

Shareholding Pattern:

Shareholder Name		
	No. of Share	% Holding
Rajendra Kumar Setia	1,03,27,547	40.98%
Shalini Setia	650	0.00%
Yash Setia	650	0.00%
Bhajan Devi Setia	650	0.00%
Rajendra Kumar Setia (HUF)	62,500	0.25%
Norwest Venture Partners X-Mauritius	62,76,482	24.91%
Baring Private Equity India AIF	15,40,400	6.11%
Karma Holdings Mauritius Limited	4,64,850	1.84%
Evolve Invest I	18,99,647	7.54%
TPG Growth IV SF Pte Limited	43,89,035	17.42%
Evolve India Fund III Ltd.	2,31,778	0.92%
Atul Arora	650	0.00%
ESOPs	3750	0.01%
Total	2,51,98,589	100.00%

Credit Rating upgraded and assigned: Based on our performance review and future outlook our external credit has been upgraded as below by both the rating agencies as below:

- CRISIL has assigned “**A**” (with stable outlook) for our long term credit facilities in **May 2019**
- CARE has Upgraded our rating to “**A**” (with stable outlook) in **December 2019**.

Asset Quality

Particulars	30.09.2020		31.03.2020		31.03.2019		31.03.2018	
Total outstanding balance associated with loans that are:	Amt in crore	%	Amt in crore	%	Amt in crore	%	Amt in crore	%
a. current	2,063.27	72.9%	2,273.26	76.1%	1,388.78	69.4%	846.41	66.0%
b. 1 – 30	570.98	20.2%	330.65	11.1%	265.39	13.3%	183.67	14.3%
c. 31 – 60	68.29	2.4%	173.28	5.8%	147.64	7.4%	110.7	8.6%
d. 61 – 90	41.93	1.5%	111.91	3.7%	138.29	6.9%	99.01	7.7%
e. 91 – 120	23.39	0.8%	14.33	0.5%	8.68	0.4%	4.82	0.4%
f. 121 – 150	6.88	0.2%	14.29	0.5%	7.4	0.4%	6.58	0.5%
g. 151 – 180	2.98	0.1%	11.41	0.4%	9.09	0.5%	5.16	0.4%
h. 181 – 365	26.86	0.9%	41.49	1.4%	23.61	1.2%	17.97	1.4%
j. 365>	26.02	0.9%	15.87	0.5%	12.96	0.6%	7.68	0.6%
Total Outstanding	2,830.62	100%	2,986.47	100%	2001.84	100%	1281.98	100%

Business Model & Operational Methodology

Origination / Sourcing	<ul style="list-style-type: none"> • ESS KAY FINCORP operates through branch network where customer relationship is initiated and managed. Presently the company has 329 branches present in 6 states • Company has an excellent team of experienced direct marketing executives and relationship officer employed who move in the field and source business. A company has direct sales executives which helps ESS KAY FINCORP to grow their loan portfolio. Relationship Officer (RO) does the marketing activities and with the help of executives/ DSA source the business from the market. • Apart from origination of loans through branch network, company also gets business through following ways: <ul style="list-style-type: none"> ○ Referral network ○ Response to Business Promotion Activities ○ Tele-callers generating leads through RO database created through marketing activities
Initial Assessment / Verification	<p>Company follows following filtration processes to appraise the credit worthiness of the borrower before providing the loans.</p> <p>(i) Check by Local Field Investigation (FI) at each location or Branch manager:</p> <ul style="list-style-type: none"> • Company's local field investigation officer or branch manager does the following checks before forwarding the report to credit officer for further process. • Collection of application form along with required documents (i.e. identity proof, address proof, income proof, identity and income proof of guarantor, details of immovable properties, details of Bank account etc.) • Understanding customers background & overall profile, • Assessment of synergy & viability between products, customer profile and proposed use • Reference check from existing customers and various other sources like Branch manager or disbursement officer at the Branch level put all the details at the LOS. • Further CIBIL and legal check also get done from the respective departments. <p>(ii) Approval/Visit by Branch Manager:</p> <p>Every file before going to head office for credit approval and disbursement is checked and approved by branch manager. Branch manager conducts following checks:</p> <ul style="list-style-type: none"> • Personally, meeting the customer at his residential address • Verifying source of margin money, if any and confirming receipt of margin money from dealers • Confirming completion of pre-disbursement conditions • Confirming Insurance Authentication <p>(iii) Check by Credit Officer:</p>

	<p>Files moves from LOS to Credit personal and Company's credit team verifies all the documents and conducts following checks:</p> <ul style="list-style-type: none"> • Rechecking all the customers details • Personal Meeting the customer and guarantor and other related persons (PD) • Personal visit to customers house, if required • Inspection of old vehicle to be purchased (if any) • Preparing Credit Appraisal Memo/Credit Financial analysis <p>(iv) Approval by HO Credit team: Every file is forwarded with complete documentation and feedback from credit team and branch manager at branch levels to Head office for final approval. Head office performs the following additional checks before giving the approval:</p> <ul style="list-style-type: none"> • CIBIL Check • Documents verification • Telephone Verification <p>Then after finalisation and verification of all the details, company has approval mechanism and finalise the same according to the approval mechanism.</p>
Valuation	<p>Further, company takes valuation report for old vehicle from third party independent valuers. Company has appointed 2 valuer in each district in which it operates.</p>
Credit Appraisal System	<p>The key factors considered before taking a loan decision are:</p> <ul style="list-style-type: none"> • Place of the customer – only applicants who are permanent residents of that place or are having a substantially long stay are considered. • Sources of income – Only customers who are having regular source of income are being considered i.e. the applicant must be employed in certain occupation. Further alternate source of income and income of family members/guarantor is also taken into consideration. • Market credibility – feedback of the referral, FI executive and marketing executive regarding conduct of the applicant is considered for taking the lending decision. • Guarantor details – As Guarantor is compulsory in each case • Active Bank Account – As company disburse loan amount through account payee cheques only • Assets of the applicant – Generally applicants with own residence and/or agriculture land are preferred.
Disbursement	<p>After receiving the final approval from HO credit team, file is send to the concerned person according to the loan amount.</p> <p>After collection of pre-disbursement documents and fulfilment of all the conditions like RC book hypothecation, amount is disbursed through account payee cheques to the customer and dealer respectively. After disbursement, all cases are checked by Credit team and the team has close monitoring on quality of the cases and thereby maintaining the credit quality. Company also sends regular updates to customers about the account's position through SMS system delivered through server.</p>

Collection	ESS KAY FINCORP has a very sound disbursement and collection system which has helped to maintain the asset quality over the years. The company has a software application made solely for its own use to maintain records of loans and monthly receipts, generating overdue report, delinquency, prepayment report and filtering reports using various criteria.
Delinquency Management	<p>ESS KAY FINCORP has an experienced and efficient recovery team on the payroll who ensures timely action for recovery of over dues.</p> <p>Recovery Procedure followed is as follows:</p> <ul style="list-style-type: none"> From 1st to 4th of every month collection executive / TL prepare their analysis report on pending collection cases of last month. Outstanding due EMI's are allocated to collection team members in following manner on 5th of every month & on basis of allocation. Collection team carries out collection of EMI till end of month. <p>SOP for sale of repossessed vehicles</p> <ul style="list-style-type: none"> Release two paper ads (1.English 2.Local Language) for sale (auction) of the vehicle. Valuation of the repossessed vehicle has to be done before the auction of vehicle. Get at least three written quotations from prospective buyers. Sell the vehicle to the best quote obtained.

	Days past due	Days past due
	0 to 60 days	>60/>90/ >120/>150 days
Follow up	Tele caller and recovery executive follows up with borrowers for payment of loan installment. Loan originating team receives intimation on default in servicing of the installment.	Collection team physically visits the borrower to collect installment due (significant proportion of the installments are received in cash.
Action	Multiple calls made at pre decided intervals by a senior member reminding borrower on outstanding installment.	Field collection executives visit with RO & BM as required by collection executives
Internal Management	The tele-calling team co-ordinates with the loan origination team and collection team in order to collect dues	Team leader commences co-ordination with the legal team to recover the amount due.

Legal	Default notice issued	Repossession of vehicle if customer has not paid for two consecutive months
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BRANCH IDENTIFICATION CRITERIA

Location

- ✓ Located in Tier II/ Tier III towns or villages
- ✓ Min. population of ~8,000 – 10,000

Target Catchment

- ✓ 35 - 40 km for small towns / rural villages
- ✓ Up to 60 km for semi-urban locations

Business Activity

- ✓ Area to have good business activity, with some agriculture business income

Credit Quality

- ✓ Repayment track record of other institutional lenders in the area
- ✓ Checks for community dominance /political interference related defaults

Commercial Vehicle Market

- ✓ 1,000 -1,500 MUV + LCV (nos); or
- ✓ 2,000 MUV + LCV + Tractors (nos.)

Competitor Landscape

Does not enter location which are hyper-competitive

MIS AND ACCOUNTING

Ess Kay Fincorp has moved to cloud based Finnone IT Platform which assists NBFC in following ways:

1. Rationalization of sales force
2. Real time data capturing leading to faster turnaround
3. Cloud based back up providing real time updates
4. E-KYC updates on a real time basis
5. On the spot data capturing through mobile application for the customer sourcing and credit decision
6. Real time tracking of collections field team

Finnone IT Platform has three modules

- ✓ Customer Acquisition System (CAS)
 - Enables sales team and Credit and Operational Personal (CROP) for faster file processing
 - Maintains all customer records like loan details, property details, family income etc.
- ✓ Loan Management Systems (LMS)
 - Details on various loan parameters like EMI, IRR, repayment schedule and etc. Maintained here
- ✓ Collections
 - Enables collections team to monitor delinquent cases
 - mCollect-mobile app with collection FOS for on-field collection processing and updation

Brief Profile of Existing Investors:

- A. Norwest Venture Partners:** is a global, multi-stage investment firm that manages approximately \$6 billion in capital and has funded more than 600 companies since inception which is focused on Technology, Information Services, Business Services, Financial Services, Consumer Products/Services and Healthcare. Norwest in India in the past has made significant investment in BFSI space including the names like SCUF, Chola mandalam, RBL , Fivestar to name a few.
- B. Evolence Coinvest:** Is fully owned subsidiary of Evolence India the first independent India-focused hybrid private equity fund with aggregate capital commitments of USD 550 million. Sponsored by Evolence Asset Management, a strategic partnership between Evolence Capital and GoldPoint Partners, an affiliate of New York Life Investment Management. EIF will invest primarily into the small and mid-market space with focus on Indian consumption driven strategies. Past investments in BFSI space include names such as Suryodaya Small Finance Bank, Centurion bank of Punjab.
- C. TPG Capital (Texas Pacific Group)** is one of the largest American private equity investment firms in the world, focused on leveraged buyouts, growth capital and leveraged recapitalization investments in distressed companies and turnaround situations. The firm invests in a broad range of industries including consumer / retail, media and telecommunications, industrials, technology, travel/leisure and health care. TPG is having approximately US \$ 75 Billion of total assets.