# Legal Due Diligence Report

## 1. Overview and Business of the Company

### 1.1 Business of the company

* SK Finance Limited is a finance company with a differentiated approach specializing in facilitating financial inclusion for the unserved and underserved sections of society. (Source: Annual\_Report\_21\_22\_0df1be1962-pdf.txt)
* Known for a customer-first and personalized approach with over 29 years of experience as a trusted NBFC in India. (Source: https:\_\_www.skfin.in\_about\_board-of-directors.txt)
* Business segments include funding for used and new commercial vehicles, tractors, two-wheelers, and MSMEs. (Source: Annual\_Report\_21\_22\_0df1be1962-pdf.txt)
* Products offered include Commercial Vehicle Loan, Car Loan, Tractor Loan, Construction Equipment Loan, Two-wheeler Loan, Secured Business Loan, and Home Renovation - Mortgage Loan. (Source: https:\_\_www.skfin.in\_about\_board-of-directors.txt)

### 1.2 Key Information (from file: Annual\_Report\_21\_22\_0df1be1962-pdf.txt)

* Business segments:
  + Commercial Vehicles, Tractors, Cars, Two-wheelers, and MSMEs.
* Branches:
  + Total branches: 423 across 10 states and union territories.
* Any other key details:
  + Presence in states: Rajasthan, Haryana, Madhya Pradesh, Chhattisgarh, Gujarat, Himachal Pradesh, Maharashtra, Uttarakhand, Punjab, and Delhi NCR.
  + Over 60 active lending partnerships with major institutions.
  + Investor profiles include Norwest Venture Partners, Texas Pacific Group, Evolvence Coinvest, Baring Private Equity India AIF, Karma Holdings Mauritius Limited, IIFL Special Opportunities Fund, MIT Investment Management Company, and others.

### 1.3 Key Findings (from file: Annual\_Report\_21\_22\_0df1be1962-pdf.txt)

* Financial Performance:

|  |  |
| --- | --- |
| **Key Performance Indicators for 2021-22** | **Value** |
| AUM | ₹4,714 crore |
| Disbursements | ₹3,226 crore |
| Net Profit | ₹143 crore |
| Capital Adequacy | 30.4% |
| Gross Stage 3 assets | 2.83% |
| Net Stage 3 assets | 2.04% |

* Other Key Findings:
  + Digital initiatives include AI chatbot for customer service, integrated WhatsApp communication, paperless processes, and AI-based recommendation systems.

## 2. Corporate Details (from file: https:\_\_www.tofler.in\_sk-finance-limited\_company\_U65923RJ1994PLC009051\_financials.txt)

### 2.1 Corporate Overview

|  |  |
| --- | --- |
| **Attribute** | **Details** |
| Name of the company | SK Finance Limited |
| Registered office | 36, Dhuleshwar Garden, Jaipur-302001 |
| Date of Incorporation | 1994 |
| Place of Incorporation | Rajasthan, India |
| Corporate Status | Active |
| Corporate Identification number (CIN) | U65923RJ1994PLC009051 |
| Authorized share capital | ₹30,00,00,000 divided into 15,00,00,000 equity shares of ₹2 each |
| Paid up capital | ₹5,81,66,148.25 |

### 2.2 Directors

|  |  |  |
| --- | --- | --- |
| **Name** | **Nationality** | **Type of Director** |
| Amar Lal Daultani | Indian | Chairperson and Non-Executive Independent Director |
| Rajendra Kumar Setia | Indian | Managing Director and Chief Executive Officer |
| Yash Setia | Indian | Whole-time Director |
| Anand Raghavan | Indian | Non-Executive Independent Director |
| Nanda Sameer Dave | Indian | Non-Executive Independent Director |
| Mukul Mathur | Indian | Non-Executive Independent Director |
| Simit Batra | Indian | Non-Executive Director |
| Debanshi Basu | Indian | Non-Executive Director |

### 2.3 Share Capital of the Company

* Details about paid-up share capital and Equity shares:
  + Paid-up equity share capital of ₹5,81,66,148.25 (Source: Annual\_Report\_21\_22\_0df1be1962-pdf.txt)

### 2.4 Board and Board Committees (from file: Annual\_Report\_21\_22\_0df1be1962-pdf.txt)

* Board of Directors includes Independent Directors, Nominee Directors, and Promoter Directors.
* Committees of the Board include:
  + Audit Committee
  + Nomination and Remuneration Committee
  + Corporate Social Responsibility Committee
  + Risk Management Committee
  + IT Strategy Committee
  + Executive Committee
  + Asset Liability Management Committee

### 2.5 Corporate Social Responsibility (from file: Annual\_Report\_21\_22\_0df1be1962-pdf.txt and https:\_\_www.skfin.in\_mediacenter.txt)

* CSR activities include support for education, healthcare, animal welfare, road safety, and environment sustainability.
* SK Finance Limited organized 'Dayitva' a blood donation camp in more than 20 cities across India on December 4th, 2023.
* SK Foundation adopted and developed infrastructure for a school in Jaipur, also paying outstanding fees for 150 students.

## Require more documents for these sections:

### Share Capital of the company

* Dividend declaration

### Investments by the company

* Any subsidiaries and associate companies
* Other investment details

### Constituent Document of the Company

* MOA summary
* AOA summary

### Board and Board Committees

* Board meetings:
  + Frequency
  + Notice and agenda: do they comply with Companies Act
  + Maintenance of Minutes: do they comply with Companies Act

### Shareholder meetings

* Frequency
* Notices for shareholder meeting: do they comply with Companies Act
* Minutes of the shareholder meeting: do they comply with Companies Act

### Statutory Registers

* Company has provided us with the copies of the following statutory registers

### Corporate Social Responsibility

* CSR Obligations:
  + Financial year, Expenditure in Rs.
* Did the company spend the required amount for CSR for each year
* Review of CSR committee meeting minutes

### Ongoing Related party transactions

* Table of related party transactions of specific year:
  + Details of the Contracting Party, name of interested director, name of relationship, nature of transaction, value of transaction as per last financial year

### ROC Fillings and compliance matters

* Historical records of payments and compliance certificates