4,044.72	2.22%	1,13,721.49	2,587.59	2.28%
5	Others						
Auto loans		7,99,348.70	30,287.09	3.79%	5,99,130.12	19,588.05	3.27%

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 Intra-group exposures

The Company does not have any intra-group exposures for the year ended March 31, 2024 and March 31, 2023.

62 Unhedged foreign currency exposure

The Company has nil unhedged foreign currency exposure as at March 31, 2024 and March 31, 2023. Refer note 44 for policies to manage induce currency risk.

63 Related Party Transactions

Refer note 38 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 related to mentioned transactions during the years.

64 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, 2024	As at March 31, 2023
Complaints received by the NBFC from its customers		123	3
1	No. of complaints pending at the beginning of the year	6,848	2,116
2	No. of complaints received during the year	6,851	1,996
3	No. of complaints disposed during the year	798	228
3.1	Of which, No. of complaints rejected by the NBFC*	120	123
4	No. of complaints pending at the end of the year**		
Maintainable complaints received by the NBFC from office of ombudsman			
5	No. of maintainable complaints received by the NBFC from office of ombudsman	13	66
5.1	Of 5, No. of complaints resolved in favour of the NBFC by office of ombudsman	13	66
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, 2024

(₹ in lakh 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, 2024					
Loans & Advances related	29	1,340	188.79%	27	-
Credit information corporation (CIC) updation related	6	288	10.34%	1	-
Mismatch in details related	19	661	155.21%	9	-
Foreclosure related	16	1,011	299.60%	11	-
Customer documents related	11	889	370.37%	11	-
Others	42	2,659	285.36%	61	-
Total	123	6,848	223.63%	120	-
As at March 31, 2023					
Loans & Advances related	1	464	2342.11%	29	-
Credit information corporation (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	-

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.

65 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, 2024 and March 31, 2023.

66 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. Currently an RBI inspection is on-going for FY 2022-23 and report is awaited from RBI.

67 Disclosure on modified opinion

The auditor have expressed an unmodified opinion for the year ended March 31, 2024 and March 31, 2023.

Notes to the Financial Statements

as at and for the year ended March 31, 2024

(₹ in lakh except otherwise stated)

68 Income and expenditure of exceptional nature

The Company has not booked any income or expenditure of exceptional nature during the year ended March 31, 2024 and March 31, 2023.

69 Details of financing of parent company products

These details are not applicable since the Company is not a subsidiary of any company.

70 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, 2024 and March 31, 2023.

71 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, 2024 and March 31, 2023.

72 Registration obtained from other financial sector regulators

The Company is not registered under any other regulator other than Reserve Bank of India.

73 Details of penalties imposed by RBI and other regulators

No penalty was levied during the year ended March 31, 2024 and March 31, 2023.

74 Details of ratings assigned by credit rating agencies and migration of ratings during the year

S. no.	Products	Rating assigned*	Previous rating assigned *
(i)	Non-convertible debentures	CARE AA-/Stable CRISIL A+/Positive ICRA Ltd AA-/Stable India Rating and Research AA-/Stable	CARE A+/Positive CRISIL A+/Stable ICRA A+/Positive
(ii)	Market Linked debentures	CARE PP-MLD AA-/Stable CRISIL PPMLD A+/Positive Withdrawn Acuite Rating and Research PPMLD AA-/Stable	CARE PP-MLD A+/Positive CRISIL PP-MLD A+/Stable ICRA PP MLD A+/Positive Acuite Rating and Research AA-/Stable
(iii)	Subordinated bonds	Withdrawn	CARE A+/Positive
(iv)	Loan facility	CARE AA-/Stable - India Rating and Research AA-/Stable Withdrawn	CARE A+/Positive CRISIL A+/Stable India Rating and Research A+/Stable Acuite Rating and Research AA-/Stable
(v)	Commercial paper	India Rating and Research A1+ -	India Rating and Research A1+ Acuite Rating and Research A1+

* Month of rating assigned relates to rating valid on March 31, 2024 and March 31, 2023.

75 Remuneration of non-executive directors

Name of Director	Nature of payment	As at March 31, 2024	As at March 31, 2023
1 Mr. Amar Lal Daultani	Sitting fees	24.14	15.37
2 Mr. Anand Raghavan	Sitting fees	23.66	14.93

Notes to the Financial Statements

as at and for the year ended March 31, 2024

(₹ in lakh except otherwise stated)

76 Provisions and contingencies

Break up of 'Provisions and Contingencies' shown under the head expenditure in Statement of Profit and Loss (including other comprehensive income)	For the year ended March 31, 2024	For the year ended March 31, 2023
Provisions for depreciation on investment	-	-
Provision towards NPA	6,483.17	3,311.99
Provision made towards Income tax / deferred tax	8,739.80	6,742.34
Other provision and contingencies (refer note 30)	491.31	249.10
Provision for standard assets	(2,109.72)	127.53

77 Draw down from reserves

The Company has not made any draw down from reserves during the year ended March 31, 2024 and March 31, 2023 except as shown in note 22.

78 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, 2024 and March 31, 2023.

79 Consolidated financial statements

The Company has no subsidiaries for consolidation.

80 Concentration of advances, exposures and NPA's

i) Concentration of advances

S. No.	Particulars	As at March 31, 2024	As at March 31, 2023
1	Total advances to twenty largest borrowers	1,184.60	1,084.57
2	Percentage of advances to twenty largest borrowers to total advances	0.12%	0.15%

ii) Concentration of exposures*

S. No.	Particulars	As at March 31, 2024	As at March 31, 2023
1	Total exposure to twenty largest borrowers / customers	29,325.25	49,391.10
2	Percentage of exposures to twenty largest borrowers / customers to total exposure on borrowers/ customers	2.95%	6.60%

* Exposure comprises of loan and investment exposure.

iii) Concentration of NPA's

S. No.	Particulars	As at March 31, 2024	As at March 31, 2023
1	Total exposure to top four NPA accounts	259.07	106.22

iv) Sector wise NPA % of NPAs to total advances in that sector

S. No.	Particulars	As at March 31, 2024	As at March 31, 2023
1	Agriculture & allied activities	-	-
2	MSME	-	-
3	Corporate borrowers	-	-
4	Services	-	-
5	Unsecured personal loans	-	-
6	Auto loans	3.79%	3.27%
7	Other personal loans	2.22%	2.28%

Notes to the Financial Statements

as at and for the year ended March 31, 2024

(₹ in lakh except otherwise stated)

81 Movement of non-performing assets (NPA's)

S. No.	Particulars	As at March 31, 2024	As at March 31, 2023
i)	Net NPAs to net advances (%)	2.47%	2.36%
ii)	Movement of Gross non-performing assets (Gross NPAs)		
a)	Opening balance	22,175.65	13,507.76
b)	Addition during the year	27,104.12	20,111.68
c)	Reduction during the year	(14,947.96)	(11,443.79)
d)	Closing balance	34,331.81	22,175.65
iii)	Movement of Net non-performing assets (Net NPAs)		
a)	Opening balance	16,694.25	9,647.32
b)	Addition during the year	18,365.64	15,179.83
c)	Reduction during the year	(11,106.27)	(8,132.90)
d)	Closing balance	23,953.62	16,694.25
iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
a)	Opening balance	5,481.40	3,860.44
b)	Provision made during the year	8,738.48	4,931.86
c)	Write-off / write-back of excess provisions	(3,841.69)	(3,310.89)
d)	Closing balance	10,378.19	5,481.40

82 Overseas assets (for those with joint ventures and subsidiaries abroad)

There are no overseas assets owned by the Company.

83 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, 2024 and March 31, 2023.

84 Disclosures on frauds pursuant to RBI Master direction

Frauds amounting to ₹ 14.85 lakh reported during the year ended March 31, 2024 and ₹ 14.81 lakh were reported during the year ended March 31, 2023.

85 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.

86 Loans to directors, senior officers and relatives of directors (w.e.f Oct 01, 2022)

Particulars	As at March 31, 2024	As at March 31, 2023
Directors and their relative	Nil	Nil
Entities associated with directors and their relatives	Nil	Nil
Senior Officers and their relatives	Nil	Nil

The Company has not provided any loans to directors, senior officers and relatives of directors, after they have been classified as KMP and SMP, during the year ended March 31, 2024 and March 31, 2023.

Notes to the Financial Statements

as at and for the year ended March 31, 2024

(₹ in lakh except otherwise stated)

87 Comparison of provisioning as per IRAC norms and Ind AS 109

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, 2024						
Performing assets						
Standard	Stage 1	9,18,239.06	3,633.06	9,14,606.00	3,693.90	(60.84)
	Stage 2	28,771.34	2,946.55	25,824.79	124.84	2,821.71
Subtotal		9,47,010.40	6,579.61	9,40,430.79	3,818.74	2,760.87
Non-performing assets (NPA)						
Substandard	Stage 3	17,725.87	7,237.45	10,488.42	3,531.06	3,706.39
Substandard	Regulatory stage 3	12,973.58	1,626.79	11,346.79	1,932.67	(305.88)
Doubtful - up to 1 year	Stage 3	3,601.05	1,500.81	2,100.24	1,356.85	143.96
1 to 3 years	Stage 3	26.41	11.11	15.30	12.38	(1.27)
More than 3 years	Stage 3	4.90	2.03	2.87	3.24	(1.21)
Subtotal for doubtful		3,632.36	1,513.95	2,118.41	1,372.47	141.48
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		34,331.81	10,378.19	23,953.62	6,836.20	3,541.99
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	Total	9,81,342.21	16,957.80	9,64,384.41	10,654.94	6,302.86

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
Substandard	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

Notes to the Financial Statements

as at and for the year ended March 31, 2024

(₹ in lakh 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
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	Total	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

In terms of requirement of Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, non-banking financial companies (NBFCs) are required to create an impairment reserve 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, 2024 and March 31, 2023 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, 2024

(₹ in lakh except otherwise stated)

88 Disclosure on Liquidity Risk Management Framework

Quantitative Disclosure on Liquidity Coverage Ratio (LCR) for the financial year 2023- 2024 is given below:

S. No.	Particulars	Quarter ended March 31, 2024		Quarter ended December 31, 2023		Quarter ended September 30, 2023		Quarter ended June 30, 2023	
		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)*	21,322.45	17,946.82	17,757.94	14,812.96	13,590.84	11,311.50	11,449.92	9,466.66
Cash outflows									
2	Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3	Unsecured wholesale funding	119.36	137.26	117.72	135.38	121.50	139.72	126.65	145.64
4	Secured wholesale funding	30,214.49	34,746.67	27,031.50	31,086.23	26,178.61	30,105.40	33,132.66	38,102.56
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	6,635.67	7,631.02	5,267.67	6,057.82	5,823.79	6,697.35	5,208.17	5,989.40
7	Other contingent funding obligations	-	-	-	-	-	-	-	-
8	TOTAL CASH OUTFLOWS	36,969.52	42,514.95	32,416.89	37,279.43	32,123.89	36,942.47	38,467.48	44,237.60
Cash Inflows									
9	Secured lending	-	-	-	-	-	-	-	-
10	Inflows from fully performing exposures	36,742.70	27,557.03	26,415.99	19,811.99	21,106.51	15,829.88	31,031.76	23,273.82
11	Other cash inflows	21,147.14	15,860.35	32,958.52	24,718.89	44,291.64	33,218.73	82,369.25	61,776.94
12	TOTAL CASH INFLOWS	27,727.14	31,886.21	24,312.67	27,959.57	24,092.92	27,706.85	28,850.61	33,178.20
13	TOTAL HQLA	17,946.82	14,812.96				11,311.50		9,466.66
14	TOTAL NET CASH OUTFLOWS	10,628.74	9,319.86				9,235.62		11,059.40
15	LIQUIDITY COVERAGE RATIO (%)	168.85%	158.94%				122.48%		85.60%

* HQLA includes cash and bank balance and investment in government backed securities.

Notes to the Financial Statements

as at and for the year ended March 31, 2024

(₹ in lakh except otherwise stated)

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%.

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

Notes to the Financial Statements

as at and for the year ended March 31, 2024

(₹ in lakh except otherwise stated)

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, 2024 and March 31, 2023 is 85% and 60% 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.

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, 2024	23	7,26,922.37	Not Applicable	79.01%
As at March 31, 2023	28	5,29,184.77	Not Applicable	73.27%

(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, 2024	5,07,414.15	56.79%
As at March 31, 2023	3,16,599.23	44.95%

(iv) Funding concentration based on significant instrument/product

Name of the instrument/product	As at March 31, 2024		As at March 31, 2023	
	Amount	% of Total liabilities	Amount	% of Total liabilities
Debt securities (including commercial paper)	1,53,655.91	16.70%	1,71,495.99	23.75%
Term loan from banks	5,12,454.70	55.70%	3,53,240.00	48.91%
Term loan from financial institutions-Secured	41,220.62	4.48%	53,822.60	7.45%
Associated liabilities under securitisation	1,51,022.01	16.41%	1,00,593.88	13.93%
External commercial borrowings	17,026.35	1.85%	19,545.56	2.71%
Short term borrowings	18,108.38	1.97%	5,616.18	0.78%

Notes to the Financial Statements

as at and for the year ended March 31, 2024

(₹ in lakh except otherwise stated)

(v) Stock Ratios:

Name of the instrument/product	As at March 31, 2024			As at March 31, 2023		
	Total public funds	Total liabilities	Total assets	Total public funds	Total liabilities	Total assets
Commercial paper, as a % of	Nil	Nil	Nil	Nil	Nil	Nil
Non-convertible debentures (original maturity of less than one year), as a % of	Nil	Nil	Nil	Nil	Nil	Nil
Other short term liabilities*, as a % of	49.43%	48.00%	35.88%	42.07%	41.03%	32.72%

* Other short term liabilities include all contractual obligation payable within a period of 1 year excluding commercial paper.

(vi) Institutional set-up for liquidity risk management

SK finance limited (SKFL) has constituted asset liability 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:

- 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.
- 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.
- Total liabilities has been computed as sum of all liabilities (balance sheet figure) less equities and reserves/surplus.
- Public funds are as defined in Master Direction - Reserve Bank of India (Non-Banking Financial Company -Scale Based Regulation) Directions, 2023 as amended.

89 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, 2024 as given below-

Type of Borrowers	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at September 30, 2023 (A) *	Of (A), aggregate debt that slipped into NPA during the half year ended March 31, 2024**	Of (A) amount written off during the half year ended March 31, 2024	Of (A) amount paid by the borrowers during the half year ended March 31, 2024	Exposure to accounts classified as standard consequent to implementation of resolution plan - position as at March 31, 2024
Personal Loans #	431.46	75.76 ##	-	133.21	222.49
Corporate persons	-	-	-	-	-
MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	431.46	75.76	-	133.21	222.49

* 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.

Includes loan transferred to ARC during the year.

Notes to the Financial Statements

as at and for the year ended March 31, 2024

(₹ in lakh except otherwise stated)

90 Figures for the previous year have been re-grouped / reclassified wherever necessary, to confirm to current year's classification. The details for regrouping are as follows:

- i) The gain on derecognition of financial instruments during the year ended March 31, 2023 amounting to ₹ 1719.90 million has been reclassified from 'Net gain on de-recognition of financial instruments under amortised cost category' to 'Interest income' for better presentation.

91 Note on the audit trail

The Company has two accounting software for maintaining its books of account. In respect of;

- i) One software relating to general ledger accounting, the audit trail (edit log) feature was enabled at application level changes (i.e. for transaction level and Master table level changes but not enabled at database level). The audit trail feature has operated throughout the year for transaction level changes and has not operated from April 1, 2023 to April 7, 2023 for Master table level changes. Further, the audit trail feature did not operate throughout the year at database level with regard to privileged/access rights. Accordingly, we are unable to assess whether there are any instances of audit trail feature being modified with in respect of the period when the audit trail feature did not operate. For the remaining period, the 3 instances of modification of audit trail feature were noticed on master table level changes (the feature was disabled and then enabled 3 times)
- ii) For the other software related to loan management system, the audit trail feature was enabled at application level and at database level. Further, at application level, audit trail feature was operated effectively throughout the year and no instances of modification with the audit trail feature was noted. Further also, on database level, sufficient appropriate evidence is not available to demonstrate whether the audit trail feature operated through the year or whether there was any instance of audit trail feature being modified with.

92 Other Statutory Information

- (i) The Company does not have any investment property.
- (ii) The Company does 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 ('RBI') as a 'Middle Layer' NBFC as per the Scale Based Regulations prescribed by the RBI, 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 period.
- (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

Notes to the Financial Statements

as at and for the year ended March 31, 2024

(₹ in lakh except otherwise stated)

- (ix) The Company has no such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- (x) During the period, 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, 2024 and 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'.

Material 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 28, 2024

Place : Jaipur

Date : May 28, 2024

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

Appendix to the financial statements

For the year ended March 31, 2024

Schedule to the balance sheet of a Non Deposit Taking Non-Banking Financial Company as required in terms of Annex-VIII of Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023

Particulars	Amount outstanding	Amount overdue
Liabilities side:		
	As at March 31, 2024	As at March 31, 2023
1. Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid:		
(a) Debentures : Secured	1,53,306.00	-
: Unsecured	349.91	-
(Other than falling within the meaning of public deposits)	-	-
(b) Deferred credits	-	-
(c) Term loans from bank	5,12,454.70	-
(d) Inter-corporate loans and borrowing	58,246.97	-
(e) Commercial paper	-	-
(f) Other loans:	-	-
Associated liabilities in respect of securitisation transactions	1,51,022.01	-
Loan from:		
(i) Directors	-	-
(ii) Shareholders	-	-
(iii) CC limit from bank	18,108.38	-
(iv) Unsecured loan from bank and institution	-	-
Assets side:		
	As at March 31, 2024	
2. Break-up of loans and advances including bills receivables [other than those included in (3) below] (net off provision on NPA):		
(a) Secured	9,54,634.88	
(b) Unsecured	9,749.53	
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	6,943.40	
(iii) Units of mutual funds	-	
(iv) Government securities	-	
(v) Others	-	
2. Unquoted:		
(i) Shares: (a) Equity	-	
(b) Preference	-	
(ii) Debentures and bonds	1,500.18	
(iii) Units of mutual funds	-	
(iv) Government securities	-	
(v) Others	-	
Units of alternative investment funds (AIF)	-	
Security receipt of ARC	3,357.56	

Particulars	Amount outstanding
Assets side:	
	As at March 31, 2024
Long term investments	
1. Quoted:	
(i) Shares: (a) Equity	-
(b) Preference	-
(ii) Debentures and bonds	16,398.62
(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	-
(iv) Government securities	-
(v) Others	-
Security receipt of ARC	554.95

5 Borrower group-wise classification of assets finances as in (2) and (3) above (Amount net of provisions*):	As at March 31, 2024		
Category	Secured	Unsecured	Total
1. Related parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2. Other than related parties*	9,54,634.88	9,749.53	9,64,384.41
Total	9,54,634.88	9,749.53	9,64,384.41

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, 2024	
Category	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related parties		
(a) Subsidiaries	-	-
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2. Other than related parties*	28,754.70	28,754.70

* As per Ind AS

7 Other information	As at March 31, 2024
Particular	Amount
i. Gross non-performing assets	
(a) Related parties	-
(b) Other than related parties	34,331.81
ii. Net non-performing assets	
(a) Related parties	-
(b) Other than related parties	23,953.62
iii. Assets acquired in satisfaction of debt	-

NOTICE

NOTICE is hereby given that the **30th (Thirtieth)** Annual General Meeting (“AGM/ Meeting”) of the members of **SK Finance Limited (the “Company”)** will be held on Wednesday, 07th August, 2024 at 10:30 A.M. Indian Standard Time (“**IST**”) 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, 2024 TOGETHER WITH THE REPORTS OF THE BOARD OF DIRECTORS AND AUDITORS THEREON.

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

ITEM No. 03 - TO APPOINT M/s DELOITTE HASKINS & SELLS, CHARTERED ACCOUNTANTS [FIRM REGISTRATION NUMBER: 117365W] AS STATUTORY AUDITORS OF THE COMPANY AND TO FIX THEIR REMUNERATION.

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

“**RESOLVED THAT** pursuant to the provisions of Section 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 (“**Act**”) read with the Companies (Audit and Auditors) Rules, 2014, Guidelines for Appointment of Statutory Central Auditors (SCAs)/ Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) bearing reference number (Ref.No.DoS.CO.ARG/SEC.01/08.91.001/2021-22) dated April 27, 2021 issued by Reserve Bank of India (‘RBI Guidelines’), other applicable regulations of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendment(s), modification(s), variation(s) or re-enactment(s) thereof for the time being in force), enabling provisions of the Articles of Association of the Company

read with board approved Policy for appointment of Statutory Auditors and based on the recommendation of the Audit Committee and the Board of Directors of the Company, consent of Members of the Company be and is hereby accorded to appoint M/s Deloitte Haskins & Sells, Chartered Accountants, (Firm Registration Number: 117365W) as the Statutory Auditors of the Company, to hold office for a period of 3 consecutive years from the conclusion of this AGM till the conclusion of 33rd AGM to be held in the calendar year 2027, subject to the fulfilment of the eligibility criteria by the Auditors for every year

RESOLVED FURTHER THAT the Board based on the recommendation of Audit Committee, be and is hereby authorised to decide and finalise the terms and conditions of appointment, including the overall audit fees of the Statutory Auditors.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to the foregoing resolution.”

SPECIAL BUSINESS:

ITEM NO.04 – TO APPROVE UTILIZATION OF SECURITIES PREMIUM ACCOUNT.

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

“**RESOLVED THAT** in supersession of the earlier resolution passed by the members of the Company on 01.12.2023, pursuant to the provisions of Section 52 and other applicable provisions, if any, of the Companies Act, 2013 read with the rules made thereunder (including any statutory modification(s) or any re-enactment(s) thereof for the time being in force), pursuant to Article 148 of the Articles of Association of the Company and based on the recommendation of Audit Committee and Board of Directors of the company, the consent of the members of the company be and is hereby accorded to authorise Board of Directors of the Company (hereinafter called “the Board” which term shall be deemed to include any Committee

thereof, which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution and with the power to delegate such authority to any person or persons), for the utilisation of Securities Premium Account up to an amount not exceeding ₹ 50.00 crore (Rupees Fifty crore only).

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to the foregoing resolution.”

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

Place: Jaipur

Date: 15th July, 2024

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

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

Anagha Bangur

Company Secretary & Compliance Officer

M. No.: F10697

NOTES:

1. The proceedings of the Annual General Meeting ("AGM") shall be deemed to be conducted at the Corporate Office of the Company at Plot No. 36, Dhuleshwar Garden, Jaipur- 302001 (Rajasthan).
2. The Ministry of Corporate Affairs, Government of India (the "MCA") General Circular no. 09/2023 dated September 25, and earlier circulars issued in this regards ("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.
3. The Securities and Exchange Board of India ("SEBI") vide Circular no. SEBI Circular No. SEBI/ HO/CFD/CFD-PoD-2/P/CIR/2023/167 dated October 07, 2023 and earlier circulars issued in this regards ("SEBI Circulars") had inter-alia, relaxed certain provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") related to dispatch of hard copy of Annual Report to the debenture holders, pursuant to relaxation granted by the Ministry of Corporate Affairs (MCA). In compliance with the MCA Circulars and SEBI Circulars, the Annual Report and notice of AGM shall be sent only by email to the Members, trustees, debenture-holders and to all other persons so entitled. Further, the notice of AGM shall be given only through emails registered with the Company or with the depository participant / depository.
4. 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 cs@skfin.in Members may note that the Notice and Annual Report for the Financial year 2023-24 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.
5. 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.
6. Since the AGM will be held through VC / OAVM, the Route Map is not annexed to this Notice.
7. 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/Authorisation 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 cs@skfin.in. Further, HUF members shall participate through Karta or any other member of HUF duly authorised by the Karta by way of authority letter.
8. Attendance of Members/Authorised Representatives through video conferencing shall be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act,2013.
9. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 setting out material facts and reasons in respect of the special business under Item No. 04 as set out above, are annexed hereto and forms part of this Notice.
10. 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 cs@skfin.in from their registered email address, mentioning their name, DPID and Client ID and mobile number latest by 5th August 2024 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.
11. 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.
12. 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 cs@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 & ShareTransfer 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: Hanumantha Rao Patri - Assistant Vice President – Corporate Registry Telephone No: +91 (040) 67162222
Email id: einward.ris@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 their respective depository participants.
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:**
 - a) Members can attend the AGM through Video Conferencing on 07th August, 2024 at 10:30 A.M. by clicking on the below mentioned link.
Please join the meeting from your computer, tablet or smartphone.
<https://meet.goto.com/568559717>
Join from a video-conferencing room or system.
Meeting ID: 568-559-717
Dial in or type: 67.217.95.2 or inroomlink.goto.com Or dial directly: 568559717@67.217.95.2 or 67.217.95.2##568559717
Get the app now and be ready when your first meeting starts: <https://meet.goto.com/install>
 - b) After clicking on the aforesaid link, a dialogue box will appear stating "Type your name here".
 - c) After entering the aforesaid details, please click on "Next Button" and Join the meeting.
 - d) The aforesaid link for joining the meeting through VC shall be active for participation on the date of the Meeting i.e. 07th August, 2024 from 10:15 A.M. (IST) till 10:45 A.M. (IST). The link will be disabled for participation after the said time of 10:45 A.M. (IST).
 - e) Members who need assistance before or during the meeting, can contact at +91-9001288882 or email at cs@skfin.in.

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

Anagha Bangur

Company Secretary & Compliance Officer

M. No.: F10697

Place: Jaipur

Date: 15th July, 2024

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

Annexure-I

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

ITEM NO.: 04

As per Section 52(1) of the Companies Act, 2013 securities premium account can be utilised only for purposes specified in Sub-section (2) of the Section 52 of the Companies Act, 2013 which is detailed below:

- Towards the issue of unissued shares of the company to the members of the company as fully paid bonus shares
- In writing off the preliminary expenses of the company;
- In writing off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company;
- In providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the company; or
- For the purchase of its own shares or other securities under section 68.

Further, the company in its meeting held on December 01, 2023 has approved the limit upto ₹ 30 crore for utilisation of Securities Premium Account. Owing to the current market scenario and proposed market conditions, it is proposed to approve the fresh limit of ₹ 50.00 crore (Rupees Fifty crore only) for spending the amount in the permissible items as mentioned above based on the recommendation of Audit Committee, Board of Directors and pursuant to Article 148 of the Articles of Association of the Company. Further, the proposed utilisation of Securities Premium Account would not in any way adversely affect the ordinary operations of the Company or the ability of the Company to honor its commitments or to pay its debts in the ordinary course of business.

In view of the above, the Board of Directors of the company recommends the passing of the resolution set out at **Item No. 4** for your approval as an ordinary resolution.

None of the Directors or Key Managerial Personnel of the Company or their respective relatives, are in any way concerned or interested, financially or otherwise, in the resolution set out at **Item No. 4** of the Notice except to the extent of their individual shareholding in the Company.

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	Ms. Debanshi Basu
Date of Birth	22 nd April, 1982
Age	42 Years
DIN	07135074
Date of first appointment on the Board	09 th November, 2020
Qualifications	Bachelor's in commerce and Chartered Accountant
Brief Profile	Debanshi Basu is a Non-Executive Director Nominee Director appointed on our Board on behalf of Baring Private Equity India AIF. She holds a bachelor's degree in commerce from Osmania University, Hyderabad, Telangana, India. She is also a chartered accountant certified by the Institute of Chartered Accountants of India. She has over 21 years of experience in the financial services sector. She was previously associated with Office Tiger Database Systems India Private Limited and Goldman Sachs India Securities Private Limited. She has been working with Baring Private Equity Partners Limited as senior principal since August 11, 2009
Other Directorships	1. Infracore Technologies Limited 2. Nehat Tech Solutions Private Limited 3. Nivara Home Finance Limited
Chairpersonship/ membership of Committees in other companies	Nil
Relationship with other Directors, manager Key Managerial Personnel of the Company	Not related to any Director, manager and Key Managerial Personnel of the Company
No. of equity shares held in the Company	Nil
No. of Board meetings attended during the Financial year 2023-24	14
Terms and conditions of appointment/ re-appointment	Liable to retire by rotation, No remuneration is paid to Nominee Director.
Remuneration last drawn	Nil
Remuneration sought to be paid	Nil

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

Place: Jaipur
Date: 15th July, 2024
Regd. Address: G 1-2, New Market, Khasa Kothi,
Jaipur – 302001 (Rajasthan)
Website: www.skfin.in Email: info@skfin.in

Anagha Bangur
Company Secretary & Compliance Officer
M. No.: F10697

Note

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

Mr. Anand Raghavan

Non-Executive Independent Director

Mr. Nanda Sameer Dave

Non-Executive Independent Director
(Appointed w.e.f 14.03.2024)

Mr. Mukul Mathur

Non-Executive Independent Director
(Appointed w.e.f 29.03.2024)

Ms. Simit Batra

Non-Executive Nominee Director
(Appointed w.e.f 13.06.2023)

Ms. Debanshi Basu

Non-Executive Nominee Director

Mr. Atul Arora

Chief Financial Officer

Ms. Anagha Bangur

Company Secretary & Compliance Officer

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

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

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

Debenture Trustees

Beacon Trusteeship Limited

5W, 5th Floor, The Metropolitan,
Bandra Kurla Complex, Bandra (East),
Mumbai, Maharashtra - 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

901, 9th Floor, Tower - B, Peninsula Business Park,
Senapati Bapat Marg, Lower Parel (W), Mumbai - 400013

Mitcon Trusteeship Services Limited

1402/1403, Dalamal Tower,
Free Press Journal Marg, 211, Nariman Point,
Mumbai - 400 021



SK Finance Limited

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CIN U65923RJ1994PLC009051 | GSTIN 08AAACE5115F1Z2