S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants

2nd & 3rd Floor
Golf View Corporate Tower - B
Sector - 42, Sector Road
Gurugram - 122 002, Haryana, India
Tel: +91 124 681 6000

Review Report to
The Board of Directors
SK Finance Limited

4 November 2022

Independent Auditor's Review Report on the Quarter and Half yearly Unaudited Financial Results of the Company Pursuant to Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations")

Dear Sirs,

1. We have reviewed the accompanying statement of unaudited financial results of SK Finance Limited (the "Company") for the quarter and half year ended 30 September 2022 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be

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disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

per Amit Kabra
Partner
Membership No.: 094533

UDIN: 22094533BCALQY6442

Place: Jaipur

SK FINANCE LIMITED

Erstwhile known as "Ess Kay Fincorp Limited"

Registered Office: G 1-2, New Market, Khasa Kothi, Jaipur, Rajasthan - 302001

Email : info@skfin.in || Phone : 0141-4161300

CIN : U65923RJ1994PLC009051

Statement of unaudited financial results for the quarter and half year ended September 30, 2022

(₹ in lakhs except otherwise stated)

	Particulars	Quarter ended			Half Year ended		Year ended
		30/09/2022 (Unaudited)*	30/06/2022 (Unaudited)	30/09/2021 (Unaudited)*	30/09/2022 (Unaudited)	30/09/2021 (Unaudited)	31/03/2022 (Audited)
	Revenue from operations						
	Interest income	27,760.82	25,549.14	18,668.24	53,309.96	33,762.94	77,072.52
	Fees and commission income	852.19	833.90	608.07	1,686.09	868.75	2,473.54
	Net gain on fair value changes	510.47	653.56	353.09	1,164.03	710.07	1,439.34
	Net gain on de-recognition of financial instruments under amortised cost category	2,855.45	94.42	599.55	2,949.87	657.68	452.83
(I)	**Total revenue from operations**	**31,978.93**	**27,131.02**	**20,228.95**	**59,109.95**	**35,999.44**	**81,438.23**
(II)	Other income	185.14	216.56	204.88	401.70	293.70	630.49
(III)	**Total income (I+II)**	**32,164.07**	**27,347.58**	**20,433.83**	**59,511.65**	**36,293.14**	**82,068.72**
	Expenses						
	Finance costs	12,513.52	10,918.98	8,179.98	23,432.50	16,658.19	34,681.51
	Net loss on fair value changes	-	-	119.12	-	228.18	-
	Impairment on financial instruments	2,693.57	2,853.95	302.08	5,547.52	723.02	1,628.53
	Employee benefit expenses	6,787.93	6,590.48	4,648.50	13,378.41	8,996.13	20,492.17
	Depreciation and amortization	606.03	494.54	433.60	1,100.57	706.23	1,581.42
	Other expenses	1,676.86	1,534.53	1,400.10	3,211.39	2,125.28	5,924.77
(IV)	**Total expenses**	**24,277.91**	**22,392.48**	**15,083.38**	**46,670.39**	**29,437.03**	**64,308.40**
(V)	**Profit before tax (III-IV)**	**7,886.16**	**4,955.10**	**5,350.45**	**12,841.26**	**6,856.11**	**17,760.32**
(VI)	**Tax expense**						
	(1) Current tax	1,394.88	1,444.55	995.15	2,839.43	1,430.45	3,643.65
	(2) Tax related to earlier years	-	-	(347.46)	-	(623.75)	(465.56)
	(3) Deferred tax	502.68	(196.19)	285.56	306.49	126.25	294.82
	Total tax expense	**1,897.56**	**1,248.36**	**933.25**	**3,145.92**	**932.95**	**3,472.91**
(VII)	**Profit for the period (V-VI)**	**5,988.60**	**3,706.74**	**4,417.20**	**9,695.34**	**5,923.16**	**14,287.41**
(VIII)	**Other comprehensive income / (expenses)**						
	Items that will not be reclassified to profit or loss						
	- Remeasurements of the defined benefit plans	(54.28)	49.50	(19.18)	(4.78)	(19.18)	(96.66)
	Income tax relating to items that will not be reclassified to profit or loss	13.66	(12.46)	4.83	1.20	4.83	24.33
	Other comprehensive income/(expenses)	**(40.62)**	**37.04**	**(14.35)**	**(3.58)**	**(14.35)**	**(72.33)**
(IX)	**Total comprehensive income for the year/period (VII+VIII) (comprising profit/(loss) and other comprehensive income/(expenses) for the year/period)**	**5,947.98**	**3,743.78**	**4,402.85**	**9,691.76**	**5,908.81**	**14,215.08**
(X)	**Earnings per equity share #**						
	Basic (₹)	20.59	12.74	15.51	33.33	21.21	50.47
	Diluted (₹)	20.16	12.54	15.33	32.72	20.96	49.85

Earnings per share for the interim period is not annualized.

* Refer note 5

SK FINANCE LIMITED

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SK FINANCE LIMITED
Erstwhile known as "Ess Kay Fincorp Limited"
Registered Office: G 1-2, New Market, Khasa Kothi, Jaipur, Rajasthan - 302001
Email : info@skfin.in || Phone : 0141-4161300
CIN : U65923RJ1994PLC009051

Statement of Assets and Liabilities as at September 30, 2022

(₹ in lakhs except otherwise stated)

Particulars	As at September 30, 2022 (Unaudited)	As at March 31, 2022 (Audited)
ASSETS		
Financial assets		
Cash and cash equivalents	30,658.92	17,455.85
Bank balance other than cash and cash equivalents	44,305.50	44,334.54
Derivative financial instrument	2,377.44	479.57
Receivables		
Other receivables	1,450.13	223.11
Loans	5,71,775.79	4,64,330.19
Investments	77,111.39	78,184.25
Other financial assets	9,604.84	3,515.48
Total financial assets	**7,37,284.01**	**6,08,522.99**
Non-financial assets		
Current tax assets (net)	2,469.36	1,002.66
Deferred tax assets (net)	3,312.49	3,617.78
Property, plant and equipment	11,112.87	9,737.78
Capital work-in-progress	14.28	-
Intangible assets under development	103.65	16.43
Other intangible assets	617.54	583.66
Other non-financial assets	499.27	423.56
Total non-financial assets	**18,129.46**	**15,381.87**
Total assets	**7,55,413.47**	**6,23,904.86**
LIABILITIES AND EQUITY		
LIABILITIES		
Financial liabilities		
Derivative financial instruments	105.20	52.36
Debt securities	1,91,390.15	1,47,357.91
Borrowings (other than debt securities)	3,75,320.63	3,00,378.15
Subordinated liabilities	2,039.71	2,036.64
Other financial liabilities	14,744.60	12,749.12
Total financial liabilities	**5,83,600.29**	**4,62,574.18**
Non-financial liabilities		
Provisions	1,122.73	862.67
Other non-financial liabilities	957.22	824.12
Total non-financial liabilities	**2,079.95**	**1,686.79**
EQUITY		
Equity share capital	581.81	581.66
Other equity	1,69,151.42	1,59,062.23
Total equity	**1,69,733.23**	**1,59,643.89**
Total liabilities and equity	**7,55,413.47**	**6,23,904.86**

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Statement of cash flow for the half year ended September 30, 2022

(₹ in lakhs except otherwise stated)

Particulars	Half Year ended	
	September 30, 2022 (Unaudited)	September 30, 2021 (Unaudited)
Cash flow from operating activities		
Profit before tax	12,841.26	6,856.11
Adjustments for:		
Loss/(Gain) on sale of property plant and equipment	(1.91)	13.56
Finance cost incurred	23,432.50	16,658.19
Interest income	(53,309.96)	(33,762.94)
Unrealized net gain on de-recognition of financial instruments under amortised cost category	(2,197.67)	(223.35)
Net gain on investments and derivatives	(676.72)	(710.07)
Impairment on financial instruments	5,547.52	723.02
Employee share based payment expenses	378.59	44.62
Depreciation and amortization	1,100.57	706.23
	(12,885.82)	(9,694.63)
Cash inflow from interest on loans	49,053.87	32,906.97
Cash outflow towards finance cost	(27,786.33)	(17,029.37)
Cash generated from operation before working capital changes	**8,381.72**	**6,182.97**
Working capital changes:		
(Increase)/decrease in trade receivables	(1,227.02)	107.42
Increase in loans	(1,11,590.02)	(34,806.52)
Decrease/(increase) in other financial assets	(1,426.50)	314.13
Increase in other non-financial assets	(75.71)	(267.63)
Decrease in other financial liabilities	(469.71)	(722.63)
Increase in provisions	255.28	239.10
Increase/(decrease) in other non-financial liabilities	133.10	(113.74)
	(1,06,018.86)	**(29,066.90)**
Direct taxes paid (net of refunds)	(4,306.13)	(3,533.71)
Net cash used in operating activities (A)	**(1,10,324.99)**	**(32,600.61)**
Cash flow from investing activities		
Purchase of property plant and equipment, capital work in progress and other intangible assets	(2,623.65)	(2,799.32)
Proceeds from sale of property plant and equipment	14.52	7.36
Investment in fixed deposits	(89,038.29)	(40,543.50)
Proceeds from redemption of fixed deposits	91,920.32	37,628.14
Purchase of investments	(2,63,350.43)	(1,49,429.73)
Proceeds from redemptions of investments	2,65,100.01	1,28,038.43
Net cash used in investing activities (B)	**2,022.48**	**(27,098.62)**
Cash flow from financing activities		
Proceeds from issue of shares including securities premium	18.99	33,335.39
Debt securities issued	72,100.00	-
Debt securities repaid	(25,492.44)	(8,207.09)
Borrowings other than debt securities taken	1,10,150.00	54,400.00
Borrowings other than debt securities repaid	(35,270.97)	(32,321.92)
Net cash generated from financing activities (C)	**1,21,505.58**	**47,206.38**
Net increase/(decrease) in cash and cash equivalents (A+B+C)	13,203.07	(12,492.85)
Add : cash and cash equivalents as at the beginning of the year	17,455.85	23,331.49
Cash and cash equivalents as at the end of the year*	**30,658.92**	**10,838.64**
*Components of cash and cash equivalents		
Balances with banks	17,080.33	8,980.18
Fixed deposits on hand	12,608.46	1,000.08
Cash on hand	970.13	858.38
	30,658.92	**10,838.64**

Note:- The above cash flow statement has been prepared under the 'indirect method' as set out in Indian Accounting Standard (Ind AS) 7 - 'Statement of cash flows'.

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Notes:

1) The Company is a systemically important non-deposit taking non-banking financial company ('NBFC') as defined under Section 45-IA of the Reserve Bank of India (RBI) Act, 1934.
2) The unaudited financial results for the quarter and half year ended September 30, 2022, which have been subjected to limited review by statutory auditors of the company, have been reviewed by the audit committee and approved by the board of directors at its meeting held on November 04, 2022. The report is being filed with the Bombay Stock Exchange Limited ("BSE") and is also available on the Company's website www.skfin.in.
3) The Company has changed the name from "Ess Kay Fincorp Limited" to "SK Finance Limited". The same is in effect from September 07, 2021.
4) The above unaudited financial results have been prepared in accordance with the requirements of Regulation 52 of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 as amended and the Indian Accounting Standards ("IND AS") notified under Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016, prescribed under section 133 of the Companies Act 2013 ('the Act') read with relevant rules issued thereunder and the other accounting principles generally accepted in India. Any application guidance/clarification/directions issued by the Reserve Bank of India or other regulators are implemented as and when they are issued/applicable.
5) The figures of quarter ended September 30, 2022 and September 30, 2021 are the balancing figures between reviewed figures in respect of half year ended September 30, 2022 and reviewed figures for the quarter ended June 30, 2022 and reviewed figures in respect of half year ended September 30, 2021 and board approved figures for the quarter ended June 30, 2021 respectively. The figures for quarter ended June 30, 2021 are approved by the Board of Directors and were not subject to limited review by Statutory Auditors of the Company.
6) In accordance with the Board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated 27 March 2020, 17 April 2020 and 23 May 2020 relating to 'COVID19 -Regulatory Package', the Company had granted moratorium up to six months on the payment of instalments which became due between 1 March, 2020 and 31 August, 2020 to all eligible borrowers. During the current and previous year, the Company had provided loan moratorium in respect of certain loan accounts pursuant to RB I's Resolution Framework 1.0. dated August 6, 2020 and Resolution Framework 2.0. dated May 5, 2021 for COVID-19 induced stress.As at September 30, 2022, the Company holds adequate impairment allowance on the loan portfolio as per requirements of Ind AS 109.
7) Detail of resolution plan implemented under the resolution framework for Covid-19 related stress as per RBI circular dated August 6, 2020 (resolution framework-1.0) and May 5, 2021 (resolution framework-2.0) as at September 30, 2022 as given below-

(₹ in lakhs except otherwise stated)

Type of Borrowers	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at March 31, 2022 (A) *	Of (A), aggregate debt that slipped into NPA during the half year ended September 30, 2022	Of (A) amount written off during the half year ended September 30, 2022	Of (A) amount paid by the borrowers during the half year ended September 30, 2022	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at September 30, 2022 *
Personal Loans #	4,093.72	775.88	-	1,064.75	2,253.09
Corporate Persons	-	-	-	-	-
MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	4,093.72	775.88	-	1,064.75	2,253.09

* Consist of unbilled and overdue principal

Includes restructuring implemented pursuant to OTR 2.0 for personal loans, individual business loans and small business loans.

8) Disclosure pursuant to RBI notification - RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22 dated September 24, 2021

(a) Details of loans (not in default) transferred through assignment during the half year ended September 30, 2022

Amount of loan accounts assigned (₹ in lakh)	27,512.25
Retention of beneficial economic interest (MRR)	10%
Weighted average maturity (Residual Maturity)	29 Months
Weighted average holding period	13 Months
Coverage of tangible security coverage	100%
Rating-wise distribution of rated loans	Unrated

(b) Details of loans (not in default) acquired through assignment during the half year ended September 30, 2022

Amount of loan accounts assigned (₹ in lakh)	455.75
Retention of beneficial economic interest (MRR)	10%
Weighted average maturity (Residual Maturity)	23 Months
Weighted average holding period	22 Months
Coverage of tangible security coverage	100%
Rating-wise distribution of rated loans	Unrated

(c) The Company has not acquired/transferred any stressed loan during the half year ended September 30, 2022.

9) 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 results for the half year and quarter ended September 30, 2022, are prepared in accordance with the applicable Ind-As guidelines and the RBI Circular dated March 13, 2020 – "Implementation of Indian Accounting Standards".
10) The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September, 2020. The effective date from which the changes are applicable is yet to be notified and the rules for quantifying the financial impact are yet to be framed. The Company will assess the impact of the Code when it comes into effect and the rules are framed. The Company will record any related impact in the period the Code becomes effective.
11) There is no separate reportable segment as per Ind AS 108 on 'Operating Segments' in respect of the Company.
12) Pursuant to Regulation 54 of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015, we would like to state that secured listed Non-Convertible Debentures of the Company are secured by first pari passu mortgage of immovable property situated at Chennai, Tamil Nadu and/or first and exclusive charge on receivables of the Company by way of hypothecation to the extent of minimum 100% times of the amount outstanding.
13) Disclosures in compliance with Regulation 52(4) of the SEBI (listing Obligations and Disclosure Requirements) Regulations, 2015 for the half year ended September 30, 2022 is attached as Annexure I to these financial results.
14) The previous period's / year's figures have been regrouped / reclassified, wherever necessary, to correspond with the current period's / year's classification / disclosure.

For and on behalf of the Board of Directors of
SK Finance Limited
(Erstwhile known as "Ess Kay Fincorp Limited")

Rajendra Kumar Setia
Managing Director
DIN : 00957374

Place : Jaipur
Date : Novemeber 4, 2022

SK FINANCE LIMITED

S.R. BATLIBOI & ASSOCIATES LLP

Annexure I:

Additional Disclosures pursuant to Regulation 52(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as at September 30, 2022 with respect to listed debentures of the Company issued on a private placement basis.

S No	Particulars	For the half year ended 30 September, 2022
(a)	Debt – Equity Ratio (Debt Securities + Borrowings other than debt securities + Subordinated debts) / (Net worth)	3.36
(b)	Net worth (Share Capital + Reserves & Surplus - Deferred Revenue Expenditure) (₹ in lakh)	1,69,355.56
(c)	Net profit after tax (₹ in lakh)	9,695.34
(d)	Total debts to total assets (Debt Securities + Borrowings other than debt securities + Subordinated debts) / (Total assets)	0.75
(e)	Net profit margin (%) (Net profit after tax / Total income)	16.29%
(f)	Earnings per share (not annualized)	
	(i) Basic (₹)	33.33
	(ii) Diluted (₹)	32.72
(g)	Sector specific equivalent ratios as on Sept 30, 2022:	
	i) Gross Stage III ratio (%) (Gross stage III loans / Total loans)	3.06%
	ii) Net Stage III ratio (%) (Gross stage III loans - ECL on stage III loans) / (Total loans - ECL on stage III loans)	2.19%
	iii) CRAR (%)	26.97%
	iv) Liquidity coverage ratio (%)	63.91%
	v) Provision coverage ratio (%) (ECL on stage III loans) / (Gross stage III loans)	28.96%

Note : Other ratios / disclosures such as debt service coverage ratio, interest service coverage ratio, outstanding redeemable preference shares (quantity and value), current ratio,capital redemption reserve/debenture redemption reserve, long term debt to working capital, bad debts to account receivable ratio, current liability ratio, debtors turnover, inventory turnover and operating margin(%) are not applicable/ relevant to the Company and hence not disclosed.

SK FINANCE LIMITED

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