LENDINGKART

Think cash, Think Lendingkart Group!

Annual Report

FOR THE YEAR ENDED MARCH 31, 2021

LENDINGKART FINANCE LIMITED

LENDINGKART
Think Cash, Think Lendingkart Group!

CHAIRMAN'S LETTER

Dear Shareholders, Investors & Colleagues,

The last financial year has been one of a kind, where countries across the world have been hit hard physically, mentally, socially, financially and emotionally with an unexpected outbreak of COVID-19 virus. The originally projected growth in the economy took a major setback due to complete focus on saving lives amidst a once-in-a-century crisis. India's GDP contracted by 7.3 percent to Rs 135.13 trillion in financial year 2020-21 from Rs 145.7 trillion in previous year. The pandemic impacted both supply and demand in the economy with the policy dilemma of "lives versus livelihoods". The reforms, initiatives and measures taken at all levels, were unprecedented amidst all major economies and were implemented to provide maximum cushion to absorb the pandemic shock.

India's proactive response to the unprecedented pandemic crisis:

One of the severely impacted segments was the Micro, Small & Medium enterprises due to rippling effect of pandemic waves since day zero resulting from nationwide lockdown, market demand reduced across many industries, already capital starved situation in their entire supply chain. The respectable Prime Minister's Office through various ministries and Reserve Bank took commendable steps, including:

- Prime Minister's Employment Generation Programme (PMEGP)
- Credit Linked Capital Subsidy for Technology Upgradation (CLCSS)
- Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE)
- Rs 20,000 crore Subordinate debt for stressed MSMEs
- Udyam Registration
- Rs 50,000 cr. Equity infusion for MSMEs through Fund of Funds

While both governance and Reserve Bank took a series of measures to minimize the hard-hitting impact on industries, still this segment have undergone a deep crisis and required continued support from entire ecosystem to stand on their feet again. These credit reliefs and credit guarantee schemes aimed to push more liquidity towards MSMEs, there was a wide opportunity segment foreseen for MSMEs due to the disruption in global demand & supply, and supply chain as well, leading to an enforced rigor on making Bharat Atmanirbhar.

Lendingkart builds resilience during pandemic induced shutdown:

At the start of the lockdown period, Lendingkart simulated various scenarios based on industry, geographical areas, businesses segment and their impacts for planning the business for the coming year with its vision to support this heavily impacted MSME segment. The fundamental idea was to support both existing and new MSME borrowers, while remaining empathetic towards their needs and business requirements since most of them were going through an extremely difficult period.

Lendingkart launched relief packages for customers and risk mitigation strategies:

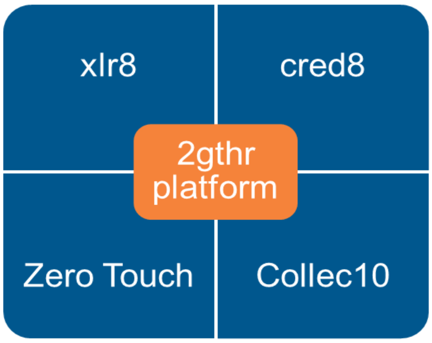
The company built carefully thought through strategies to roll out several Covid relief programs for its customer segment and took various measures to spread awareness. Lendingkart leveraged its digital reach to launch programs and ensuring communication to its customers about the relief measures.

- These benefits included Moratorium period from March,'20 to August,'20, one-time restructuring offered to eligible customers that were impacted due to Covid related stress after the mortarium and post lockdown period.
- The Company representatives remained continuously connected with all its customers throughout the year to understand their business situation and support required from the company. This continued digital connect and customer-centric approach has gone a long way in managing two-way communication for company to disburse new business loans to credit worthy customers while keeping collections efficiencies and overall portfolio quality under check.
- In addition, the company launched new product offerings and flexible repayment options for its customers to support their working capital requirements.
- The Company also offered top up credit to several customers based on their credit history and loan performance in order to equip them to cater to the projected demand spike in the post lockdown period.

Lendingkart continuing to pave the 'digital' way forward by being the enabler for a comprehensive Financial Ecosystem collaboration:

The financial institutions have been competing in terms of products, delivery methods, technological features etc which was not serving the objective in the long term. The ecosystem has moved from competing with each other on various fronts like product, service etc, to a collaborative approach for jointly addressing the challenges and resolving the issues. Having built one of the largest MSME databases in the country with 3.5 billion data points for 500k MSMEs by evaluating 1 million+ MSME applications, Lendingkart has taken the next step of collaboration across the financial services ecosystem which is a digital framework that integrates all the stakeholders via a common platform.

"Lendingkart has invested in technological advancements to enable E2E digital experience in MSME lending by productizing all aspects of lending – origination, evaluation, onboarding and collections"

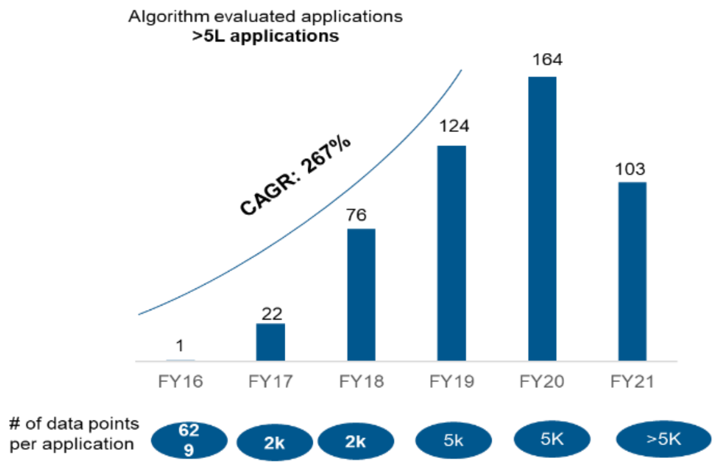


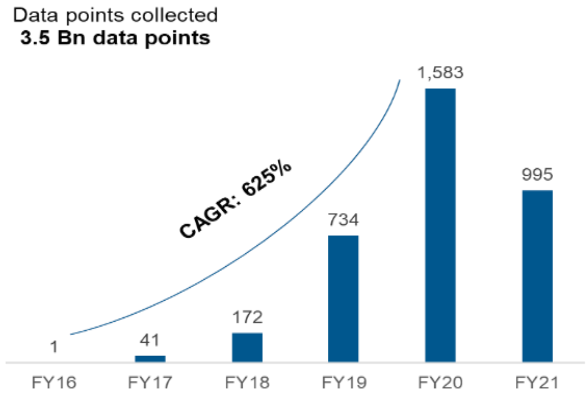
Lendingkart '2gthr' platform is going to power entire ecosystem through its E2E capabilities of:

- '*2gthr*' - provides end-to-end asset servicing journeys for financial institutions, ensuring a seamless and friction free onboarding capabilities for Banks and NBFCs to scale their lending operations to MSMEs across the country and leveraged Lendingkart enhanced loan management capabilities with following platforms
- '*xlr8*' - Origination engine enabling real time sourcing, approval and instant payouts, providing single window access to monitor service status
- '*Cred8*' - Credit Intelligence platform providing MSME credit score based on LK proprietary underwriting model for a collaborative digital ecosystem to extend financing across industries and geographies and customer segments
- *'Atom'/Zero Touch':* Entire customer journey modularized via micro-processes for providing a seamless customer experience and reducing the turnaround time and increasing the coverage of MSMEs being serviced

LK is well placed to act as the "perfect bridge" between the internet companies having scores of B2B MSME customers and lenders with large balance sheet looking to penetrate this segment and is is among the very few FinTech's globally to provide E2E capabilities from customer acquisition to collections via its digital platform products.

Customer Experience:
As of Mar 2021, Lendingkart has evaluated more than 8 lakh loan applications across 2,000+ locations pan India. The customer can conveniently reach Lendingkart either through mobile or internet 24x7, delivering seamless customer experience. Lendingkart has have brought credit access to more than 1.3 lakh customers across the country, making Lendingkart a Fintech with largest geographical digital footprint. Current credit model has the ability to risk classify an application into 5 risk categories and objectively determine amount eligibility based on risk profile. Better prediction of amount eligibility has resulted in disbursal allocation to good customers over time. ~40% customers are going through "Zero Touch" process with 75% TAT reduction; various developments in place to increase coverage and reduce TAT to 24 days for E2E disbursement. Account aggregator ecosystem will further fast track LK's mission to score each and every MSME in the country through cash-flow / alternate data models.

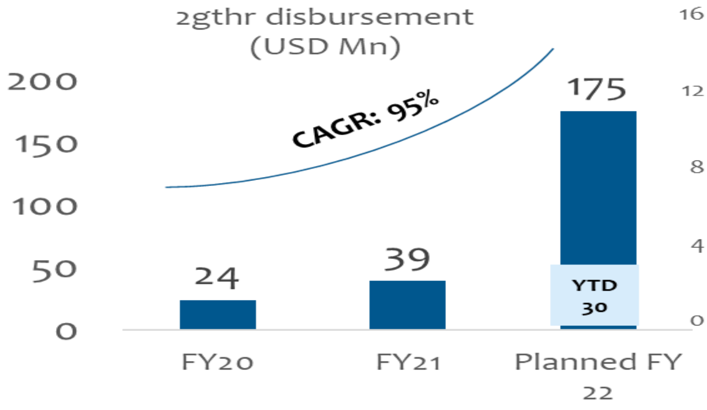


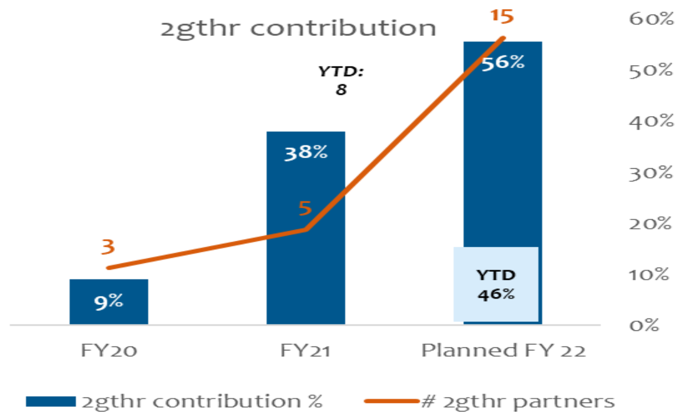


Business Performance:

In context of business growth, the Company maintained its performance with following key highlights:

- 17,000+ new business loans booked during the year amounting to Rs ~1100 Crores
- Assets under management (AUM) Rs 2,465 Crores, well diversified portfolio
- Company clocked ~Rs 500 Cr as revenue in FY21, withstanding the pandemic impacts owing to strong portfolio and high performing metrics
- Secured an upgrade in Credit rating to A-/ Stable Outlook from Infomerics credit rating agency during peak pandemic situation
- Entire eligible portfolio covered under Credit Guarantee Scheme (CGTSME) of Central government, providing 75 % cover on the defaulting loans
- Maintained 3x provision buffers over and above regulatory minimum to ensure clean quality loan portfolio
- Nationwide collections presence with more than 550 collection agents and 51 collection agencies with all Lendingkart agents having access to mobile applications with live tracking feature. 1 collection agent for every 100 loans which is best in the industry
- Demonstrated ability to raise debt capital, raised ~5K crore from more than 80 pedigree counterparties
- Well diversified Board including directors with decades of experience in Risk, Credit, Technology, Treasury and Regulatory. Ex-CGM In-charge of NBFC department ~36 years RBI experience as Independent Director
- Largest Co-lending platform in last 18 months with successful onboarding of 7 large banks/ NBFCs and several more in the pipeline with large, sanctioned credit lines of more than 1500 Crores.





With the strong focus on strengthening the platform offerings, Lendingkart is poised to go above and beyond to achieve its objective of closing the credit gap for MSMEs in the true sense- acting as a bridge between all associated stakeholders. This is especially borne out by the name of the platform 2gthr – which imbibes collaboration at its very core. This is possible by digitization, minimizing the manual interventions and providing value added information to all in the least possible amount of time and effort. Lendingkart has been the pioneer to create a co-lending financing digital journey for this segment enabling them to get credit at the lowest possible interest rates. The combination of all three well-tuned platforms is a force to reckon which is enabling Lendingkart to be the market leader and lender of choice for our customers. I would like to thank shareholders, fellow Lendingkart-ians, our partners and lenders and all other stakeholders for their support, belief and commitment to us during the difficult last year. Hope to continue to build Lendingkart to be a company we are all proud of.

Wishing all of you a safe year ahead.

Sd/-
Harshvardhan Lunia
Chairman & Managing Director

DIRECTORS' REPORT

To the Members,
Lendingkart Finance Limited.

The Directors are pleased to present their 24th Report along with the financial results of the Company for the financial year ended 31st March, 2021.

FINANCIAL PERFORMANCE

(Amount - ₹ in Lakh)

Particulars	31st March, 2021	31st March, 2020 [1]
Total income	49,045.10	46,430.28
Less: Expenditure	28,460.78	30,287.77
Less: Impairment of financial instruments		
Additional covid provisions	6,783.58	1,441.44
Other provision	10,984.94	10,506.79
Profit/ (Loss) before Tax (Pre covid)	9,599.38	5,635.72
Profit/ (Loss) before Tax (Post covid)	2,815.80	4,194.28
Tax [2]	983.86	1,225.19
Net Profit/ (Loss) after Tax	1,831.94	2,969.09

Notes:
[1] Previous year's figures have been regrouped based on the current year's classification.
[2] Net of deferred tax.

PERFORMANCE OVERVIEW

During the period under review, the Company had disbursed loans amounting to ₹ 1,09,841.50 Lakh. Gross Income increased by 5.63% from ₹ 46,430.28 Lakh in FY 2019-20 to ₹ 49,045.10 Lakh in FY 2020-21.

MANAGEMENT DISCUSSION AND ANALYSIS

A detailed review of the operations, financial performance, risk management, outlook, among others, is provided in the 'Management Discussion and Analysis' enclosed as **Annexure-A** to this Report.

CHANGE IN THE NATURE OF BUSINESS

During the year under review, there has been no change in the nature of business of the Company.

MATERIAL CHANGES AND COMMITMENTS

There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company and the date of the Report.

SHARE CAPITAL

The Company is a wholly-owned subsidiary of Lendingkart Technologies Private Limited ("**Holding Company**"). The Company does not have any subsidiary, joint venture, or associate company.

As on 31st March, 2021, the paid-up equity share capital of the Company stood at ₹ 44,18,79,310 (Rupees forty four crore eighteen lakh seventy nine thousand three hundred and ten) consisting of 4,41,87,931 (four core forty one lakh eighty seven thousand nine hundred and thirty one) equity shares of ₹ 10 (Rupees ten) each.

CAPITAL ADEQUACY

As on 31st March, 2021, the overall capital adequacy stood at 38.74%, which is way higher than the RBI's requirement of 15% reflecting its confidence in investing and growing the business. Similarly, the Tier 1 Capital is comfortable at 34.42%, compared to the requirement of 10% as laid by RBI.

CREDIT RATINGS

The overall long term rating of the Company by Infomerics, ICRA, India Ratings and CRISIL is IVR A- (Outlook: Stable), ICRA BBB+ (Outlook: Stable), India Ratings BBB+ (Outlook: Positive) and CRISIL BBB+ (Outlook: Stable). The short-term rating of the Company by Infomerics, ICRA Limited and India Ratings is A2. Furthermore, the Company has obtained rating in respect of line of credit/bank lines, outstanding securitisation/ assignment transactions, Non-Convertible Debentures and Commercial Paper. The ratings obtained for the said transactions are provided hereunder:

Instrument	Year ended March 31, 2021			
	Rating Date	Rating Agency	Current rating assigned	Valid upto
Line of Credit/ Bank lines	13-Jun-20	Infomerics ratings	IVR A-/Stable/IVR A2+(Short Term rating)	09-Jun-21
	30-Jul-20	ICRA	[ICRA]BBB+(Stable)/ [ICRA]A2 assigned	29-Jul-21
	31-Aug-20	ICRA	[ICRA]BBB+(Stable)/ [ICRA]A2 assigned	30-Aug-21

Non-Convertible Debentures/ CP	13-Jun-20	Infomerics ratings	IVR A-/Stable	12-Jun-21
	31-Aug-20	ICRA	[ICRA]BBB+(Stable)	30-Aug-21
	30-Jul-20	ICRA	[ICRA]BBB+(Stable)	29-Jul-21
	02-Mar-21	India Ratings and Research	IND PP-MLD BBB+emr/Positive	01-Mar-22
	29-Sep-20	India Ratings and Research	IND PP-MLD BBB+emr/Positive, IND A2 (Commercial Paper)	28-Sep-21
	23-Nov-20	CRISIL LTD	CRISIL PP-MLD BBB+r	22-Nov-21

Note: Ratings are valid up to Maturity subject to the annual surveillance

KEY AWARDS AND RECOGNITIONS

Lendingkart Group have been awarded with the following recognitions and awards:

- **'Innovation and Emerging Technologies'** by Business Leader of the Year (BLOY) & Mr. Harshvardhan Lunia, Managing Director was awarded the **'Fintech Personality of the Year'**; and

- **'Best Fintech Business Lender'** by IFTA 2020.

DIVIDEND

The Directors have not recommended any dividend for the FY 2020-21.

RESERVES

During the year under review, the Company has earned a total comprehensive income of ₹ 1,879.99 Lakh. Accordingly, the Company has transferred ₹ 376.00 Lakh to the statutory Reserve Fund in terms of Section 45-IC of the Reserve Bank of India Act, 1934.

DEBT POSITION

During the year under review, ₹ 40,750 Lakh had been raised through issuance of non-convertible secured debentures on a private placement basis; out of which the non-convertible secured debentures amounting to ₹ 23,000 Lakh are Listed on the Wholesale

Debt Market segment of BSE Limited and the non-convertible secured debentures amounting to ₹ 17,750 Lakh are unlisted.

As on 31st March, 2021, the total borrowings stood at ₹ 1,63,172.33 Lakh; bank borrowings stood at ₹ 48,865.25 Lakh; borrowings from financial institutions and others stood at ₹ 46,756.49 Lakh; and non-convertible debentures were at ₹ 67,550.59 Lakh.

DETAILS OF DEBENTURE TRUSTEES

The details of the entities which acted as the debenture trustees for the debenture holders of the Company during the year are provided herewith:

Sr. No.	Trustee	Contact details
1.	Catalyst Trusteeship Limited	Address: Windsor, 6th Floor, Office No - 604, C.S.T. Road, Kalina, Santacruz (East), Mumbai – 400 098 Phone No.: +91 22 4922 0555 Fax No.: +91 22 4922 0505 Email: dt.mumbai@ctltrustee.com Website: www.catalysttrustee.com
2.	Milestone Trusteeship Services Private Limited	Address: CoWorksWorli, PS56, 3rd Floor, Birla Centurion, Pandurang Budhkar Marg, Worli, Mumbai – 400030. Phone: 020 – 62886119 Fax: 020 – 67167077 Email:investorgrievances@milestonetrustee.in, compliance@milestonetrustee.in Website: www.milestonetrustee.in
3.	IDBI Trusteeship Services Private Limited	Address: Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Fort, Mumbai – 400001. Phone: 022–40807000 Fax: 022 – 66311776 Email: itsl@idbitrustee.com Website: www. idbitrustee.com

PUBLIC DEPOSITS

The Company being a registered 'non-deposit taking NBFC' under the regulations of RBI had not accepted any public deposits during the year under review.

ANNUAL RETURN

A copy of the annual return as provided under section 92(3) of the Act, in the prescribed form, which will be filed with the Registrar of Companies, Mumbai, shall be uploaded on Company's website https://www.lendingkartfinance.com once the same is finalized.

PARTICULARS OF LOANS, GUARANTEES, OR INVESTMENTS

As the Company is registered as a non-banking financial company with Reserve Bank of India, the provisions of Section 186, except sub-section (1) of the Companies Act, 2013 are not applicable to the Company.

BOARD OF DIRECTORS AND BOARD COMMITTEES

Meetings of the Board of Directors

During the period under review, the Board of Directors met five (5) times.

Constitution of the Board Committees

I. Audit Committee

Mr. Gaurav Mittal	-	Chairman*
Mr. Thallapaka Venkateswara Rao	-	Member
Mr. Anindo Mukherjee	-	Member

*****_Mr. Gaurav Mittal ceased to be the Chairman of the Committee w.e.f. 27th June, 2021._

II. Nomination and Remuneration Committee

Mr. Hong Ping Yeo	-	Chairman
Ms. Pankaj Makkar	-	Member
Mr. Gaurav Mittal	-	Member*
Mr. Thallapaka Venkateswara Rao	-	Member

*****_Mr. Gaurav Mittal ceased to be the Member of the Committee w.e.f. 27th June, 2021._

The Company has laid guidelines approved by the Nomination and Remuneration Committee (NRC) for Fit and Proper Criteria for appointment of Directors in accordance with the guidelines issued by the Reserve Bank of India.

The Nomination & Remuneration Policy as approved by the Board on recommendation of the Nomination & Remuneration Committee is available on website of the Company www.lendingkartfinance.com. The Policy, inter alia, provides for:

- Guiding principles for remuneration and other terms of employment

- Criteria for determining qualifications and positive attributes of a director, key managerial personnel, and senior management personnel.
- Compensation structure; and
- Performance evaluation process

III. Risk Oversight Committee

Mr. Anindo Mukherjee	Chairman
Mr. Anand Pande	Member *(appointed on 20th August, 2020)*
Mr. Harshvardhan Lunia	Member

- *Mr. Kiranbir Nag ceased to be the Member of the Committee w.e.f. 6th July, 2020.*

IV. IT Strategy Committee

Mr. Gaurav Mittal	Chairman*
Mr. Anand Pande	Member
Mr. Harshvardhan Lunia	Member *(appointed on 20th August, 2020)*
Mr. Giridhar Yasa	Permanent Invitee *(appointed on 10th November, 2020)*

- *Mr. Kiranbir Nag ceased to be the Member of the Committee w.e.f. 6th July, 2020.*

**Mr. Gaurav Mittal ceased to be the Chairman of the Committee w.e.f. 27th June, 2021.*

V. Corporate Social Responsibility Committee

Mr. Gaurav Mittal	Chairman*
Mr. Harshvardhan Lunia	Member
Mr. Anand Pande	Member

**Mr. Gaurav Mittal ceased to be the Chairman of the Committee w.e.f. 27th June, 2021.*

The Company's Corporate Social Responsibility Policy ("**CSR Policy**") is available on website of the Company www.lendingkartfinance.com. The CSR Policy gives an overview of the projects or programs that could be undertaken by the Company from time to time.

The CSR Policy, *inter alia,* covers the following:
- CSR Vision
- CSR Objectives
- Focus Areas
- Scope of the Policy
- Responsibility of the CSR Committee
- Governance Structure
- CSR budget and expenditure
- CSR implementation process
- CSR activities through external specialized agencies
- Monitoring & reporting

The Annual Report on CSR activities as per Rule 8 of the Companies (Corporate Social Responsibility) Rules, 2014 is annexed to this report as **Annexure-B**.

TERMS OF REFERENCE OF THE BOARD COMMITTEES

The terms of references of the Audit Committee, Nomination and Remuneration Committee, Risk Oversight Committee, IT Strategy Committee, and Corporate Social Responsibility Committee are provided in the Corporate Governance Guidelines. The Corporate Governance Guidelines are available on website of the Company www.lendingkartfinance.com.

INTERNAL FINANCIAL CONTROLS

The Company's Internal Financial Control systems are commensurate with the nature of its business and the size and complexity of its operations.

The Company has put in place adequate internal financial controls with reference to financial statements. Such a system has been designed to provide for:

• Adoption of accounting policies in line with applicable accounting standards;
• Proper recording of transactions with internal checks and reporting mechanism; and
• Compliance with applicable statutes, policies, management policies, and procedures.

The management of the Company periodically reviews the financial performance against the approved plans across various parameters and takes action, wherever necessary.

APPOINTMENTS, RE-APPOINTMENTS AND RESIGNATION OF DIRECTORS & KEY MANAGERIAL PERSONNEL

During the year under review:

(i) Pursuant to Section 152 of the Companies Act, 2013, Mr. Anand Pande (DIN: 08233960) and Mr. Raichand Sardarmal Lunia (DIN: 01188845), Directors of the Company, retire by rotation and being eligible, offers themselves for re-appointment at the forthcoming annual general meeting;

(ii) The members of the Company at the annual general meeting held on 30th September, 2020, appointed Mr. Thallapaka Venkateswara Rao (DIN: 05273533) as a non-executive independent director of the Company for a period of 3 (three) years with effect from 13th November, 2019;

(iii) Mr. Kiranbir Nag (DIN: 07660247), non-executive director of the Company, tendered his resignation effective from 6th July, 2020;

(iv) Mr. Sudeep Bhatia (PAN: ADQPB9745G) was appointed as the Chief Financial Officer of the Company with effect from 1st March, 2021; Mr. Mohit Bajaj, Chief Financial Officer of the Company tendered his resignation effective from 10th October, 2020; and Mr. Mithun Sundar, Chief Executive Officer of the Company tendered his resignation effective from 16th February, 2021;

(v) The Board of Directors appointed Ms. Uma Subramaniam (DIN: 07434953) as an additional non-executive independent director of the Company for a period of 3 (three) years with effect from 27th March, 2021 subject to confirmation by members at the ensuing annual general meeting.

INDEPENDENT DIRECTORS

Declaration of independence

The Independent Directors have tendered declaration that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013.

Statement on Integrity, expertise, and experience of independent directors

Mr. Thallapaka Venkateswara Rao

Mr. Thallapaka Venkateswara Rao has an extensive experience of over 35 years in the field of Banking, Foreign Trade and Housing Finance Sectors with specialization in Management of Treasury, Investment and Corporate Finance Operations, Securitization and Structured Finance, product development (Reverse Mortgage, etc.), Training, Research, Capacity Building and Regulation and Supervision of Housing Finance Institutions.

Mr. Rao is registered as an independent director in the data bank of independent directors as required under the Companies Act, 2013, and has passed the online proficiency self-assessment test conducted by the Indian Institute of Corporate Affairs.

Ms. Uma Subramaniam

Ms. Uma Subramaniam has an overall experience of over two decades in Department of Financial Supervision, RBI, where she has gained fair knowledge of finance, risk management and accounting working at different capacities across the department.
Ms. Subramaniam is registered as an independent director in the data bank of independent directors as required under the Companies Act, 2013, and has passed the online proficiency self-assessment test conducted by the Indian Institute of Corporate Affairs.

In terms of the RBI Regulations, the Chairman of the Nomination and Remuneration Committee has confirmed the fit and proper status of Ms. Uma Subramaniam, Mr. Gaurav Mittal and Mr. Thallapaka Venkateswara Rao.

Furthermore, the Board of Directors at their meeting held on 5th August, 2021 evaluated the performance of the Independent Directors. The Board of Directors are of the opinion that the Independent Directors fulfill the conditions specified under the Companies Act, 2013.

Mr. Gaurav Mittal

Mr. Gaurav Mittal served the Company as an Independent Director for a period of 3 years.

Mr. Mittal is registered as an independent director in the data bank of independent directors as required under the Companies Act, 2013, and has passed the online proficiency self-assessment test conducted by the Indian Institute of Corporate Affairs.

Mr. Mittal vacated the office on 27th June, 2021, on the expiry of his second term.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c)and 134(5) of the Companies Act, 2013, the Directors hereby state and confirm that:

(a) in the preparation of the annual accounts, the applicable Indian Accounting Standards and Schedule III of the Companies Act, 2013 have been followed along with proper explanation relating to material departures;

(b) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for the financial year ended 31st March, 2021;

(c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) the annual accounts have been prepared on a going concern basis; and

(e) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

COMPLIANCE OF APPLICABLE SECRETARIAL STANDARDS

The Company complies with all the applicable secretarial standards.

PARTICULARS OF REMUNERATION

The details as required to be disclosed under Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable for the FY 2020-2021.

INTERNAL COMPLAINTS COMMITTEE

The Company has in place a Policy on Prevention of Sexual Harassment at Workplace in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules framed thereunder. During the period under review, no complaints were received by the Internal Complaints Committee established under the Policy for Prohibition, Prevention and Redressal of Sexual Harassment of Women at Workplace of the Company.

RELATED PARTY TRANSACTION

All contracts/arrangements/transactions entered into/by the Company during the year under review with related parties were on arms' length basis and in the ordinary course of business of the Company. The Company has formulated a policy on Related Party Transactions which is available on website of the Company www.lendingkartfinance.com.

There were no material contracts which are required to be disclosed pursuant to Section 134(3)(h) of the Companies Act and rule 8(2) of the Companies (Accounts) Rules, 2014.

The details of other related party transactions entered during the year under review are provided in Note No. 35 of the accompanying financial statements.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS, AND OUTGO

(a) Conservation of Energy

(i) The Steps Taken or impact on the conservation of Energy

The Company continues to make all efforts to conserve and optimize the use of energy including efficient use of office equipment, and like manners.

(ii) The steps taken by the Company for utilizing alternate sources of energy

The Company already uses minimal energy, there is no cost-effective way to use any alternate source of energy.

(iii) The Capital investment in energy conservation equipment

There was no capital investment made in energy conservation equipment.

(b) Technology Absorption

The Company uses the latest technology and equipment in the business.

The expenditure incurred on Research and Development: Nil

(c) Foreign exchange earnings and outgo

During the year under review, the Company had no foreign exchange earnings. The foreign exchange outgo was ₹ 118.80 Lakh towards professional fees and software expenses.

<u>AUDITORS AND THEIR REPORT</u>

Statutory Auditors

M/s. S.R. Batliboi & Co. LLP (Firm Registration No. 301003E/E300005), Chartered Accountants, were re-appointed as Statutory Auditors of the Company, for a second term of 5 (five) consecutive years from conclusion of 23rd annual general meeting till the conclusion of the 28th annual general meeting. Your Company has received confirmation from M/s. S.R. Batliboi & Co. LLP regarding their eligibility under Sections 139 and 141 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014. The Auditors reports for the financial year 2020-21 do not contain any qualification or reservation or adverse remark.

Further, no fraud was reported by the auditors of the Company under Section 143(12) of the Companies Act, 2013.

Secretarial Auditors

In accordance with the provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed M/s. Suthar & Surti, Company Secretaries, to conduct the Secretarial Audit of the Company for FY 2020-21. The Secretarial Audit Report for FY 2020-21 is annexed herewith as "**Annexure-C**" to this Report. The Secretarial Audit

Report for the financial year 2020-21 do not contain any qualification or reservation or adverse remark.

MAINTENANCE OF COST RECORDS

During the period under review, the Company was not required to maintain cost records as specified by the central government under sub-section (1) of Section 148 of the Companies Act, 2013.

STATEMENT INDICATING THE MANNER IN WHICH FORMAL ANNUAL EVALUATION HAS BEEN DONE

The Board completed the annual evaluation of its own performance as well as an evaluation of the working of all the Board Committees, and the Independent Directors. The Independent Directors evaluated the performance of the Chairman, the non-independent directors, and the Board. The Nomination and Remuneration Committee evaluated the performance of all individual Directors (excluding independent directors).

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

During the year under review, no significant and material orders passed by any regulator or court or tribunal, which may impact the going concern status of the Company and its operations in future.

RISK MANAGEMENT

In line with the RBI regulations, the Company has the Board committee known as the Risk Oversight Committee. The Risk Oversight Committee of the Company, inter alia, oversees the processes of risk assessment and minimization, monitors risk management plans, and carries out such other functions as may be directed by the Board.

The Company has a Board approved Risk Management Framework in place. The Framework, inter alia, provides for a sound and well-defined framework to address all material risks of the Company and the governance structure.

The Board of Directors have not come across any risk which in the opinion of the Board may threaten the existence of the Company.

VIGIL MECHANISM/WHISTLE BLOWER POLICY

The Company has established a Vigil Mechanism/ Whistle Blower Policy. The purpose of this mechanism is to provide a framework to report concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct and provide adequate safeguards against victimization of the person availing this mechanism. The Policy is placed on website of the Company www.lendingkartfinance.com. The Policy has been appropriately communicated within the organization and is effectively operational.

The whistle-blower policy comprehensively covers processes for receiving, analyzing, investigating, inquiring, taking corrective action, and reporting of the issues raised.

ACKNOWLEDGMENT

The Directors acknowledge with gratitude, the encouragement, assistance, support, and co-operation extended by its investors, customers, bankers, and employees, and all the stakeholders of the Company.

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

Sd/-
Harshvardhan Lunia
Chairman & Managing Director
DIN: 01189114
Date: 5th August, 2021
Place: Ahmedabad

Annexure-A

Management Discussion and Analysis - Lendingkart Finance Limited

Macroeconomic Scenario

The last financial year has been one of a kind, where countries across the world have been hit hard physically, mentally, socially, financially and emotionally with an unexpected outbreak of COVID-19 virus. The originally projected spike in the economy took a major setback due to complete focus on saving lives and livelihoods amidst a once-in-a-century crisis. The pandemic impacted both supply and demand in the economy with the policy dilemma of "lives versus livelihoods". The reforms, initiatives and measures taken at all levels, were unique amidst all major economies and were implemented to provide some cushion to absorb the pandemic shock. The country's GDP contracted by 7.3 percent in financial year 2020-21. The sturdy credit growth to MSMEs provided the sector the much needed credit flow to survive and grow. India's real GDP is projected to record a 11.0% growth in FY2021-22 and nominal GDP to grow by 15.4% – the highest since independence.

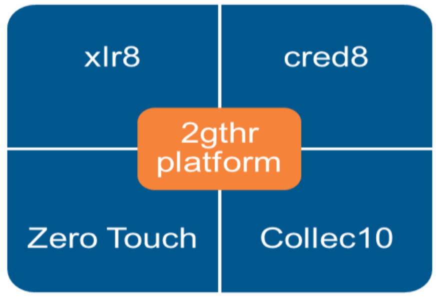
Opportunity Landscape

Indian MSMEs sector contributes about 29% towards the GDP through its national and international trade. There is a US$350 Bn gap in MSME lending; digital lenders expected to bridge the gap through tech interventions, especially, Proliferation of digital infra driving growth; further boost expected due to COVID induced lockdown such as India Stack – 1 Bn+ Aadhar, Account aggregator launch, GST registered entities – 10 Mn+, Digital book-keeping and accounting tools, UPI growth – 3Bn Txns per month, Video KYC, E-Sign, ENACH launch.

Budget allocation for MSMEs in FY22 more than doubled to Rs. 15,700 crore (US$ 2.14 billion) vis-à-vis Rs. 7,572 crore (US$ 1.03 billion) in FY21 as domestic business requires a strong financial stimulus with concessional working capital loans to ensure adequate liquidity is maintained in business operations from the government and financial institutes.

The time has never been so critical for Fintechs to make a real contribution to the economy as the businesses need support at every stage of their operations to automate and leverage the technology interventions to spearhead their recovery plan. Lending fintechs have reached the nooks and corners of the country with their digital origination and delivery systems, and this will be a key to providing access to credit across the country. They will be the biggest game changer in reviving the SMEs and provide the much needed trickle down of credit which both the Government and RBI has been focusing on. They will be at the frontline to provide the end stage deliverability of services and capital.

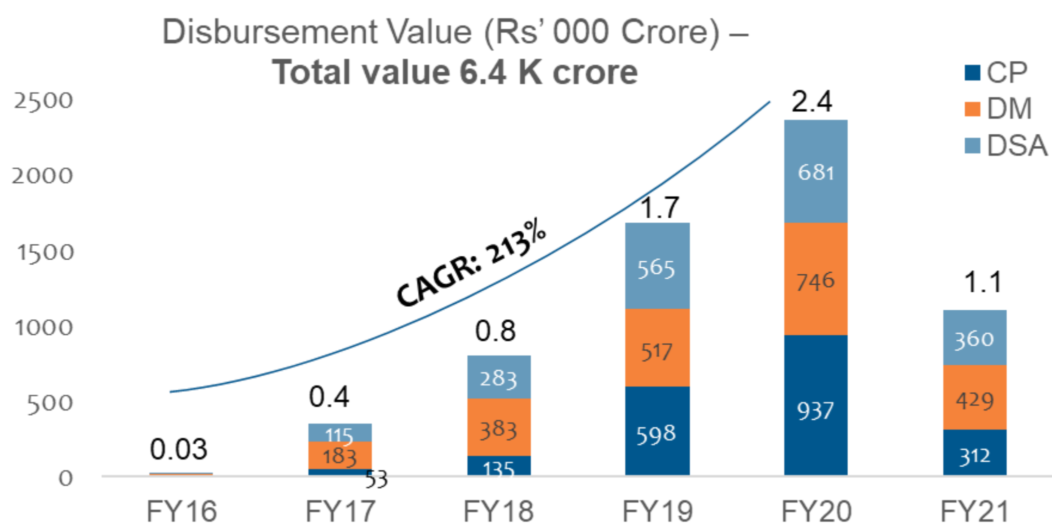
Lendingkart has invested its resources in building a power packed utility for entire ecosystem to leverage through its E2E platform ‘2gthr’ along with ‘xlr8’, ‘cred8’,‘collec10’, ‘Atom’/ ‘Zero Touch’ leveraging LK’s proprietary technology & DS capabilities.



Business Overview

Lendingkart Finance Limited provides quick, easy and hassle-free working capital loans to MSMEs for their business needs. Lendingkart aims to be central to providing the financing to India’s 63 million MSMEs by leveraging Technology, Data Analytics, Machine Learning and Artificial Intelligence.

Lendingkart has disbursed 17,210 loans to MSMEs in FY 21 amounting to Rs ~1100 Crores, and out of disbursed loans, ~35% loans were disbursed to the existing customers of the Company. Though the company has offices at only three locations, it has disbursed loans in more than 1800 cities and towns in India. The company has cumulatively touched and improved lives of more than 1,20,000 small businessmen and have touched gross disbursal of Rs 6,420 Crores to these customers.



Lendingkart Finance Ltd clocked Rs 490 Cr as revenue in FY21 and Company’s Assets Under Management (AUM) in FY 21 is Rs 2465 Crores, well diversified portfolio across risk profiles, industries, geographies, etc demonstrating robust portfolio performance which was also rewarded through the Credit rating upgraded to A- with stable outlook during the peak pandemic situation.

Investing in cutting edge Information Technology Infrastructure

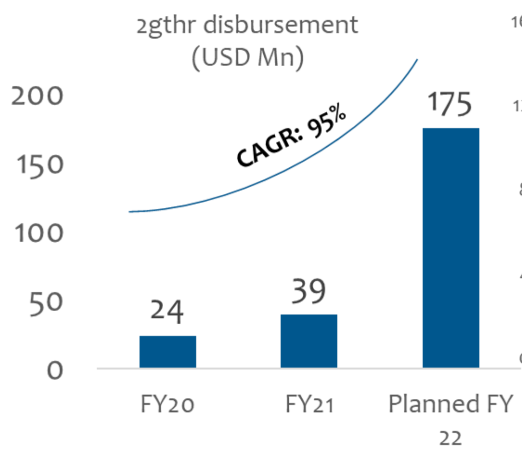
Lendingkart has been leading technology adoption among industry peers and has continuously leveraged existing and emerging technologies to launch new partnerships, enhance customer acquisition and servicing processes along with simplifying the back-office.

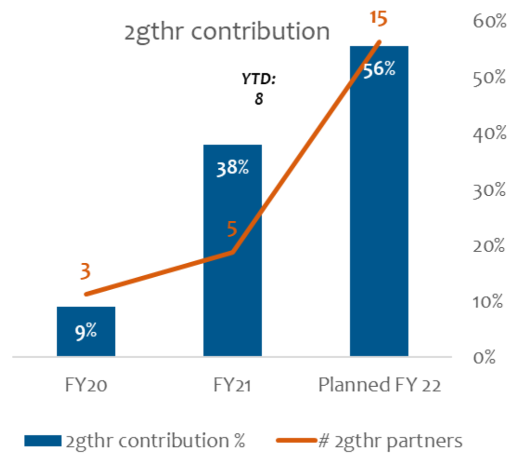
Lendingkart Finance Limited uses a variety of technologies for lending use cases right from customer on-boarding to credit evaluation till collections. The new age technology solutions from Lendingkart Technologies have enabled the company to deliver cost effective and state of the art efficient solutions for our customers. It has helped us in strategic cost management for our entire operations.

Having built one of the largest MSME databases in the country with 3.5 billion data points for 500k MSMEs by evaluating 1 million+ MSME applications, Lendingkart has taken the next step of collaboration across the financial services ecosystem. Lendingkart '**2gthr**' platform is going to power entire ecosystem through its E2E capabilities of:

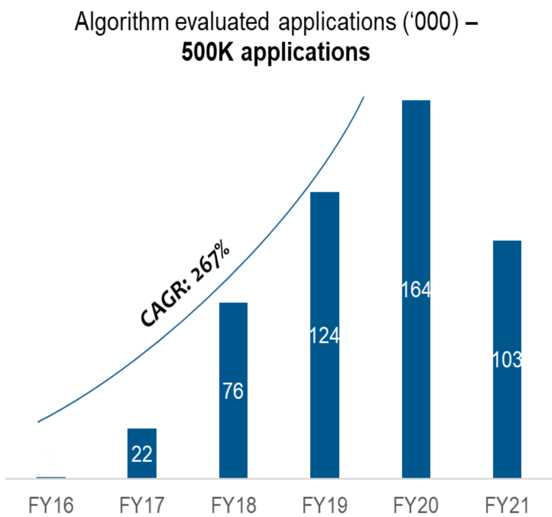
- '**xlr8**': provides white label solution to partners (both offline and online) to use the power of APIs to acquire and onboard customers digitally
- '**cred8**': LK has pioneered algorithm driven cash-flow based u/w models for MSME segment with minimal human involvement
- '**collec10**': building digital connectivity and digital collection processes to service MSMEs anywhere along with strong pan India presence with 700+ agents and 60+ agencies
- **'Atom'/Zero Touch':** The entire customer journey has been made seamless with no scope of lapses by automating the checkpoints and modulrizing the funnel via micro-processes, thereby reducing the turnaround time and increasing the coverage of MSMEs being serviced

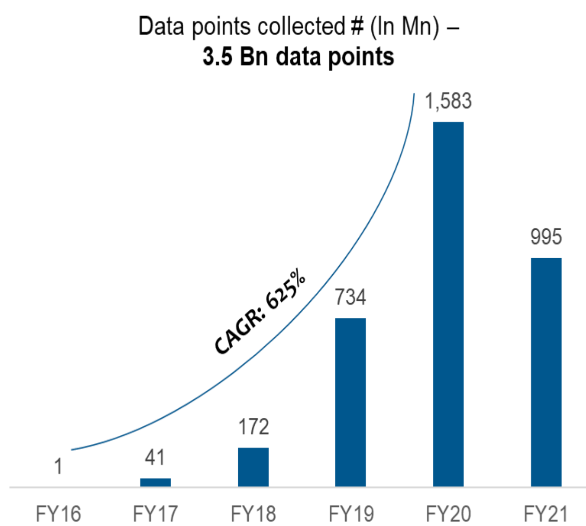
LK is well placed to act as the "perfect bridge" between the internet companies having scores of B2B MSME customers and lenders with large balance sheet looking to penetrate this segment and is is among the very few FinTech's globally to provide E2E capabilities from customer acquisition to collections via its digital platform products.





The Company is also actively investing and deploying capabilities in Artificial Intelligence (AI) and Machine Learning (ML) to enable superior customer experience at various touch points along with investing in cloud and data infrastructure. Current credit model has the ability to risk classify an application into 5 risk categories and objectively determine amount eligibility based on risk profile. Better prediction of amount eligibility has resulted in disbursal allocation to good customers over time. Lendingkart won the "Digital Technology Award" this year and it continues to strive for excellence and building an IT infrastructure that best serves SMEs in India.





Human Capital

Last year has been a year where world have encountered one of the most difficult phases in the history of mankind's existence. While entire country was dealing under COVID pandemic but it was heart-warming to see how everyone came together and stood strong in the face of the deadliest virus attack. At Lendingkart as well, organization held the fort steady ensuring that our employees were well taken care of. The need of the hour was empathy, selflessness and quick medical care.

- The company started with an Employee Assistance program to help cope employees staying at home for a prolonged period.
- The company conducted webinars and emailers on employee health and wellness.
- A COVID task force was formulated which provided helpline numbers to all employees who can call those numbers if they need medicines, hospital beds, oxygen concentrator, food and other items for their families, friends and acquaintances.
- This was followed by COVID leave for employees – 12 working days of leave over and above the regular leave accrual.
- Once it was time for vaccination, Lendingkart ensured that the employees get the opportunity to vaccinate themselves under a safe environment. The vaccination drive was not restricted to employees only but extended to their families, relatives and friends.

In parallel, Lendingkart redefined the value proposition for the organisation. The company went back to the blackboard to redefine our values and came up with 7 core values as part of the organisation value system.

- Customer obsession
- Speed matters
- Ownership Mindset
- One Team
- Think Big
- First Time Right
- Frugal Innovation

The value cascade involved an intensive framework where CXOs were actively involved to disseminate the information within their teams. The core values were tied up with our reward and recognition framework to drive the right set of behaviours amongst employees. To make this a part of the organisation DNA, it was decided that it will be incorporated in the performance appraisal as well. That is when the performance appraisal process underwent a transformation. The company introduced 360-degree feedback for mid and senior management which was linked to the 7 core values of the organisation. This was followed by a calibration process wherein feedback was gathered from CXOs as part of the development process for every individual. The robust Performance Management Program has given an additional edge in developing the next generation and build future leaders in the organisation.

Internal Control Systems

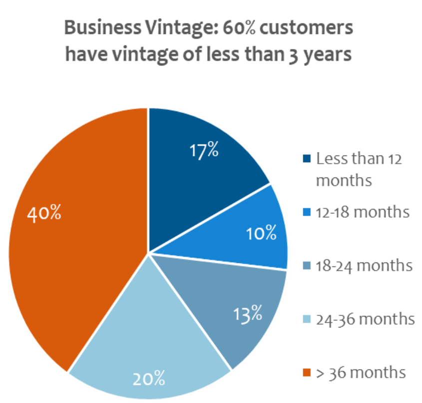
Lendingkart has an independent internal management assurance function which is commensurate with its size and scale. It evaluates the adequacy of all internal controls and processes and ensures strict adherence to clearly laid down processes and procedures, as well as to the prescribed regulatory and legal framework. Lendingkart has further strengthened its internal audit function by investing in domain specialists to increase effectiveness of controls. The Audit Committee of the Board of Directors reviews the internal audit reports and the adequacy and effectiveness of internal controls. During the financial year under review, no material observation has been received from the Statutory Auditors and the Internal Auditors of the Company on such controls.

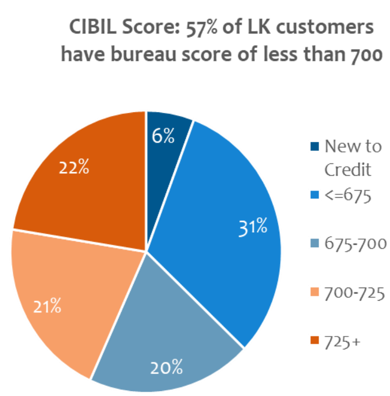
Risk Management

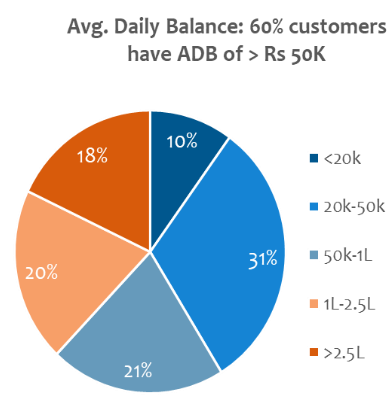
The company has built a strong culture of managing risk in a structured manner. The risk management framework focuses attention on key areas such as credit, liquidity, operational and IT security risks.

Credit Risk

With advance risk assessment capabilities and evolved models for early warning triggers, phasing out manual interventions which is subjective and prone to errors; LK has pioneered an algorithm driven cash-flow based u/w models for MSME segment and launched a robust "Cred8" platform that provides SME score as output, which includes Lendingkart Score (300-900), Risk Bucket (A to F), Loan amount for 1/ 2/ 3 yr loan duration, Expected bad amount rate and Key ratios such as EMI/ADB.







These models are regularly monitored against desired outcomes for the organization and are reviewed and revised as required.

Operational Risk

Operational risk is inherent to processes and systems and a dedicated team monitors operational risks and incidents, including the robustness of various processes, systems and information security related matters. The Company has invested in automating the customer journey and the associated operational funnel by developing robust "Atom/

Zero Touch" platform. The customer journey has been modularized via micro-processes, built in a product and industry agnostic fashion scalable across wide array of services.

IT Security Risk

Cybersecurity and InfoSec policies are continuously to mitigate the risk. Vulnerability assessment and penetration testing is performed on regular basis to identify any anomaly.

- The company follows the RBI master direction for IT framework applicable to NBFC sector which includes, IT Operations, IS Audit, Business Continuity Planning, IT Service Outsourcing.
- It takes the best practices guidelines references from ISO/IEC 27001 - Information security management systems and ISO 22301 - Business continuity management systems
- IT ensures that Employee security awareness training and regular security audits are also conducted to check the effectiveness of security controls.

Asset Liability Management

Borrowing & asset liability management function is a centralized activity carried out by the finance team of the company in consultation with the management. The Capital Markets team focuses on minimizing the cost of borrowings, liquidity management and control, diversifying fundraising sources, managing interest rate risk and investing funds in accordance with the criteria set forth in investment policy. Our borrowing sources include public/private & small finance Banks, NBFCs, DFI, AMCs. Borrowing tenure is usually longer than the maturity of company assets to maintain positive cash flow. Short term liquidity is monitored on a dynamic basis to maintain adequate liquidity. Company reviews its policy periodically to factor in macro and micro events. The company thus follows a prudent strategy to ensure a solid foundation for its asset liability management.

Lendingkart has always kept continued focus on delivering innovative products and maximizing our reach to SME customers and has become a benchmark in the lending fintech domain. As we move ahead, continued investments in technology and digital products will be maintained to solve the problem of the MSME segment in terms of enhanced data availability and lending product delivery.

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

Sd/-
Harshvardhan Lunia
Chairman & Managing Director
DIN: 01189114
Date: 5th August, 2021
Place: Ahmedabad

Annexure-B

Annual Report on CSR Activities for the Financial Year 2020-21

1. Brief outline on CSR Policy of the Company.

Corporate Social Responsibility (CSR) initiative aims at having a long term sustainable impact on the community. The CSR Policy of the Company gives an overview of the projects or programs that could be undertaken by the Company from time to time.

The CSR Policy, *inter alia,* covers the following:
- CSR Vision
- CSR Objectives
- Focus Areas
- Scope of the Policy
- Responsibility of the CSR Committee
- Governance Structure
- CSR budget and expenditure
- CSR implementation process
- CSR activities through external specialized agencies
- Monitoring & reporting

2. Composition of CSR Committee:

Sl. No.	Name of 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. Gaurav Mittal*	Chairman	2	2
2	Mr. Harshvardhan Lunia	Member	2	2
3	Mr. Anand Pande	Member	2	2

* *Mr. Gaurav Mittal ceased to be the Chairman of the Committee w.e.f. 27th June, 2021.*

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	Lendingkart Composition of CSR Committee (https://s3.ap-south-1.amazonaws.com/lendingkartfinance.com/CSR+Activities+of+Lendingkart.pdf)
CSR Policy	Lendingkart CSR Policy (https://aadri-infin.s3-ap-southeast-1.amazonaws.com/Corporate+Social+Resposibilty+Policy.pdf)
CSR projects approved by the board	Lendingkart CSR projects approved by the board (https://s3.ap-south-1.amazonaws.com/lendingkartfinance.com/CSR+Activities+of+Lendingkart.pdf)

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report).

   Not applicable for the financial year under review.

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any.

Sl. No.	**Financial Year**	**Amount available for set-off from preceding financial years (in Rs)**	**Amount required to be set-off for the financial year, if any (in Rs)**
Nil			

6. Average net profit of the company as per section 135(5).

   ₹ 1,722.44 Lakh

7. (a) Two percent of average net profit of the company as per section 135(5)
   ₹ 34.45 Lakh

   (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years.
   Nil

   (c) Amount required to be set off for the financial year, if any
   Nil

   (d) Total CSR obligation for the financial year (7a+7b-7c).
   ₹ 34.45 Lakh

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in Rs.)	**Amount Unspent (in Rs.)**				
	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.**
₹ 85,060/-	₹ 33,60,000/-	30th April, 2021	NA	NA	NA

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

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
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.**		**Project duration.**	**Amount allocated for the project (in Rs.).**	**Amount spent in the current financial Year (in Rs.).**	**Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.).**	**Mode of Implementation - Direct (Yes/ No).**	**Mode of Implementation - Through Implementing Agency**	
				State.	**District.**						**Name**	**CSR Registration number.**
1.	Construction of building premises by Shree Jain Shwetambar Terapanthi Sabha, Ahmedabad, a public charitable trust for CSR activities	Clause (i) Promoting health care, Clause (ii) Promoting education, and Clause (iii) empowering women	Yes	Gujarat,	Ahmedabad	3 years	33,60,000	0	33,60,000	No	Shree Jain Shwetambar Terapanthi Sabha, Ahmedabad	-
	Total						**33,60,000**	**0**	**33,60,000**			

(c) Details of CSR amount spent against **other than ongoing projects** for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
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.**		**Amount spent for the project (in Rs.).**	**Mode of implementation - Direct (Yes/ No).**	**Mode of implementation - Through implementing agency.**	
				State.	**District.**			**Name.**	**CSR registration number.**
1.	Distribution of sewing machines to a group of women in association with Ahmedabad Women's Action Group, a public charitable trust.	Clause (iii) empowering women	Yes	Gujarat, Ahmedabad		85,060	No	Ahmedabad Women's Action Group, a public charitable trust.	-
	Total					**85,060**			

(d) Amount spent in Administrative Overheads: **Nil**

(e) Amount spent on Impact Assessment, if applicable: **Not applicable**

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): **₹ 85,060**

(g) Excess amount for set off, if any:

Sl. No.	**Particular**	**Amount**
(i)	Two percent of average net profit of the company as per section 135(5)	34,45,000
(ii)	Total amount spent for the Financial Year	85,060
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Nil

(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)]	Nil

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	**Preceding Financial Year.**	**Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)**	**Amount spent in the reporting Financial Year (in Rs.).**	**Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.**			**Amount remaining to be spent in succeeding financial years. (in Rs.)**
				Name of the Fund	**Amount (in Rs).**	**Date of transfer.**	
Not applicable							

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**(7)**	**(8)**	**(9)**
Sl. No.	**Project ID.**	**Name of the Project.**	**Financial Year in which the project was commenced.**	**Project duration.**	**Total amount allocated for the project (in Rs.).**	**Amount spent on the project in the reporting Financial Year (in Rs).**	**Cumulative amount spent at the end of reporting Financial Year. (in Rs.)**	**Status of the project - Completed /Ongoing.**
Not applicable								

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year:
Not applicable

~~(a) Date of creation or acquisition of the capital asset(s).~~
~~(b) Amount of CSR spent for creation or acquisition of capital asset.~~
~~(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.~~
~~(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).~~

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5). **As above in point 8(b)**

Sd/- **Harshvardhan Lunia** **Chairman & Managing Director** **DIN: 01189114** **Date: 5th August, 2021**	**Sd/-** **Anand Pande** **Chairman** **CSR Committee** **DIN: 08233960** **Date: 5th August, 2021**

Form No. MR – 3

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

SECRETARIAL AUDIT REPORT

For the Financial Year ended March 31, 2021

To,
The Members
Lendingkart Finance Limited
CIN: U65910MH1996PLC258722
A-303/304, Citi Point,
Andheri-Kurla Road,
Andheri (East),
Mumbai – 400059, Maharashtra

We have conducted the Secretarial Audit of the compliance of applicable Statutory provisions and the adherence to good corporate practices by **Lendingkart Finance Limited** (hereinafter called as "**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 books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **March 31, 2021** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and Compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **March 31, 2021** according to the provisions of:

1) The Companies Act, 2013 (the Act) and the Rules made thereunder;
2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
3) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder;
5) 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 during the period under review**)
    b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

c) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (**not applicable during the period under review**)
d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (**not applicable during the period under review**)
g) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (**not applicable during the period under review**)
h) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;

6) The Reserve Bank of India Act, 1934 and its Rules, Regulations, Directors, Circulars and Notifications.

We have also examined compliance with the applicable clauses of the following:

1) Secretarial Standards issued by the Institute of Company Secretaries of India.
2) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

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 details notes on agenda were sent at least seven days in advance, and 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.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board as the case may be.

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 following specific events / actions took place which have a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc:

1) The Company has increased the Authorized Share Capital of the Company from INR 44,54,75,000/- to INR 50,72,76,000/-.
2) The Company has altered and restated the Articles of Association
3) The Company has allotted, from time to time, Non-Convertible Debentures on private placement basis aggregating to INR 230,00,00,000/- in various traches and Listed on Bombay Stock Exchange Limited
4) The Company has allotted, from time to time, Unlisted Non – Convertible Debentures on private placement basis aggregating to INR 177,50,00,000/- in various traches.

For, Suthar & Surti
Company Secretaries
UCN: P2018GJ068000

Sd/-
Jay Surti
Partner
Mem. No.: A44966
COP No.: 18712
UDIN: A044966C000737515

Date: August 5, 2021
Place: Ahmedabad

Annexure to the Secretarial Audit Report

To,
The Members
Lendingkart Finance Limited
CIN: U65910MH1996PLC258722
A-303/304, Citi Point,
Andheri-Kurla Road,
Andheri (East),
Mumbai – 400059, Maharashtra

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

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

For, Suthar & Surti
Company Secretaries
UCN: P2018GJ068000

Sd/-
Jay Surti
Partner
Mem. No.: A44966
COP No.: 18712
UDIN: A044966C000737515
Date: August 5, 2021
Place: Ahmedabad

S.R. BATLIBOI & CO. LLP
Chartered Accountants

12th Floor, The Ruby
29 Senapati Bapat Marg
Dadar (West)
Mumbai - 400 028, India
Tel: +91 22 6819 8000

INDEPENDENT AUDITOR'S REPORT

To the Members of Lendingkart Finance Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of Lendingkart Finance Limited ("the Company"), which comprise the Balance sheet as at March 31, 2021, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its profit including other comprehensive income, 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.

Emphasis of Matter

We draw attention to note 2.3 to the Ind AS financial statements, which describes the uncertainty caused by the continuing COVID-19 pandemic with respect to the Company's estimates of impairment of loans to customers and that such estimates may be affected by the severity and duration of the pandemic.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year ended March 31, 2021. 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
Impairment of loans and expected credit loss *(as described in Note 50 of the financial statements)*	
Ind AS 109 requires the Company to provide for impairment of its loan receivables (financial instruments) using the expected credit losses (ECL) approach. ECL involves an estimation of probability-weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit quality of the Company's loans and advances. In the process, a significant degree of judgement has been applied by the management for: a) unbiased, probability weighted outcome under various scenarios; b) time value of money; c) impact arising from forward looking macro-economic factors and; d) availability of reasonable and supportable information without undue costs. Applying these principles involves significant estimation in various aspects, such as: a) grouping of borrowers based on homogeneity by using appropriate statistical techniques; b) staging of loans and estimation of behavioral life; c) determining macro-economic factors impacting credit quality of receivables; d) estimation of losses for loan products with no/ minimal historical defaults. **Impact of COVID-19** Pursuant to the Reserve Bank of India circular dated August 6, 2020 ("RBI circular") for resolution framework for COVID-19 related stress allowing lending institutions to implement a resolution plan in respect of its eligible exposure without change in ownership, and personal loans, while classifying	• We read and assessed the Company's accounting policies for impairment of financial assets and their compliance with Ind AS 109 and the governance framework approved by the Board of Directors pursuant to Reserve Bank of India ("RBI") guidelines issued on March 13, 2020. • Tested the assumptions used by the Company for staging of loan portfolio into various categories and default buckets for determining the Probability of default (PD)and Loss given default (LGD) rates. • Read Board approved policy for restructuring of loans under the COVID-19 guidelines issued by the RBI. • Assessed the criteria for staging of loans based on their past-due status. Tested samples of performing (stage 1) loans to assess whether any loss indicators were present requiring them to be classified under stage 2 or 3 as per Ind AS 109. • Performed inquiries with the Company's management and its risk management function to assess the impact of COVID-19 on the business activities of the Company. • Tested assumptions used by the management in determining the overlay for macro-economic factors (including COVID-19 pandemic) in accordance with the governance framework approved by the Board of Directors pursuant to Reserve Bank of India guidelines issued on March 13, 2020. • We tested the inputs used in the ECL computation, on a sample basis. • Tested the arithmetical accuracy of computation of ECL provision performed by the Company. • Assessed the disclosures included in the Ind AS financial statements in respect of expected credit losses with the requirements of Ind AS 107 and 109 including the specific disclosures made with regards to the management's evaluation of the uncertainties arising from COVID-19 and its impact on ECL estimation.

Key audit matters	How our audit addressed the key audit matter
such exposures as Standard, subject to specified conditions. in accordance with its Board approved policy as described in Note 7. The Company has recorded a management overlay as part of its ECL, to reflect among other things an increased risk of deterioration in macro-economic factors caused by Novel Coronavirus (COVID-19) pandemic. In accordance with the guidance in Ind AS 109, the management overlay estimate takes into account reasonable and supportable information. In view of the high degree of management's judgement involved in estimation of ECL, accentuated by the COVID-19 pandemic, it is a key audit matter.	

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors 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 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 judgments 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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the financial year ended March 31, 2021 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, 2016 ("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 that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) With respect to the adequacy of the internal financial controls with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   (g) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

   (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company does not have any pending litigations which would impact its financial position;

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Jayesh Gandhi
Partner
Membership Number: 037924
UDIN: 21037924AAAADS8341

Place of Signature: Mumbai
Date: May 12, 2021

Annexure 1 referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: Lendingkart Finance Limited

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(c) According to the information and explanations given by the management, there are no immovable properties, included in property, plant and equipment of the company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.

(ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.

(iii) According to the information and explanations given to us, the company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the services of the Company.

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, cess and other statutory dues applicable to it.

As informed, the provisions of sales-tax, duty of custom, duty of excise and value added taxes are currently not applicable to the Company.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

As informed, the provisions of sales-tax, duty of custom, duty of excise and value added taxes are currently not applicable to the Company.

(c) According to the information and explanations given to us, there are no dues of income tax, goods and service tax and cess which have not been deposited on account of any dispute.

As informed, the provisions of sales-tax, duty of custom, duty of excise and value added taxes are currently not applicable to the Company.

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or dues to debenture holders.

The Company did not have any outstanding loans or borrowing dues to government during the year.

(ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer or further public offer and hence not commented upon.

Further, monies raised by the Company by way of debt instrument and term loans were applied for the purpose for which those were raised, though idle/surplus funds which were not required for immediate utilization were gainfully invested in liquid assets payable on demand.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers, and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Companies Act, 2013.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us, we report that the Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Jayesh Gandhi
Partner
Membership Number: 037924
UDIN: 21037924AAAADS8341

Place of Signature: Mumbai
Date: May 12, 2021

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 Act

We have audited the internal financial controls over financial reporting of Lendingkart Finance Limited ("the Company") as of March 31, 2021 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. 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these standalone 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 and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting with reference to these standalone 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 over financial reporting with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these standalone 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 internal financial controls over financial reporting with reference to these standalone financial statements.

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements

A company's internal financial control over financial reporting with reference to these standalone 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 control over financial reporting with reference to these standalone 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 Over Financial Reporting With Reference to these Standalone Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these standalone 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 over financial reporting with reference to these standalone financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these standalone 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 over financial reporting with reference to these standalone financial statements and such internal financial controls over financial reporting with reference to these standalone financial statements were operating effectively as at March 31, 2021, 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.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Jayesh Gandhi
Partner
Membership Number: 037924
UDIN: 21037924AAAADS8341

Place of Signature: Mumbai
Date: May 12, 2021

Lendingkart Finance Limited
Balance Sheet as at March 31, 2021

(₹ in lakhs unless otherwise stated)

Particulars	Notes	As at 31 March 2021	As at 31 March 2020
Assets			
Financial assets			
Cash and cash equivalents	5	28,786.04	5,049.52
Bank balances other than cash and cash equivalents	6	14,096.80	11,296.78
Loans	7	1,93,869.25	2,12,688.51
Other financial assets	8	7,667.62	2,868.74
		2,44,419.71	**2,31,903.55**
Non-financial assets			
Current tax assets (Net)	9	24.55	162.08
Deferred tax asset (Net)	10	3,986.68	1,858.65
Property, plant and equipment	11	160.55	307.92
Intangible assets	12	67.12	119.58
Intangible assets under development		145.41	45.45
Right-of-use assets	11	2,339.07	3,213.65
Other non-financial assets	13	455.27	588.50
		7,178.65	**6,295.83**
Total assets		**2,51,598.36**	**2,38,199.38**
Liabilities and Equity			
Liabilities			
Financial liabilities			
Debt Securities	14	67,550.59	44,407.37
Borrowings (Other than debt securities)	15	93,092.62	1,10,561.24
Subordinated Debt	16	2,529.12	2,528.44
Other financial liabilities	17	11,112.93	7,374.86
		1,74,285.26	**1,64,871.91**
Non Financial liabilities			
Current tax liabilities (net)	18	1,189.18	-
Provisions	19	383.52	378.47
Other non-financial liabilities	20	1,579.03	661.75
		3,151.73	**1,040.22**
Equity			
Equity share capital	21	4,418.79	4,418.79
Other equity	22	69,742.58	67,868.46
		74,161.37	**72,287.25**
Total liabilities and equity		**2,51,598.36**	**2,38,199.38**

Summary of significant accounting policies 3

The accompanying notes are an integral part of the financial statements

For S. R. BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm Registration number : 301003E/E300005

Per Jayesh Gandhi
Partner
Membership No. 037924

Place : Mumbai
Date : May 12, 2021

S. R. BATLIBOI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

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

Harshvardhan Lunia
Chairman & Managing Director
DIN No. 01189114

Sudeep Bhatia
Chief Financial Officer
Membership No. 098112

Umesh Navani
Company Secretary
Membership No. A40899

Place : Mumbai
Date : May 12, 2021

LENDINGKART FINANCE LIMITED (INDIA)

Lendingkart Finance Limited
Statement of Profit & Loss for the year ended March 31, 2021

(₹ in lakhs unless otherwise stated)

Particulars	Notes	For the year ended 31 March 2021	For the year ended 31 March 2020
Revenue from operations			
Interest Income	23	48,086.78	44,267.85
Gain on assignment of loans	24	264.74	1,721.87
Total Revenue from operations		**48,351.52**	**45,989.72**
Other Income	25	693.58	440.56
Total income		**49,045.10**	**46,430.28**
Expenses			
Finance Costs	26	18,247.93	17,716.50
Fees and commission expenses	27	1,237.71	729.80
Impairment of financial instruments	28		
Additional covid provisions (Refer note 28)		6,783.58	1,441.44
Other provisions		10,984.94	10,506.79
Employee Benefit expenses	29	3,638.58	4,943.77
Depreciation and amortisation expenses	30	684.00	629.99
Other Expenses	31	4,652.56	6,267.71
Total Expenses		46,229.30	**42,236.00**
Profit before Tax		**2,815.80**	**4,194.28**
Tax Expense :	32		
- Current tax		3,128.07	1,407.18
- Prior period Tax adjustments		-	3.28
- Deferred tax (income) / expense		(2,144.21)	(185.27)
Total Tax Expenses		983.86	**1,225.19**
Profit after tax		1,831.94	**2,969.09**
Other comprehensive income			
(a) Items that will not be reclassified to profit or loss			
Remeasurement gain / (losses) on defined benefit plans		64.24	(5.37)
Tax impact on above	32	(16.19)	1.56
Other comprehensive income, net of tax		**48.05**	**(3.81)**
Total Comprehensive Income		1,879.99	**2,965.28**
Earning per equity share: [In absolute ₹]	33		
Basic		4.15	7.09
Diluted		4.15	7.09

Summary of significant accounting policies **3**
The accompanying notes are an integral part of the financial statements

For S. R. BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm Registration number : 301003E/E300005

Per Jayesh Gandhi
Partner
Membership No. 037924

Place : Mumbai
Date : May 12, 2021

S.R. BATLIBOI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

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

Harshvardhan Lunia
Chairman & Managing Director
DIN No. 01189114

Sudeep Bhatia
Chief Financial Officer
Membership No. 098112

Umesh Navani
Company Secretary
Membership No. A40899

Place : Mumbai
Date : May 12, 2021

LENDINGKART FINANCE (INDIA) LIMITED

Lendingkart Finance Limited

Statement of changes in equity for the year ended March 31, 2021

(₹ in lakhs unless otherwise stated)

Equity share capital

Particulars	No of shares	Amount
Balance as at March 31, 2019	3,89,85,920.00	3,898.59
Changes in equity share capital during the year	52,02,011.00	520.20
Balance at March 31, 2020	**4,41,87,931.00**	**4,418.79**
Changes in equity share capital during the year	-	-
Balance at March 31, 2021	**4,41,87,931.00**	**4,418.79**

Other equity

Particulars	Reserves and Surplus			OCI Reserves	Total other equity
	Securities premium	Retained earnings	Statutory Reserve as per RBI Act		
Balance as at April 01, 2019	46,799.81	(3,041.11)	688.08	3.48	44,450.26
Profit after tax	-	2,965.30	-	-	2,965.30
Other comprehensive income (net of tax)	-	3.81	-	(3.81)	-
Transferred to Statutory Reserve u/s section 45-IC of RBI Act, 1934	-	(593.06)	593.06	-	-
Premium on issue of Equity Shares	20,479.80	-	-	-	20,479.80
Share issue expense	(26.89)	-	-	-	(26.89)
Balance at March 31, 2020	**67,252.72**	**(665.06)**	**1,281.14**	**(0.33)**	**67,868.47**
Profit after tax	-	1,879.99	-	-	1,879.99
Other comprehensive income (net of tax)	-	(48.05)	-	48.05	-
Transferred to Statutory Reserve u/s section 45-IC of RBI Act, 1934	-	(376.00)	376.00	-	-
Premium on issue of Equity Shares	-	-	-	-	-
Share issue expense	(5.88)	-	-	-	(5.88)
Balance at March 31, 2021	**67,246.84**	**790.88**	**1,657.14**	**47.72**	**69,742.58**

Summary of significant accounting policies 3

The accompanying notes are an integral part of the financial statements

For S. R. BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm Registration number : 301003E/E300005

Per Jayesh Gandhi
Partner
Membership No. 037924

Place : Mumbai
Date : May 12, 2021

S.R. BATLIBOI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

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

Harshvardhan Lunia
Chairman & Managing Director
DIN No. 01189114

Sudeep Bhatia
Chief Financial Officer
Membership No. 098112

Umesh Navani
Company Secretary
Membership No. A40899

Place : Mumbai
Date : May 12, 2021

LENDINGKART FINANCE LIMITED (INDIA)

Lendingkart Finance Limited

Cash flow statement for the year ended March 31, 2021

(₹ in lakhs unless otherwise stated)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Operating activities		
Profit before tax	2,815.80	4,194.28
Adjusted for:		
Impact of EIR accounting of financial assets	648.67	668.19
Impact of EIR accounting of financial liabilities	(131.90)	(242.50)
Upfront gain on direct assignment	(264.74)	(1,721.87)
Guarantee fees	(134.30)	1,119.08
Provision for gratuity	(1.98)	76.78
Provision for leave benefit	7.03	(32.89)
Impairment of loans	9,174.38	1,925.10
Impairment of other financial assets	648.27	24.54
Bad debt written offs	7,945.88	10,004.49
Discount on Commercial Paper	2.35	176.97
Depreciation and amortisation	684.01	629.99
Interest on bank deposits	(918.11)	(1,380.87)
Interest on borrowings and debt securities	17,730.24	15,904.34
Interest on financial lease liability	385.79	378.32
Reversal of Lease equalisation reserve	-	(71.30)
Loss/(profit) on sale of property, plant and equipment	3.02	3.11
Actuarial gain / (loss) recognised in other comprehensive income	64.24	(5.37)
Cash from operations before working capital changes	**38,658.65**	**31,650.38**
Changes in working capital:		
- (Increase) / decrease in loans	1,050.34	(1,02,934.76)
- (Increase) / decrease in other financial Assets	(5,182.41)	(994.74)
- (Increase) / decrease in other non financial Assets	267.53	(1,239.20)
- Increase / (decrease) in other financial liabilities	3,738.07	2,570.61
- Increase / (decrease) in other non financial liabilities	917.32	218.98
Cash generated from operating activities	**39,449.50**	**(70,728.75)**
Income tax paid (net)	(1,801.36)	(1,321.61)
Net cash flows from / (used in) operating activities	**37,648.14**	**(72,050.36)**
Investing activities:		
Purchase of property, plant and equipment and intangible assets	287.44	(437.64)
Proceeds from sale of fixed assets	-	0.10
Fixed deposit matured	(2,800.02)	(3,971.16)
Interest received on bank deposit	918.11	1,358.85
Net cash generated from / (used in) investing activities	**(1,594.47)**	**(3,049.85)**
Financing activities:		
Issue of equity share capital (including securities premium)	-	21,000.00
Share issue expenses	(5.88)	(26.89)
Proceeds from inter-corporate loan	-	1,000.00
Repayment of inter-corporate loan	-	(1,000.00)
Proceeds from debt securities	40,750.00	30,897.50
Repayment of debt securities	(19,272.80)	(21,908.18)
Proceeds from other than debt securities	37,510.00	85,598.66
Repayment of other than debt securities	(51,487.61)	(60,929.27)
Change in Cash Credit / Overdraft	3,228.72	1,889.97
Repayment of lease liabilities	(385.79)	(530.73)
Proceeds/(Repayment) from securitisation liability	(1,532.60)	22,660.56
Repayment of finance cost	(21,121.19)	(15,052.63)
Net cash generated from financing activities	**(12,317.15)**	**63,598.99**

KITLIBOI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

LENDINGKART FINANCE LIMITED (INDIA)

Lendingkart Finance Limited

Cash flow statement for the year ended March 31, 2021

(₹ in lakhs unless otherwise stated)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Net increase / (decrease) in cash and cash equivalents	23,736.52	(11,501.22)
Cash and cash equivalents as at the beginning of the year	5,049.52	16,550.74
Cash and cash equivalents as at the end of the year	28,786.04	5,049.52
Components of cash and cash equivalents		
Cash in hand	-	-
Balances with banks		
- With banks in current accounts	6,585.32	5,049.52
- In deposit accounts with original maturity of less than 3 months	22,200.72	-
Cash and cash equivalents	28,786.04	5,049.52

The above cash flow statement has been prepared under the Indirect method as prescribed in Ind AS - 7 on Statement of cash-flows.

Summary of significant accounting policies 3

The accompanying notes are an integral part of the financial statements

For S. R. BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm Registration number : 301003E/E300005

Per Jayesh Gandhi
Partner
Membership No. 037924

Place : Mumbai
Date : May 12, 2021

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

Harshvardhan Lunia
Chairman & Managing Director
DIN No. 01189114

Sudeep Bhatia
Chief Financial Officer
Membership No. 098112

Umesh Navani
Company Secretary
Membership No. A40899

Place : Mumbai
Date : May 12, 2021

1. Corporate information

Lendingkart Finance Limited ("the Company") is a public limited company domiciled in India. The Company is a "Non-Banking Financial Company" as defined under section 45-IA of the Reserve Bank of India ("RBI") Act, 1934 and engaged in the business of providing working capital loan to the Small and medium sized enterprises and others. The Company is non deposit taking non-banking financial company (NBFC) registered with the Reserve Bank of India (RBI) with effect from 15 April 2014, with Registration No. B-13.02085 (Issued in lieu of CoR No. B-09.00363). RBI, vide the circular – 'Harmonisation of different categories of NBFCs' issued on 22 February 2019, with a view to provide NBFCs with greater operational flexibility and harmonisation of different categories of NBFCs into fewer categories based on the principle of regulation by activity, merged the three categories of NBFCs viz. Asset Finance Companies (AFC), Loan Companies (LCs) and Investment Companies (ICs) into a new category called NBFC – Investment and Credit Company (NBFC-ICC). Accordingly, the Company has been reclassified as NBFC Investment and Credit Company (NBFC-ICC).

The Company has its registered office at A-303/304, Citi Point, Andheri-Kurla Road, Andheri (East), Mumbai, India. As at March 31, 2021, Lendingkart Technologies Private Limited ("Holding Company") owned 100% of the Company's equity share capital and has the ability to control its operating and financial policies.

2. Basis of preparation

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and notified under section 133 of the Companies Act, 2013 (the Act) along with other relevant provisions of the Act and the Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ('the NBFC Master Directions') issued by RBI. The financial statements have been prepared on a going concern basis. The Company uses accrual basis of accounting except in case of significant uncertainties.

2.1 Presentation of financial statements

The Company presents its Balance Sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented in Note 50.

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event.

2.2 Use of estimates and judgments

The preparation of financial statements in conformity with Ind AS requires management to make estimates, assumptions and exercise judgments in applying the accounting policies that affect the reported amount of assets, liabilities and disclosure of contingent liabilities at the date of financial statements and the reported amounts of income and expenses during the year.

The Management believes that these estimates are prudent and reasonable and are based upon the Management's best knowledge of current events and actions. Actual results could differ from these estimates and differences between actual results and estimates are recognized in the periods in which the results are known or materialized. Revisions to accounting estimates are recognised prospectively.

2.3 Estimation of uncertainties relating to the global health pandemic from COVID-19

COVID-19 virus, a global pandemic has affected the world economy including India. Consequent to the outbreak of COVID – 19 pandemic, the Indian Government had announced a lockdown in March 2020. Subsequently, the lockdown has been lifted by the Government in a phased manner outside specific containment zones. While there has been improvements in the economic activities from the second half of the year, but with emergence of second wave of COVID-19, its impact on companies performance remain uncertain and will depend on ongoing and future development. However, there are many opportunities created for the company in the current scenario, given the strong need for digital and contactless delivery of financial services.

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LENDINGKART FINANCE LIMITED
(INDIA)

The Company has assessed the impact of the COVID-19 pandemic on its liquidity position and ability to repay its obligations as and when they are due. Management has considered continued stimulus package by the Government of India for the NFBC sector and also the continued support from the banking partners in determining the company's liquidity position over next 12 months. Considering company's very strong liquidity position as on year end, management believes that the company has more than adequate liquidity to manage business growth in the foreseeable future.

In assessing the recoverability of loans to customers, the Company has considered internal sources of information and management assessment on impacted industries and states, up to the date of approval of these financial results. Since the current situation is continuously evolving, its impact on the company's performance has some degree of uncertainty, however the company continues to closely monitor any changes in the market/economic conditions.

3. Significant accounting policies

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

(i) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

a. Interest income

(i) The Company calculates interest income by using the effective interest rate (EIR) method to gross carrying amount of financial asset other than credit impaired assets.

(ii) When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the company calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the company reverts to calculating interest income on a gross basis

(iii) Loan processing fee/document fees/stamp fees which are an integral part of financials assets are recognized through effective interest rate over the term of the loan. For the agreements foreclosed or transferred through assignment, the unamortized portion of the fee is recognized as income to the Statement of profit and loss at the time of such foreclosure/transfer through the assignment.

(iv) Additional charges such as penal, dishonour, foreclosure charges, delayed payment charges etc. are recognized on realization basis.

The effective interest rate method

Interest income/ expense is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial instrument.

The EIR (and therefore, the amortised cost of the asset/ liability) is calculated by taking into account any discount or premium on acquisition, commission, fees and costs incremental and directly attributable to the specific lending arrangement.

The Company recognises interest income/ expense using a rate of return that represents the best estimate of a constant rate of return over the expected life of the financial asset/ liability. The future cash flows are estimated taking into account all the contractual terms of the asset/ liability. If expectations regarding the cash flows on the financial asset/ liability are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset/ liability in the balance sheet. The adjustment is subsequently amortised through Interest income/ expense in the statement of profit and loss.

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LENDINGKART FINANCE LIMITED (INDIA)

b. Net gain on fair value changes

The realised gain from financial instruments at FVTPL represents the difference between the carrying amount of a financial instrument at the beginning of the reporting period, or the transaction price if it was purchased in the current reporting period, and its settlement price.

The unrealised gain represents the difference between the carrying amount of a financial instrument at the beginning of the period, or the transaction price if it was purchased in the current reporting period, and its carrying amount at the end of the reporting period.

c. Rendering of services

The Company recognises revenue from contracts with customers based on a five-step model as set out in Ind AS 115 to determine when to recognize revenue and at what amount.

Revenue is measured based on the consideration specified in the contract with a customer and excludes amounts collected on behalf of third parties. Revenue from contracts with customers is recognized when services are provided and it is highly probable that a significant reversal of revenue is not expected to occur.

If the consideration promised in a contract includes a variable amount, an entity estimates the amount of consideration to which it will be entitled in exchange for rendering the promised services to a customer. An amount of consideration can vary because of discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, or other similar items. The promised consideration can also vary if an entitlement to the consideration is contingent on the occurrence or non-occurrence of a future event.

(ii) Recognition of expenditures

a. Finance costs

Borrowing costs on financial liabilities are recognised using the EIR.

b. Fees and commission expenses

Fees and commission expenses which are not directly linked to the sourcing of financial assets/ liabilities, such as commission/incentive incurred on value added services and products distribution, recovery charges and fees payable for management of portfolio etc., are recognised in the Statement of Profit and Loss on an accrual basis.

c. Taxes

Expensed are recognized net of the Goods and Services Tax/Service Tax, except where credit for the input tax is not statutorily permitted.

(iii) Financial Instruments

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

a. Date of recognition

Financial assets and liabilities, with the exception of loans, debt securities and borrowings are initially recognised on the trade date, i.e., the date that the company becomes a party to the contractual provisions of the instrument. Loans are recognised when funds are transferred to the customers' account. The company recognises debt securities and borrowings when funds are received by the company.

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LENDINGKART FINANCE LIMITED (INDIA) *

S.B.

b. Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from, this amount. When the fair value of financial instruments at initial recognition differs from the transaction price, the company accounts for the Day one profit or loss, as described below.

c. Day one profit or loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the company recognises the difference between the transaction price and fair value in net gain on fair value changes.

d. Measurement categories of financial assets and liabilities

The company classifies all of its financial instruments based on the business model for managing the assets and the assets contractual terms, measured at either:

- amortised cost
- fair value through other comprehensive income (FVOCI)
- fair value through profit or loss (FVTPL)

(iv) Financial assets and liabilities

a. Bank balances, Loans, Trade receivables and financial assets at amortised cost

The company measures Bank balances, Loans and other financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below.

- **Business model assessment**

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Company's business model is not assessed on an instrument by instrument basis, but at a higher level of aggregated portfolios.

If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated financial assets going forward. The business model of the Company for assets subsequently measured at amortised cost category is to hold and collect contractual cash flows.

- **The SPPI test**

As a second step of its classification process the company assesses the contractual terms of financial to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

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S.B.

b. Debt securities and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR.

c. Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under Ind AS 109. Management only designates an instrument at FVTPL upon initial recognition when one of the following criteria are met. Such designation is determined on an instrument-by-instrument basis:

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis; Or
- The liabilities are part of a group of financial liabilities, which are managed, and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; Or
- The liabilities containing one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited

d. Financial assets at FVOCI

The Company classifies its financial assets as FVOCI, only if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and
- Contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding

e. Financial guarantees and undrawn loan commitments

Financial guarantees are initially recognised in the financial statements (within Provisions) at fair value, being the premium/deemed premium received. Subsequent to initial recognition, the company's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the statement of profit and loss.

- The premium/deemed premium is recognised in the statement of profit and loss on a straight line basis over the life of the guarantee.

Undrawn loan commitments are commitments under which, over the duration of the commitment, the Company is required to provide a loan with pre-specified terms to the customer. Undrawn loan commitments are in the scope of the ECL requirements.

The nominal contractual value of undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded in the balance sheet.

(v) Reclassification of financial assets and liabilities

The company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

(vi) Derecognition of financial assets and liabilities

a. Derecognition of financial assets due to substantial modification of terms and conditions

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The company also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

A transfer only qualifies for derecognition if either:
- The company has transferred substantially all the risks and rewards of the asset; Or
- The company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

On derecognition of a financial asset in its entirety, the difference between:
- the carrying amount (measured at the date of derecognition) and
- the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

Pass-through arrangements are transactions whereby the company retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates
- The company cannot sell or pledge the original asset other than as security to the eventual recipients. The company has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the company is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

The company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the company's continuing involvement, in which 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.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the company could be required to pay.

If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the company would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

b. Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

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LENDINGKART FINANCE LIMITED (INDIA) ★

(vii) Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets at amortized cost along with related undrawn commitments and loans sanctioned but not disbursed (collectively known as exposure at default).

a. Overview of the ECL principles

The company records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, together with loan commitments and financial guarantee contracts, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under Ind AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL).

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the company categorises its loans into Stage 1, Stage 2 and Stage 3, as described below:

The Company classifies its financial assets in three stages having the following characteristics:

- **Stage 1:** unimpaired and without significant increase in credit risk since initial recognition on which a 12-month allowance for ECL is recognised. Stage 1 loans also include facilities where the credit risk has improved, and the loan has been reclassified from Stage 2.
- **Stage 2:** a significant increase in credit risk since initial recognition on which a lifetime ECL is recognised. Stage 2 loans also include facilities, where the credit risk has improved, and the loan has been reclassified from Stage 3.
- **Stage 3:** objective evidence of impairment and are therefore considered to be in default or otherwise credit impaired on which a lifetime ECL is recognised.

For financial assets for which the company has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

b. The calculation of ECLs

The company calculates ECLs 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 cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- **Probability of Default (PD)**
  The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

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LENDINGKART FINANCE LIMITED (INDIA) ★

58

- **Exposure at Default (EAD)**
  The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

- **Loss given Default (LGD)**
  The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

When estimating the ECLs, the company considers three scenarios (a base case, an upside, a downside). Each of these is associated with different PDs, EADs and LGDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the company has the legal right to call it earlier.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The mechanics of the ECL method are summarised below:

- **Stage-1:**
  The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The company calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD. This calculation is made for each of the three scenarios, as explained above.

- **Stage-2:**
  When a loan has shown a significant increase in credit risk since origination, the company records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument.

- **Stage-3:**
  For loans considered credit-impaired, the company recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

- **Loan commitments:**
  When estimating LTECLs for undrawn loan commitments, the company estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weighting of the three scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.

- **Financial guarantee contracts:**
  The company's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the statement of profit and loss, and the ECL provision. For this purpose, the company estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The calculation is made using a probability-weighting of the four scenarios. The ECLs related to financial guarantee contracts are recognised within Provisions.

c. **Contract assets**

The company follows 'simplified approach' for recognition of impairment loss allowance on contract assets. The application of simplified approach does not require the company to track changes in credit risk. Rather, it

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LENDINGKART FINANCE (INDIA) LIMITED ★

recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. The company uses a provision matrix to determine impairment loss allowance on portfolio of its assets. The provision matrix is based on its historically observed default rates over the expected life of the assets and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated for changes in the forward-looking estimates.

(viii) Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE)

CGTMSE has been set up jointly by Ministry of MSME, Government of India and SIDBI to catalyse flow of institutional credit to Micro & Small Enterprises (MSEs). Over the past 18 years, CGTMSE has been instrumental in providing guarantee cover on credit extended by eligible Member Lending Institutions [MLIs] to MSEs.
The Company has also become the MLI in the same scheme and obtained sovereign guarantee cover of its portfolio. Accordingly, the company has incorporated the benefit of this sovereign guarantee cover in calculation of impairment of assets.

(ix) Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due. Any subsequent recoveries are credited to impairment on financial instrument on statement of profit and loss.

(x) Determination of fair value

The company measures financial instruments, such as, derivatives at fair value at each balance sheet date. 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

- **Level-1 financial instruments**

  Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the company has access to at the measurement date. The company considers markets

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LENDINGKART FINANCE LIMITED (INDIA) *

S.R

as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

➢ **Level-2 financial instruments**

Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the company will classify the instruments as Level 3.

➢ **Level-3 financial instruments**

Those that include one or more unobservable input that is significant to the measurement as whole.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(xi) Foreign Currency translation

a. **Functional and presentational currency**

The company financial statements are presented in Indian Rupees (₹) which is also the functional currency of the company.

b. **Transactions and balances**

Transactions in foreign currencies are initially recorded in the functional currency at the spot rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the spot rate of exchange at the reporting date. All differences arising on non–trading activities are taken to other income/expense in the statement of profit and loss.

Non–monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition.

(xii) Leases

The company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

a. **Company as a lessee**

The company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

➢ **Right-of-use assets**

The company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-

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LENDINGKART FINANCE LIMITED (INDIA) ★

S.R.

of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

➢ **Lease liabilities**

At the commencement date of the lease, the company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the company and payments of penalties for terminating the lease, if the lease term reflects the company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

➢ **Short-term leases and leases of low-value assets**

The company applies the short-term lease recognition exemption to its short-term leases i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

b. **Company as a lessor**

Leases in which the company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(xiii) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, highly liquid securities with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

(xiv) Property, plant and equipment

Property plant and equipment is stated at cost excluding the costs of day–to–day servicing, less accumulated depreciation and accumulated impairment in value.

S.R. BATLIBOI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

LENDINGKART FINANCE LIMITED (INDIA)

58

Cost of an item of property, plant and equipment comprises its purchase price (after deducting trade discounts and rebates) including import duties and non-refundable taxes, any directly attributable cost of bringing the item to its working condition for its intended use.

Depreciation on property, plant and equipment is provided on the written down value method using the rates arrived at based on useful life of the assets prescribed under Schedule II of the Act which is also as per the useful life of the assets estimated by the management.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

(xv) Intangible assets

The company's other intangible assets mainly include the value of computer software and assets under development.

An intangible asset is recognised only when its cost can be measured reliably, and it is probable that the expected future economic benefits that are attributable to it will flow to the company.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets are amortised using the straight-line method over a period of three years, which is the Management's estimate of its useful life. The useful lives of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate

(xvi) Impairment of non–financial assets

The company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account.

For assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the company estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised

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LENDINGKART FINANCE LIMITED (INDIA)

for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

(xvii) Financial guarantees

Financial guarantees are initially recognised in the financial statements (within 'other liabilities') at fair value, being the premium received. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Any increase in the liability relating to financial guarantees is recorded in the statement of profit and loss under impairment of financial instruments. The premium received is recognised in the statement of profit and loss under interest income on a straight-line basis over the life of the guarantee.

(xviii) Retirement and other employee benefits

a. Provident fund

b. Retirement benefit in the form of provident fund is a defined contribution scheme. The company has no obligation, other than the contribution payable to the provident fund. The company recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

c. Gratuity liability

Gratuity liability is a defined benefit plan and the costs of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The company recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and nonroutine settlements; and
- Net interest expense or income

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or past service gain') or the gain or loss on curtailment is recognised immediately in the statement of profit and loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs

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d. **Compensated absences**
Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end.

(xix) Provisions

Provisions are recognised when the company 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. When the effect of the time value of money is material, the company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

(xx) Taxes

a. **Current tax**
Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities, in accordance with the Income Tax Act, 1961 and the Income Computation and Disclosure Standards (ICDS) prescribed therein.. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the jurisdiction where the company operates and generates taxable income.

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 there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

b. **Deferred tax**
Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:
- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:
- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

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LENDINGKART FINANCE LIMITED (INDIA)

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in 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.

c. Goods and services tax /value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the goods and services tax/value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of non financial assets or liabilities in the balance sheet.

(xxi)Contingent liabilities, contingent assets and commitments

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. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made

Contingent assets are neither recognised nor disclosed in the financial statements. However, it is disclosed only when an inflow of economic benefits is highly probable.

Commitments include the amount of purchase order (net of advances) issued to the counterparties for supplying/development of asset and amount of undisbursed portfolio loans.

Contingent assets, contingent liabilities and commitments are reviewed at each reporting date.

(xxii) Share issue expenses

Direct expenses in connection with issue of shares are adjusted from securities premium account, to the extent available.

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CHARTERED ACCOUNTANTS

LENDINGKART FINANCE LIMITED
(INDIA)

(xxiii) Earnings per share

Basic earnings per share is computed by dividing profit after tax (excluding other comprehensive income) attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

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 are adjusted for the effects of all dilutive potential equity shares.

4. Critical accounting estimates and judgments

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Accounting estimates and judgments are used in various line items in the financial statements for e.g.:

- Business model assessment
- Fair value of financial instruments
- Effective Interest Rate (EIR)
- Impairment on financial assets
- Provisions and other contingent liabilities
- Provision for tax expenses
- Residual value and useful life of property, plant and equipment

S.R. BATLIBOI & CO. LLP * MUMBAI * CHARTERED ACCOUNTANTS

LENDINGKART FINANCE LIMITED (INDIA) *

S.R.

(₹ in lakhs unless otherwise stated)

5 Cash and cash equivalents

Particulars	As at 31 March 2021	As at 31 March 2020
Cash on hand	-	-
Balances with banks		
- in current accounts	6,585.32	5,049.52
- in deposit accounts with maturity upto 3 months	22,200.72	-
Total	**28,786.04**	**5,049.52**

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the company, and earn interest at the respective short-term deposit rates. As at March 31, 2021, fixed deposits of ₹ 362.49 are pledged against credit facilities (March 31, 2020: ₹ NIL)

6 Bank balances other than cash and cash equivalents

Particulars	As at 31 March 2021	As at 31 March 2020
Fixed deposits with bank		
Deposits - maturity less than 12 months	12,902.87	8,620.43
Deposits - maturity more than 12 months	1,193.93	2,676.35
Total	**14,096.80**	**11,296.78**

Fixed deposit earns interest at fixed bank deposit rates. As at March 31, 2021, fixed deposits of ₹ 12,244.76 (March 31, 2020: ₹ 11,296.78) are pledged against credit facilities.

7 Loans

Particulars	As at 31 March 2021	As at 31 March 2020
Term loans	2,10,045.78	2,19,624.47
Less: Impairment loss allowance	(16,176.53)	(6,935.96)
	1,93,869.25	**2,12,688.51**
(Refer note 50 (C) for Credit risk)		
(A) Out of Above		
(i) Secured	-	-
Less: Impairment loss allowance	-	-
Total (i)	-	-
(ii) Unsecured	2,10,045.78	2,19,624.47
Less: Impairment loss allowance	(16,176.53)	(6,935.96)
Total (ii)	**1,93,869.25**	**2,12,688.51**
Total (A) = (i) + (ii)	**1,93,869.25**	**2,12,688.51**
(B) Out of Above		
(i) Public Sector	-	-
Less: Impairment loss allowance	-	-
Total (i)	-	-
(ii) Others	2,10,045.78	2,19,624.47
Less: Impairment loss allowance	(16,176.53)	(6,935.96)
Total (ii)	**1,93,869.25**	**2,12,688.51**
Total (B) = (i) + (ii)	**1,93,869.25**	**2,12,688.51**

S.R. BATLIBOI & CO. LLP * MUMBAI * CHARTERED ACCOUNTANTS

LENDINGKART FINANCE LIMITED (INDIA) *

S.R

The Company has extended moratorium/deferment of term loan instalments falling due during the moratorium period, March 01, 2020 to August 31, 2020, to its eligible borrowers, who opted for moratorium/deferment of various instalments in line with RBI COVID-19 Regulatory Package notified vide circulars dated March 27, 2020 and May 23, 2020. The Company has also followed Asset Classification and Provisioning guidelines issued by RBI including guidelines issued vide circular dated April 17, 2020.

As the moratorium/deferment has been provided specifically to enable borrowers to tide over COVID-19 disruptions, the same has not been treated as changes in terms and conditions of loan agreements due to financial difficulty of the borrowers and, consequently, has not resulted in asset classification downgrade.

In line with RBI directions, qualified loans included loans outstanding as on March 01, 2020 including those which were in SMA/Overdue category. As per its Board approved policy and in accordance with RBI guidelines, the loans amounting to ₹ 15,928.01 lakhs in SMA Overdue categories were extended moratorium relief. The company also extended asset classification benefit in terms of paragraph 2 & 3 of RBI circular to loans amounting to ₹ 15,376.63 lakhs. The company made provisions in terms of paragraph 4 of the circular amounting to ₹ 2,037.68 lakhs out of which an amount of ₹ 281.81 lakhs adjusted against slippages and fresh provisions in terms of paragraph 6 of the circular. Residual provision in terms paragraph 6 of the circular stands at ₹ 1,755.87 lakhs as on March 31, 2021.

Hon'ble Supreme Court in a public interest litigation (Gajendra Sharma vs. Union of India & Anr) vide an interim order dated September 03, 2020 (interim order) has directed that accounts which were not declared NPA till August 31, 2020 shall not be declared as NPA till further orders. Basis the said interim order, the Company has not classified any account as NPA, as per RBI norms, after August 31, 2020 which was not NPA as of August 31, 2020. Further in light of the interim order, even accounts that would have otherwise been classified as NPA post August 31, 2020 have not been classified as NPA till such time the Hon'ble Supreme Court rules finally on the matter. However, during such period, the Company has done staging of the borrower accounts in accordance with ECL model/framework under Ind AS.

The interim order granted to not declare accounts as NPA stood vacated on March 23, 2021 vide the judgement of the Hon'ble SC in the matter of Small Scale Industrial Manufacturers Association vs. UOI & Ors. and other connected matters. In accordance with the instructions in paragraph 5 of the RBI circular no. RBI/2021-22/17DOR. STR.REC.4/21.04.048/2021-22 dated April 07, 2021, the Company has carried out asset classification of the borrower accounts as per the extant RBI instructions / IRAC norms, without considering any standstill in asset classification and also done staging of the borrower accounts in accordance with ECL model/framework under Ind AS in the financial statements for the half-year and year ended March 31, 2021.

Recognising the need for continued support to provide Covid-19 relief to various borrowers, RBI vide its circular 'Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances' dated January 01, 2019 and 'Resolution Framework for COVID 19 - related Stress' dated August 06, 2020, allowed Lending Institutions to restructure the debt, subject to certain conditions, provided the borrower's account was classified as standard with the lender as on March 01, 2020.

The Company has extended restructuring relief to its eligible borrowers under guidelines issued by RBI and as per Retructuring policy approved by Board of Directors. The restructuring relief has been extended to 14,636 loans with an outstanding amount of ₹ 48,643.95 as on March 31, 2021.

S.R. BATLIBOI & CO. LLP ★ MUMBAI ★ CHARTERED ACCOUNTANTS

LENDINGKART FINANCE LIMITED (INDIA) ★

S.R.

The Government of India, Ministry of Finance, vide its notification dated October 23, 2020, had announced COVID-19 Relief Scheme for grant of ex-gratia payment of difference between compound interest and simple interest for moratorium period of six month to borrowers in specified loan accounts as per the eligibility criteria specified in the scheme. The Company has implemented the scheme and passed on the ex-gratia benefit amounting to ₹ 1,666.79 lakhs to the eligible borrowers.

The Government of India, Ministry of Finance, vide its notification 'Asset Classification and Income Recognition following the expiry of Covid-19 regulatory package' dated April 07, 2021, had announced to refund/adjust the 'interest on interest' charged to the borrowers during the moratorium period, i.e. March 1, 2020 to August 31, 2020 in conformity with the judgement of the Hon'ble Supreme Court of India in the matter of Small Scale Industrial Manufacturers Association vs UOI & Ors. and other connected matters on March 23, 2021. Accordingly the Company has estimated the amount of ₹ 60.66 lakhs and made provision for refund / adjustment to eligible borrowers.

8 Other financial assets

Particulars	As at 31 March 2021	As at 31 March 2020
Interest receivable on assignment of loans	1,092.60	780.12
Security deposits	674.49	581.69
Receivable from co-lenders	4,866.34	1,311.20
Others	1,750.79	226.28
Total	**8,384.22**	**2,899.30**
(Less) : Impairment allowance on other financial assets	(716.60)	(30.56)
Total	**7,667.62**	**2,868.74**

9 Current tax assets (net)

Particulars	As at 31 March 2021	As at 31 March 2020
Advance income tax*	24.55	162.08
Total	**24.55**	**162.08**

*(net of provision for tax March 31, 2021: Nil (March 31, 2020: ₹ 1,902.50))

10 Deferred tax asset (Net)

Particulars	As at 31 March 2021	As at 31 March 2020
Deferred tax asset on account of:		
Provision for expenses allowed for tax purposes on payment basis under Section 43B of Income tax Act, 1961	112.71	110.21
Expected credit loss	3,787.61	1,750.18
Unamortised processing fee	318.42	221.01
Deferred tax on account of Ind AS 116	50.24	23.90
Deferred tax on account of Guarantee fees	247.85	325.88
Deferred tax on account of unwinding discount of Security Deposit	32.99	51.44
Difference between tax depreciation and depreciation charged for the financial reporting	36.83	27.84
Interest on market linked debentures	285.10	111.26
MAT credit entitlement	-	42.10
Gross Deferred Tax Assets	**4,871.75**	**2,663.82**
Deferred tax liability on account of:		
On account of securitisation and direct assignment	683.70	562.39
Unamortised borrowing cost	201.37	242.78
Gross Deferred Tax Liabilities	**885.07**	**805.17**
Deferred Tax Assets (Net)	**3,986.68**	**1,858.65**
Deferred tax asset recognized	**3,986.68**	**1,858.65**

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LENDINGKART FINANCE LIMITED (INDIA) *

S.R.

(₹ in lakhs unless otherwise stated)

11 Property, plant and equipment

Particulars	Property, plant and equipment				Right-of-use assets
	Computers and Networks	Furniture and fixtures	Office equipments	Total	
Cost					
As at April 01, 2019	251.69	33.09	30.01	314.79	1,796.85
Additions	215.73	9.55	71.13	296.40	1,908.21
Disposals	3.42	1.29	1.95	6.66	-
As at March 31, 2020	464.00	41.35	99.18	604.53	3,705.07
Additions	15.98	1.98	-	17.96	298.86
Disposals	3.94	-	0.17	4.11	811.76
As at March 31, 2021	476.04	43.33	99.01	618.38	3,192.17
Accumulated depreciation					
As at April 01, 2019	74.75	7.06	6.82	88.64	124.18
Charge for the period	179.05	8.00	24.37	211.42	367.24
Disposals	1.91	0.46	1.08	3.45	-
As at March 31, 2020	251.89	14.61	30.11	296.61	491.42
Charge for the period	123.84	6.98	31.04	161.86	463.75
Disposals	0.53	-	0.11	0.64	102.07
As at March 31, 2021	375.20	21.59	61.04	457.83	853.10
Net book value					
As at March 31, 2020	212.11	26.74	69.07	307.92	3,213.65
As at March 31, 2021	100.84	21.74	37.97	160.55	2,339.07

12 Intangible assets

Particulars	Computer softwares
Cost	
As at April 01, 2019	81.96
Additions	110.55
Disposals	-
As at March 31, 2020	192.51
Additions	5.93
Disposals	-
As at March 31, 2021	198.44
Accumulated amortisation	
As at April 01, 2019	21.61
Charge for the period	51.32
Disposals	-
As at March 31, 2020	72.93
Charge for the period	58.39
Disposals	-
As at March 31, 2021	131.32
Net book value	
As at March 31, 2020	119.58
As at March 31, 2021	67.12

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LENDINGKART FINANCE (INDIA) LIMITED

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(₹ in lakhs unless otherwise stated)

13 Other non financial assets

Particulars	As at 31 March 2021	As at 31 March 2020
Indirect tax credits available for utilisation	50.60	115.65
Prepaid expenses	213.37	222.26
Capital advances	32.43	-
Other advances	158.87	250.59
Total	**455.27**	**588.50**

14 Debt Securities

Particulars	As at 31 March 2021	As at 31 March 2020
(A) At amortised cost		
(i) Secured*		
Privately placed redeemable non-convertible debentures	58,676.97	38,785.80
(ii) Unsecured		
Borrowings by issue of commercial papers	-	498.63
Total	**58,676.97**	**39,284.43**
(B) At FVTPL		
(i) Secured*		
Privately placed redeemable non-convertible debentures	8,873.62	5,122.94
Total	**8,873.62**	**5,122.94**
(C) Out of above		
In India	46,273.31	36,080.13
Outside India	21,277.28	8,327.23
Total	**67,550.59**	**44,407.37**

***The debenture are secured by:**

i) A charge by way of hypothecation of all book debts and receivables, present and future of the Company (To the extent of 1 to 1.25 times of outstanding amount of debentures).

ii) Corporate guarantee of the Holding Company for March 31, 2021 is ₹ 44,823.77, March 31, 2020 is ₹ 38,136.36

Terms of Repayment - Debentures as at March 31, 2021

Original Maturity / Repayment frequency	Monthly/Quarterly repayment			Total
Rate of interest	9%-12%	12%-15%	15%-16%	
Due within 1 year				
No. of instalments	19	33	-	**52**
Amount	13,411.00	15,598.15	-	**29,009.15**
Due 1 to 2 years				
No. of instalments	16	4	-	**20**
Amount	9,161.00	9,397.02	-	**18,558.02**
Due 2 to 3 years				
No. of instalments	1	3	1	**5**
Amount	128.00	7,700.00	2,000.00	**9,828.00**
Due 3 to 4 years				
No. of instalments	-	4.00	-	**4**
Amount	-	8,100.48	-	**8,100.48**
Interest accrued and impact of EIR				**2,054.94**
Total	**22,700.00**	**40,795.65**	**2,000.00**	**67,550.59**

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LENDINGKART FINANCE LIMITED (INDIA) *

(₹ in lakhs unless otherwise stated)

Terms of Repayment - Debentures as at March 31, 2020

Original Maturity / Repayment frequency	Monthly/Quarterly repayment		Total
Rate of interest	12%-15%	15%-16%	
Due within 1 year			
No. of instalments	57	-	57
Amount	14,640.49	-	14,640.49
Due 1 to 2 years			
No. of instalments	33	1	34
Amount	14,495.87	1,000.00	15,495.87
Due 2 to 3 years			
No. of instalments	3	4	7
Amount	7,147.24	4,000.00	11,147.24
Due 3 to 4 years			
No. of instalments	-	1	1
Amount	-	2,000.00	2,000.00
Due 4 to 5 years			
No. of instalments	1	-	1
Amount	0.26	-	0.26
Interest accrued and impact of EIR			**624.87**
Total	**36,283.86**	**7,000.00**	**43,908.73**

Terms of Repayment - Commercial papers as at March 31, 2021

Original Maturity / Repayment frequency	Bullet repayment	
Rate of interest	12.90%	Total
Due within 1 year		
No. of instalments	-	-
Amount	-	-
Impact of undiscounted maturity charges and EIR		-
Total	-	-

Terms of Repayment - Commercial papers as at March 31, 2020

Original Maturity / Repayment frequency	Bullet repayment	
Rate of interest	12.90%	Total
Due within 1 year		
No. of instalments	1	1
Amount	500.00	**500.00**
Impact of undiscounted maturity charges and EIR		**(1.37)**
Total	500.00	**498.63**

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LENDINGKART FINANCE LIMITED (INDIA)

S.R.

(₹ in lakhs unless otherwise stated)

15 Borrowings (Other than debt securities)

Particulars	As at 31 March 2021	As at 31 March 2020
(A) At amortised cost		
(i) Secured*		
Term loans		
from banks	42,601.78	46,233.94
from other than banks	24,492.04	34,639.77
Securitisation liabilities	21,127.96	22,660.56
Loans repayable on demand		
Overdraft from bank	1,035.76	948.38
Cash credit from banks	2,698.59	3,941.58
Cash credit from other than banks	1,136.49	1,511.54
	93,092.62	**1,09,935.77**
(ii) Unsecured		
Term loans		
from other than banks	-	625.46
	-	**625.46**
Total	**93,092.62**	**1,10,561.24**
(B) Out of above		
In India	93,092.62	1,10,561.24
Outside India	-	-
Total	**93,092.62**	**1,10,561.24**

*** The term loans/ working capital demand loans/ cash credit/ overdraft are secured by:**

i) A charges by way of hypothecation of all book debts and receivables, present and future of the Company (to the extent of 1 to 1.33 times of outstanding loan amount).

ii) Corporate guarantee of the Holding Company as at March 31, 2021 is ₹ 69,651.89 (March 31, 2020: ₹ 82,223.03)

iii) Guarantee by third party as at March 31, 2021: Nil (March 31, 2020: 15% of initial value of term loans, capped at 35% due to amortization).

iv) First loss default guarantee (FLDG) in the form of fixed deposits as at March 31, 2021 is ₹ 1,451.00 (March 31, 2020: ₹ 4,422.32)

v) First loss default guarantee (FLDG) in the form of security deposits as at March 31, 2021 is ₹ 125.00 (March 31, 2020: ₹ 250.00)

vi) Overdraft and cash credit availed from banks secured by pledge fixed deposits as at March 31, 2021 is ₹ 6,231.62 (March 31, 2020: ₹ 3,587.97)

vii) First loss default guarantee (FLDG) in the form of fixed deposits for securitisation transactions as at March 31,2021 is ₹ 4,348.62 (March 31, 2020: ₹ 3,264.26)

Terms of Repayment - Term Loans & working capital demand loans as at March 31, 2021

Original Maturity / Repayment frequency	Monthly/Quarterly repayment			Total
Rate of interest	9%-12%	12%-15%	15%-16%	
Due within 1 year				
No. of instalments	74	297	88	459
Amount	12,800.47	26,187.25	2,574.46	41,562.18
Due 1 to 2 years				
No. of instalments	27	115	51	193
Amount	3,016.67	16,608.32	1,378.95	21,003.94
Due 2 to 3 years				
No. of instalments	11	27	-	38
Amount	675.33	3,725.17	-	4,400.50
Interest accrued and impact of EIR				127.20
Total	**16,492.47**	**46,520.74**	**3,953.41**	**67,093.82**

S.R. BATLIBOI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

LENDINGKART FINANCE LIMITED (INDIA)

S.R.

(₹ in lakhs unless otherwise stated)

Terms of Repayment - Term Loans & working capital demand loans as at March 31, 2020

Original Maturity / Repayment frequency	Monthly/Quarterly repayment		Total
Rate of interest	9%-12%	12%-15%	
Due within 1 year			
No. of instalments	139	641	780
Amount	14,271.15	31,344.46	45,615.61
Due 1 to 2 years			
No. of instalments	40	388	428
Amount	3,681.39	19,207.66	22,889.05
Due 2 to 3 years			
No. of instalments	3	152	155
Amount	208.33	10,529.86	10,738.19
Due 3 to 4 years			
No. of instalments	-	33	33
Amount	-	1,951.39	1,951.39
Interest accrued and impact of EIR			304.93
Total	**18,160.87**	**63,033.37**	**81,499.17**

16 Subordinated Debt

Particulars	As at 31 March 2021	As at 31 March 2020
(A) At amortised cost		
(i) Unsecured		
Term loans		
from banks	2,529.12	2,528.44
Total	**2,529.12**	**2,528.44**

Terms of Repayment - Subordinated Debt as at March 31, 2021

Original Maturity / Repayment frequency	Bullet repayment	Total
Rate of interest		
Due 3 to 4 years	12%-15%	
No. of instalments	1.00	**1.00**
Amount	1,000.00	**1,000.00**
Due 4 to 5 years		
No. of instalments	1.00	**1.00**
Amount	1,500.00	**1,500.00**
Interest accrued and impact of EIR		29.12
Total	**2,500.00**	**2,529.12**

Terms of Repayment - Subordinated Debt as at March 31, 2020

Original Maturity / Repayment frequency	Bullet repayment	Total
Rate of interest		
Due 4 to 5 years	12%-15%	
No. of instalments	1.00	**1.00**
Amount	1,000.00	**1,000.00**
Due Above 5 years		
No. of instalments	1.00	**1.00**
Amount	1,500.00	**1,500.00**
Interest accrued and impact of EIR		28.44
Total	**2,500.00**	**2,528.44**

S.R. BATLIBOI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

LENDINGKART FINANCE LIMITED (INDIA)

Lendingkart Finance Limited

Notes to financial statements for the year ended March 31, 2021

(₹ in lakhs unless otherwise stated)

17 Other financial liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
Expense and other payables	1,619.51	1,388.00
Payable towards Co-lending	2,278.07	179.29
Payable towards direct assignment of loans	1,124.63	1,383.33
Payables to employees	214.39	111.70
Payables to holding company	71.98	66.02
Lease obligation	2,540.05	3,336.70
Guarantee Liability	3,260.65	900.66
Service obligation on account of securitisation	3.65	9.17
Total	**11,112.93**	**7,374.86**

18 Current Tax Liability

Particulars	As at 31 March 2021	As at 31 March 2020
Provision for tax (Net of advance tax and TDS)*	1,189.18	-
Total	**1,189.18**	-

*(net of Advance tax and TDS March 31, 2021: ₹ 1,917.69 (March 31, 2020: Nil))

19 Provisions

Particulars	As at 31 March 2021	As at 31 March 2020
Provision for employee benefits		
Provision for gratuity benefits	157.29	159.27
Provision for leave benefits	226.23	219.20
Total	**383.52**	**378.47**

20 Other non financial liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
Advances from customers	1,324.28	340.74
Statutory dues	254.75	321.00
Total	**1,579.03**	**661.75**

21 Equity share capital

Particulars	As at 31 March 2021	As at 31 March 2020
Authorized Shares		
Equity shares of Rs.10 each	5,072.76	4,454.75
Total	**5,072.76**	**4,454.75**
Issued, subscribed and fully paid up		
Equity shares of Rs.10 each		
At the beginning of the period	4,418.79	3,898.59
Add: Issued during the period	-	520.20
Total	**4,418.79**	**4,418.79**

Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed, if any, by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

S.R. BATLIBOI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

LENDINGKART FINANCE LIMITED (INDIA)

S.R.

(₹ in lakhs unless otherwise stated)

Shares held by holding / ultimate holding company and / or their subsidiaries / associates

Out of equity shares issued by the Company, shares held by its holding company i.e. Lendingkart Technologies Private Limited, are as below:

Particulars	As at 31 March 2021	As at 31 March 2020
No. of shares held	4,41,87,931	4,41,87,931
% of share holding	100%	100%

Details of each Shareholder holding more than 5% shares and the number of share held

Holding company i.e. Lendingkart Technologies Private Limited has 100% shares of the Company.

Particulars	As at 31 March 2021	As at 31 March 2020
No. of shares held	4,41,87,931	4,41,87,931
% of share holding	100%	100%

As per the records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

22 Other equity

Particulars	As at 31 March 2021	As at 31 March 2020
Securities Premium		
Balance at the beginning of the year	67,252.72	46,799.81
Add: Premium on issue of Equity Shares	-	20,479.80
(Less): Expenses on issue of shares	(5.88)	(26.89)
Balance at the end of the year	**67,246.84**	**67,252.72**
Surplus in the statement of profit and loss		
Balance at the beginning of the year	(665.06)	(3,041.11)
Add: Profit for the year	1,879.99	2,965.30
GAAP Adjustments (P/L)		
Less: Item of other comprehensive income		
Remeasurement gains / (losses) on defined benefit plan (net of tax)	(48.05)	3.81
Less : Transferred to Statutory Reserve u/s section 45-IC of Reserve Bank of India Act, 1934	(376.00)	(593.06)
Balance at the end of the year	**790.88**	**(665.06)**
Other Comprehensive Income		
Balance at the beginning of the year	(0.33)	3.48
Remeasurement gains / (losses) on defined benefit plan (net of tax)	48.05	(3.81)
Balance at the end of the year	**47.72**	**(0.33)**
Statutory Reserve u/s section 45-IC of Reserve Bank of India Act, 1934		
Balance at the beginning of the year	1,281.14	688.08
Add : Amount transferred during the year	376.00	593.06
Balance at the end of the year	**1,657.14**	**1,281.14**
Total of other equity	**69,742.58**	**67,868.47**

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LENDINGKART FINANCE LIMITED (INDIA) ★

(₹ in lakhs unless otherwise stated)

23 Interest Income

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
On financial assets measured at Amortised Cost		
Interest on term loans	46,214.43	42,499.50
Guarantee revenue from colending	663.21	122.34
Interest on fixed deposits with banks	918.11	1,380.87
Other charges	233.85	242.06
Other interest income	57.18	23.08
Total	**48,086.78**	**44,267.85**

24 Gain on assignment of loans

Gain on assignment of loans for the year ended March 31, 2021 is ₹ 278.25 (March 31, 2020 : ₹ 1,941.16) and loss on modification of loans is ₹ 13.51 (March 31, 2020: ₹ 219.30) which is presented as net in the Statement of Profit and Loss.

25 Other Income

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Commission Income from Insurance	229.96	331.21
Gain on derecognition of Asset	166.60	-
Unwinding discount of security deposit	102.85	44.92
Other Income	194.17	64.43
Total	**693.58**	**440.56**

26 Finance Costs

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
On Financial liabilities measured at amortised cost		
On debt securities	6,376.85	5,302.32
On borrowings (other than debt securities)	10,379.23	11,466.65
On commercial papers	2.35	180.37
On lease obligation	385.79	307.03
Others	353.03	78.05
On Financial liabilities measured at fair value		
On debt securities	750.68	382.09
Total	**18,247.93**	**17,716.50**

27 Fees and commission expenses

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Commission and Brokerage	1,237.71	729.80
Total	**1,237.71**	**729.80**

28 Impairment on financial instruments at amortised cost

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Loans		
*Additional covid provisions**	6,783.58	1,441.44
Other provisions	2,390.79	706.71
Other financial assets	648.27	24.54
Write offs	7,945.88	9,775.54
Total	**17,768.52**	**11,948.23**

* Additional covid provisions consist of provisions carried on restructured portfolio and management overlay on other than restructured portfolio.

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LENDINGKART FINANCE LIMITED (INDIA) ★

S.R.

(₹ in lakhs unless otherwise stated)

29 Employee Benefit Expenses

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Salaries and wages	3,197.10	4,459.99
Contribution to provident and other funds	111.59	152.65
Reimbursement of ESOP expenses	37.44	58.82
Leave benefit expense	86.36	17.20
Gratuity	81.44	72.06
Staff welfare expenses	124.65	183.05
Total	**3,638.58**	**4,943.77**

30 Depreciation and amortisation expenses

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Depreciation and amortisation expenses	684.00	629.99
Total	**684.00**	**629.99**

31 Other Expenses

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Power and fuel	55.75	78.47
Rent	48.99	47.03
Repairs and maintenance	32.66	46.86
Insurance	19.87	17.58
Telephone and communication expense	139.55	171.25
Franking and stamping expenses	66.50	515.84
Marketing and sales promotion expense	50.21	57.00
Auditor's fees and expenses (Refer note 31.1 below)	36.89	30.90
Legal and Professional charges	637.18	1,211.01
Service charges of outsourced employees	702.48	1,028.36
Guarantee fees	1,371.55	1,266.56
License fees	356.55	498.33
Business support services	82.21	218.20
Printing and stationery	8.34	10.51
Travelling expenses	14.45	92.74
Bank charges	82.61	118.08
Courier expenses	61.12	58.10
Software license fees	745.48	710.60
Rates & taxes	32.55	19.54
Security expenses	15.16	12.73
Loss on sale of fixed assets (net)	3.02	3.11
Director sitting fees	6.54	2.64
Housekeeping expenses	25.49	16.17
CSR Expenditure	34.45	-
Miscellaneous expenses	22.96	36.11
Total	**4,652.56**	**6,267.71**

31.1 Auditor's Remuneration

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Audit fee	23.98	22.89
Tax audit fee	2.18	3.27
In other capacity :		
Certification services	10.36	3.76
Reimbursement of expenses	0.37	0.98
Total	**36.89**	**30.90**

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(₹ in lakhs unless otherwise stated)

32 Tax expense

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Current tax expense		
Current tax for the year	3,128.07	1,407.18
Prior period Tax adjustments	-	3.28
	3,128.07	1,410.46
Deferred taxes		
Change in deferred tax assets	2,224.11	562.63
Change in deferred tax liabilities	(79.90)	(377.36)
Net deferred tax expense / (income)	**(2,144.21)**	**(185.27)**
Total income tax expense	**983.86**	**1,225.19**

32.1 Tax reconciliation

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Profit before income tax expense	2,815.80	4,194.28
Effective Tax Rate	25.17%	29.12%
Tax at statutory income tax rate	708.68	1,221.37
Tax effect of amounts which are not deductible / not taxable in calculating taxable income		
Expenses disallowed	44.86	0.53
Impact of change in tax rate	246.51	-
Deferred tax expense on account of OCI	(16.19)	-
Prior period adjustments	-	3.28
Income tax expense	**983.86**	**1,225.18**

The Government of India, on 20 September 2019, vide the Taxation Laws (Amendment) Ordinance 2019 (the Ordinance), inserted a new Section 115BAA in the Income-tax Act, 1961, which provides an option for paying income-tax at reduced rates under the new regime. During the year ended March 31, 2021, the Company has opted for paying income-tax at reduced rates and accordingly, the opening deferred tax asset (net) has been measured at the lower rate with a one time corresponding charge of ₹ 246.51 lakhs to the Statement of Profit and Loss.

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(₹ in lakhs unless otherwise stated)

32.2 Deferred tax movement related to the following:

March 31, 2020 to March 31, 2021

Deferred tax assets (net)	As at 31 March 2021	Recognised in Statement of Profit or loss	Recognised in OCI	As at 31 March 2020
Deferred tax asset on account of:				
Provision for expenses allowed for tax purposes on payment basis under Section 43B of Income tax Act, 1961	112.71	(18.69)	16.19	110.21
Expected credit loss	3,787.61	(2,037.43)	-	1,750.18
Unamortised processing fee	318.42	(97.41)	-	221.01
Deferred tax on account of Ind AS 116	50.24	(26.34)	-	23.90
Deferred tax on account of Guarantee fees	247.85	78.03	-	325.88
Deferred tax on account of unwinding discount of Security Deposit	32.99	18.45	-	51.44
Difference between tax depreciation and depreciation charged for the financial reporting	36.83	(8.99)	-	27.84
Interest on market linked debentures	285.10	(173.84)	-	111.26
MAT credit entitlement	-	42.10	-	42.10
	4,871.75	**(2,224.12)**	**16.19**	**2,663.82**
Deferred tax liability on account of:				
On account of securitisation and direct assignment	683.70	121.31	-	562.39
Unamortised borrowing cost	201.37	(41.41)	-	242.78
	885.07	**79.90**	**-**	**805.17**
Deferred tax charge/(credit) for the year	**3,986.68**	**(2,144.22)**	**16.19**	**1,858.65**

33 Earning Per Share

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
(A) Net profit/(loss) after tax for the year	1,831.94	2,969.09
(B) Weighted average number of equity shares for basic earnings per share	4,41,87,931	4,18,71,188
(C) Weighted average number of equity shares for diluted earnings per share	4,41,87,931	4,18,71,188
Basic earning per share in ₹ (A/B)	4.15	7.09
Diluted earning per share in ₹ (A/C)	4.15	7.09
[Nominal value of shares ₹ 10 each (Previous Year : ₹ 10)]		

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LENDINGKART FINANCE LIMITED (INDIA)

(₹ in Lakhs unless otherwise stated)

34. Segment Information

The Company operates in a single reportable segment i.e. financing, since the nature of the loans are exposed to similar risk and return profiles. No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Company's total revenue in year ended March 31, 2021 and March 31, 2020. The Company operates in a single geographical segment i.e. domestic, and accordingly, there are no separate reportable segments as per Ind AS 108 dealing with operating segments.

35. Related party transactions

Related party disclosures as required under Indian Accounting standard 24, " Related party disclosure" are given below.

(a) Name of Related parties with whom the Company had transactions

Nature of Relationship	Name of Related Parties
Holding company	Lendingkart Technologies Private Limited
Entity having significant influence in Holding company	Fullerton Financial Private Limited

(b) Name of Key Managerial Persons

Nature of Relationship	Name of Related Parties
Independent director	Mr. Gaurav Mittal
Independent director	Mr. Thallapaka Venakateswara Rao
Independent director (Appointed w.e.f March 27, 2021)	Mrs. Uma Subramaniam

(c) Transactions during the year with related parties

Sr. No.	Nature of transactions	31 March 2021	31 March 2020
1	**Lendingkart Technologies Private Limited**		
	Unsecured inter-corporate loan taken	-	1,000.00
	Unsecured inter-corporate loan repaid	-	1,000.00
	Interest paid on inter-corporate loans	-	3.54
	Issue of equity share capital (including share premium on issue of equity shares) (refer note 1 below)	-	21,000.00
	License fee paid for use of software (Excludes 50% reversal of goods and services tax input credit) (refer note 2 below)	327.11	457.18
	Business support charges paid (Excludes 50% reversal of goods and services tax input credit)	75.42	200.18
	Reimbursement of ESOP expenses (Excludes 50% reversal of goods and services tax input credit)	34.35	53.96
2	**Mr. Gaurav Mittal**		
	Director sitting fee (Excludes 50% reversal of goods and services tax input credit)	1.25	0.90
3	**Mr. Thallapaka Venakateswara Rao**		
	Director sitting fee (Excludes 50% reversal of goods and services tax input credit)	4.75	1.50

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LENDINGKART FINANCE LIMITED (INDIA) ★

(₹ in Lakhs unless otherwise stated)

(d) Balance receivable/(payable) to Related parties

Sr. No.	Nature of transactions	31 March 2021	31 March 2020
1	Lendingkart Technologies Private Limited	(71.98)	(66.02)
2	Mr. Gaurav Mittal	(0.09)	-

(e) Guarantees given by holding company*

Sr. No.	Nature of transactions	31 March 2021	31 March 2020
1	Loans borrowed and outstanding from financial institutions and Banks guaranteed by the Holding Company (including CC facility)	69,651.89	82,223.03
2	Non-Convertible debentures issued and outstanding to financial institutions, banks and other company guaranteed by the Holding Company	44,823.77	38,136.36

* In respect of Guarantee fees- no payment is required to be made to Holding Company, as allowed under ITFG issue 2 bulletin 13, no guarantee commission is recognised in books of the company

* Total sanction amount of Loans borrowed from financial institutions and banks against which guarantee is given by holding company is ₹ 1,61,550.00 and sanction amount of Non-Convertible debentures issued to financial institutions, banks and other company is ₹ 63,750.00

Note 1: During the year ended March 31, 2020, the company issued 52,02,011 equity shares of ₹ 10 each fully paid-up at a premium of ₹ 393.69 per share to Holding Company. For detailed terms of the equity shares, please refer note 21 to the Financial Statements.

Note 2: The Company has entered into License Agreement with Holding Company dated June 19, 2015 for a term of 5 years, which was further renewed on September 03, 2020 for a term of 5 years, for use of the licensed software to digitally lend money to its customers.

The services provided by the Holding Company to the Company are of a specialised nature and hence difficult to benchmark with other external sources. The Company has engaged the services of an expert to assess the arm's length price for this inter-company transaction.

36. Employee stock option plans

The Holding Company has Employee Stock Option Plans ("ESOP") scheme in force. As per the ESOP scheme, Holding Company has granted ESOP options to acquire its equity shares that would vest in a graded manner to Company's employees. Based on the group policy/ arrangement, Holding Company has cross charged the fair value of such ESOP. The Company has recognised the same under the employee cost amounting to ₹ 37.44 for the year ended March 31, 2021 (March 31, 2020: ₹ 58.82).

37. Leases

Where the company is lessee:

The Company's significant leasing arrangements are in respect of operating leases for premises which are renewable on mutual consent at agreed terms. These leases have an average life of between one and nine years. Lease rentals have an escalation ranging between 5% to 15%. Leases for which the lease term is less than twelve months has been accounted as short term leases.

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LENDINGKART FINANCE LIMITED (INDIA) ★

S.R.

(₹ in Lakhs unless otherwise stated)

i. Set out below are the carrying amount of right-of-use assets recognized and movement during the year:

Particulars	Amount
Balance as at April 01, 2019	**1,672.67**
Additions	1,908.21
Closure	-
Depreciation expense	367.24
Balance as at March 31, 2020	**3,213.65**
Additions	298.86
Closure	709.69
Depreciation expense	463.75
Balance as at March 31, 2021	**2,339.07**

ii. Set out are the carrying amount of lease liabilities and movement during the year:

Particulars	31 March 2021	31 March 2020
Opening Balance	**3,336.70**	**1,685.52**
Additions	163.64	1,803.59
Accretion of interest	385.79	307.03
Closure	(741.06)	-
Payments	(605.02)	(459.43)
Closing Balance	**2,540.05**	**3,336.70**

iii. The expense relating to payments not included in the measurement of the lease liability is as follows:

Particulars	31 March 2021	31 March 2020
Short-term leases	48.99	47.03

iv. The undiscounted maturity analysis of lease liabilities at March 31, 2021 is as follows:

Lease Liability	31 March 2021	31 March 2020
Not later than one year	541.68	681.08
Later than one year and not later than five years	2,134.76	3,309.99
Later than five years	1,263.07	1,407.48
Total undiscounted lease liabilities	**3,939.51**	**5,398.55**

v. The effective interest rate of lease liabilities for the year ended March 31, 2021 is 13.95% (March 31, 2020: 13.24%).

vi. The following are the amount recognized in statement of profit or loss.

Particulars	31 March 2021	31 March 2020
Depreciation expense right of use of assets	463.75	367.24
Interest expense on lease liabilities	385.79	307.03
Expense relating to short term leases (included in other expenses)	48.99	47.03
Loss/ (Gain) on derecognition of assets	(166.60)	-
Total Amount recognized in statement of profit and loss account	**731.93**	**721.30**

38. Expenditure in foreign currency (on accrual basis)

Particulars	31 March 2021	31 March 2020
Professional Fees	117.27	80.77
Software Expenses	1.53	17.15
Total	**118.80**	**97.92**

S.R. BATLIBOI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

LENDINGKART FINANCE (INDIA) LIMITED

(₹ in Lakhs unless otherwise stated)

39. Contingent liability and Commitments

a) Contingent Liability

Description of the contingent liability	31 March 2021	31 March 2020
Credit enhancements provided by the company towards securitisation (including corporate guarantee, cash collateral and loan assets retained as Minimum retention Requirement (MRR)	9,108.00	7,282.41
Corporate guarantee in case of co-lending transactions	10,533.59	6,283.15

b) Capital and other commitments

Description of the capital and other commitments	31 March 2021	31 March 2020
Loan sanctioned not yet disbursed*	3,130.30	-
A S Software Services Private Limited (Omnifin Software) (Excludes 50% reversal of goods and service tax input credit)	13.60	98.55

* During the previous year ended March 31, 2020, the Company has sanctioned loans amounting to ₹ 90.50 but not disbursed as on March 31, 2020, due to expiry of agreements during lockdown declared by Government of India.

40. Retirement benefit plans

A. Defined benefit obligation

Contribution to Gratuity fund:

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Gratuity Act, an employee who has completed five years of service is entitled to specific benefits. The level of benefits provided depends on the member's length of service, managerial grade and salary at retirement age.

In accordance with Indian Accounting Standard 19, actuarial valuation was done in respect of the aforesaid defined benefit plan of gratuity based on the following assumptions:

i. Key actuarial assumptions:

Particulars	31 March 2021	31 March 2020
Discount rate (per annum)	6.50%	6.60%
Rate of salary increase	12.00%	12.00%
Rate of employee turnover (per annum)		
Age band		
25 & Below	18.00%	18.00%
25 to 35	15.00%	15.00%
35 to 45	12.00%	12.00%
45 to 55	9.00%	9.00%
55 & Above	6.00%	6.00%

ii. Movement in defined benefit obligation:

Particulars	31 March 2021	31 March 2020
Defined benefit obligation at the beginning of the year	159.27	82.50
Interest on defined benefit obligation	10.39	6.17
Current service cost	71.05	65.89
Benefits paid	(19.18)	(0.66)
Remeasurements due to :		
Actuarial loss/(gain) arising from change in demographic assumptions	-	(0.03)
Actuarial loss/(gain) arising from change in financial assumptions	1.32	11.71
Actuarial loss/(gain) arising on account of experience changes	(65.56)	(6.31)
Present Value of obligation at the end of the year	**157.29**	**159.27**

S.R. BATLIBOI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

LENDINGKART FINANCE LIMITED (INDIA)

(₹ in Lakhs unless otherwise stated)

iii. **Assets and liabilities recognised in the balance sheet:**

Particulars	31 March 2021	31 March 2020
Present value of the defined benefit obligation at the end of the year	157.29	159.27
Fair Value of Plan Assets at the end of the year	-	-
Funded Status (Surplus/ (Deficit))	-	-
Net liability recognised in the balance sheet	**157.29**	**159.27**

iv. **Expenses recognised in the Statement of Profit and Loss:**

Particulars	31 March 2021	31 March 2020
Current Service Cost	71.05	65.89
Interest cost	10.39	6.17
Net gratuity cost recognised in the current year	**81.44**	**72.06**

v. **Expenses recognised in the statement of Other comprehensive income (OCI):**

Particulars	31 March 2021	31 March 2020
Actuarial loss / (gain) on post-employment benefit obligation	(64.24)	5.37
Total remeasurement cost / (credit) for the year recognised in OCI	**(64.24)**	**5.37**

vi. **Reconciliation of net asset/(liability) recognised:**

Particulars	31 March 2021	31 March 2020
Net defined benefit liability/(asset) as at the beginning of the year	159.27	82.50
Expense charged to Statement of Profit and Loss	81.44	72.06
(Benefit paid directly by the employer)	(19.18)	(0.66)
Amount recognised in other comprehensive income	(64.24)	5.37
Net Liability/(Asset) Recognized in the Balance Sheet	**157.29**	**159.27**

vii. **Sensitivity analysis:**

Particulars	31 March 2021	31 March 2020
Impact of increase in 0.5% on rate of discounting	150.86	152.59
Impact of decrease in 0.5% on rate of discounting	164.19	166.44
Impact of increase in 0.5% on rate of salary increase	161.57	163.61
Impact of decrease in 0.5% on rate of salary increase	152.99	154.92
Impact of increase in 10% on rate of employee turnover	152.70	153.76
Impact of decrease in 10% on rate of employee turnover	161.89	164.80

viii. **Maturity analysis of projected benefit obligation:**

Particulars	31 March 2021	31 March 2020
Expected benefits for year 1	6.98	3.75
Expected benefits for year 2	10.42	9.66
Expected benefits for year 3	12.31	13.08
Expected benefits for year 4	16.67	15.20
Expected benefits for year 5	16.88	18.62
Expected benefits for years 6 to 10	77.18	81.80

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LENDINGKART FINANCE LIMITED (INDIA) ★

(₹ in Lakhs unless otherwise stated)

ix. **The Experience adjustment on plan assets:**

Particulars	31 March 2021	31 March 2020	31 March 2019	31 March 2018	31 March 2017
Defined benefit obligation	157.29	159.27	82.50	44.72	21.38
Plan assets	-	-	-	-	-
Surplus/ (deficit)	(157.29)	(159.27)	(82.50)	(44.72)	(21.38)
Experience adjustment of plan assets	-	-	-	-	-
Experience adjustment of plan liabilities	(65.56)	(6.31)	(5.26)	(10.45)	8.52

B. **Compensated absences:**

Maturity Profile

Particulars	31 March 2021	31 March 2020
Present value of unfunded obligations	226.23	219.20
Expense recognised in the Statement of Profit and Loss	86.36	17.20
Discount rate (p.a.)	6.50%	6.60%
Salary escalation rate (p.a)	12.00%	12.00%

C. **Provident Fund:**

The Company contributes in Provident Fund towards employees which is the defined contribution plan for qualifying employees. Under this Scheme, the Company is required to contribute specified percentage of the payroll cost to fund the benefits. The Company recognised ₹ 108.90 (March 31, 2020: ₹ 145.88) for provident fund contributions in the Statement of profit and loss.

41. The Indian Parliament has approved the Code on Social Security, 2020 which subsumes the Provident Fund and the Gratuity Act and rules thereunder. The Ministry of Labour and Employment has also released draft rules thereunder on November 13, 2020 and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will evaluate the rules, assess the impact, if any and account for the same once the rules are notified and become effective.

42. **Corporate Social Responsibility Expenses**

As per Section 135 of the Companies Act, 2013, the Company is under obligation to incur ₹ 34.45 (Previous year ₹ Nil), being 2% of the average net profit during the three immediately preceding financial years, calculated in the manner as stated in the Act towards Corporate Social Responsibility through contribution to fund prescribed in Schedule VII of the Companies Act, 2013 and has incurred ₹ 0.85 in current year, and the remaining amount is transferred into Unspent Corporate Social Responsibility Account within 30 days of completion of financial year.

43. Based on the information available with the Company, there are no micro, small and medium enterprises to whom the Company has paid interest or any interest payable on outstanding (under the provisions of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006) during the year ended March 31, 2021.

44. The Company does not have any outstanding loans against gold jewellery as at March 31, 2021 (March 31, 2020: Nil).

45. **Capital:**

The Company actively manages its capital base to cover risks inherent to its business and meet the capital adequacy requirement of RBI. The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

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LENDINGKART FINANCE LIMITED (INDIA) ★

S.R

(₹ in Lakhs unless otherwise stated)

i. Capital management

Objective:
The Company's objective is to maintain appropriate levels of capital to support its business strategy taking into account the regulatory, economic and commercial environment. The Company aims to maintain a strong capital base to support the risks inherent to its business and growth strategies. The Company endeavours to maintain a higher capital base than the mandated regulatory capital at all times.

Planning:
The Company's assessment of capital requirement is aligned to its planned growth which forms part of an annual operating plan which is approved by the Board and also a long-range strategy. These growth plans are aligned to assessment of risks– which include credit, liquidity and interest rate.

The management monitors its capital to risk-weighted assets ratio (CRAR) on a monthly basis and the same is also monitored in Assets Liability Management Committee (ALCO).

The Company endeavours to maintain its CRAR higher than the mandated regulatory norm. Accordingly, increase in capital is planned well in advance to ensure adequate funding for its growth.

ii. Regulatory capital

Particulars	31 March 2021	31 March 2020
Tier I capital	67,847.88	68,381.90
Tier II capital	8,525.29	4,823.83
Total capital	**76,373.17**	**73,205.73**
Risk weighted assets (RWA)	**1,97,127.66**	**2,02,276.70**
Tier I CRAR	34.42%	33.81%
Tier II CRAR	4.32%	2.38%
CRAR	**38.74%**	**36.19%**

46. Transfers of assets:

i. Transferred of financial assets that are not derecognised in their entirety

Securitisation
The company has Securitised certain loans, however the company has not transferred substantially all risks and rewards, hence these assets have not been de-recognised in its entirety.

Particulars	31 March 2021	31 March 2020
Carrying amount of transferred assets measured at amortised cost (including loans placed as collateral)	26,638.84	33,915.58
Carrying amount of associated liabilities (Debt securities - measured at amortised cost)	21,127.96	22,660.56
Fair value of assets	26,638.84	33,915.58
Fair value of associated liabilities	21,127.96	22,660.56
Net position at Fair Value	5,510.88	11,255.02

ii. Transferred of financial assets that are derecognised in their entirety
The Company has not transferred any assets that are derecognised in their entirety where the Company continues to have continuing involvement.

47. Events after reporting date:
There have been no events after the reporting date that require adjustment/disclosure in these financial statements.

S.R. BATLIBOI & CO. LLP ★ MUMBAI ★ CHARTERED ACCOUNTANTS

LENDINGKART FINANCE LIMITED (INDIA) ★

(₹ in Lakhs unless otherwise stated)

48. 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 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 a valuation technique.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques.

Valuation framework

The Company's valuation framework includes:

- Benchmarking prices against observable market prices or other independent sources;
- Development and validation of fair valuation models using model logic, inputs, outputs and adjustments.

These models are subject to approvals by various functions including risk, treasury and finance functions. Finance function is responsible for establishing procedures, governing valuation and ensuring fair values are in compliance with accounting standards.

Valuation methodologies adopted

- Fair values of financial assets and financial liabilities are measured at amortised cost except for market linked debentures and cash and bank balances which are measured at fair value through profit and loss.
- Fair value of Market linked debentures is derived from independent valuer. The valuation is done based on discounted cashflow method. The option portion is projected using Monte Carlo simulations and Geometric Brownian Motion is used to project the Index levels into the future. The Index levels are projected based on certain assumptions and the value of debenture is then arrived at by discounting the respective cashflows.
- The Company has determined that the carrying values of expenses payables, bank overdrafts and other current liabilities are a reasonable approximation of their fair value and hence their carrying value are deemed to be fair value.

49. Fair value hierarchy:

The Company determines fair values of its financial instruments according to the following hierarchy:

Level 1: valuation based on quoted market price: financial instruments with quoted prices for identical instruments in active markets that the Company can access at the measurement date.

Level 2: valuation based on using observable inputs: financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

Level 3: valuation technique with significant unobservable inputs: – financial instruments valued using valuation techniques where one or more significant inputs are unobservable. This is the case for contingent consideration and indemnification assets.

Financial instruments by category

Financial instruments by category	31 March 2021		31 March 2020	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets:				
Cash and cash equivalent	28,786.04	-	5,049.52	-
Other bank balances	14,096.80	-	11,296.78	-
Loans	1,93,869.25	-	2,12,688.51	-
Other financial assets	7,667.62	-	2,868.74	-
Total financial assets	**2,44,419.71**	-	**2,31,903.54**	-

S.R. BATLIBOI & CO. LLP * MUMBAI * CHARTERED ACCOUNTANTS

LENDINGKART FINANCE LIMITED (INDIA) *

(₹ in Lakhs unless otherwise stated)

Financial instruments by category	31 March 2021		31 March 2020	
	Carrying value	Fair value	Carrying value	Fair value
Financial liabilities:				
Debt Securities	58,676.97	8,873.62	39,284.43	5,122.94
Borrowings (other than debt securities)	93,092.62	-	1,10,561.24	-
Subordinated Debt	2,529.12	-	2,528.44	-
Other financial liabilities	11,112.93	-	7,374.86	-
Total financial liabilities	**1,65,411.64**	**8,873.62**	**1,59,748.96**	**5,122.94**

Fair value of financial instruments measured at amortised cost:

Particulars	Level of hierarchy	31 March 2021	31 March 2020
Financial assets:			
Cash and cash equivalent	Level 1	28,786.04	5,049.52
Other bank balances	Level 1	14,096.80	11,296.78
Loans	Level 3	1,93,869.25	2,12,688.51
Other financial assets	Level 3	7,667.62	2,868.74
Total financial assets		**2,44,419.71**	**2,31,903.54**
Financial liabilities:			
Debt Securities	Level 3	58,676.97	39,284.43
Borrowings (other than debt securities)	Level 3	93,092.62	1,10,561.24
Subordinated Debt	Level 3	2,529.12	2,528.44
Other financial liabilities	Level 3	11,112.93	7,374.86
Total financial liabilities		**1,65,411.64**	**1,59,748.96**

Fair value of financial instruments designated at FVTPL:

Particulars	Level of hierarchy	31 March 2021	31 March 2020
Financial liabilities:			
Debt Securities	Level 2	8,873.62	5,122.94

50. Financial risk management:

The Company is exposed to certain financial risks namely credit risk, liquidity risk and market risk i.e. interest risk and foreign currency risk. The Company's primary focus is to achieve better predictability of financial markets and minimize potential adverse effects on its financial performance by effectively managing the risks on its financial assets and liabilities.

The Principal objective in Company 's risk management processes is to measure and monitor the various risks associated with the Company and to follow policies and procedures to address such risks. The Company's risk management framework is driven by its Board and its subcommittees including the Audit Committee, the Asset Liability Management Committee and the Risk Management Committee. The Company gives due importance to prudent lending practices and have implemented suitable measures for risk mitigation, which include verification of credit history from credit information bureaus, personal verification of a customer's business and residence, technical and legal verifications. For credit risk refer note 50 (C).

A. Liquidity Risk:

The company's Board of Directors has overall responsibility of management of liquidity risk. The Board decides the strategic policies and procedures of the Company to manage liquidity risk in accordance with approved risk tolerance limits.

The Asset Liability Committee of the Company consisting of the Company's senior management, is responsible for ensuring adherence to the risk tolerance limits as well as implementing the liquidity risk management strategy of the Company.

S.R. BATLIBOI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

LENDINGKART FINANCE LIMITED (INDIA)

(₹ in Lakhs unless otherwise stated)

The Company continuously monitors liquidity in the market; and as a part of its ALCO strategy, the Company maintains a liquidity buffer managed by an active investment desk to reduce this risk.

The Company also has a Risk Oversight Committee reporting to the Board and responsible for evaluating overall risks faced by the Company including liquidity risk.

The Company maintains a judicious mix of borrowings from banks, money markets and public and other deposits. The Company continues to diversify its sources of borrowings with an emphasis on longer tenor borrowings. This strategy of balancing varied sources of funds and long tenor borrowings has helped the Company to maintain a healthy asset liability position.

The table below summarises the maturity profile of the undiscounted cash flows of the Company's financial assets and liabilities:

Financial assets	31 March 2021		31 March 2020	
	Within 1 year	After 1 year	Within 1 year	After 1 year
Cash and cash equivalents	28,786.04	-	5,049.52	-
Bank balances other than cash and cash equivalents	12,902.87	1,193.93	8,620.43	2,676.35
Loans	1,26,914.82	1,53,015.83	1,42,804.67	1,37,707.36
Other financial assets	4,104.78	3,562.84	1,697.61	1,171.13
Total	**1,72,708.51**	**1,57,772.60**	**1,58,172.23**	**1,41,554.84**

Financial liabilities	31 March 2021		31 March 2020	
	Within 1 year	After 1 year	Within 1 year	After 1 year
Debt Securities	35,633.77	43,040.19	19,920.08	32,171.39
Borrowings (other than debt securities)	52,398.77	27,551.79	59,842.82	40,091.12
Subordinated Debt	358.50	3,555.47	358.86	3,913.97
Securitisation liabilities	16,855.28	4,272.68	16,202.82	6,457.74
Other financial liabilities	4,331.55	4,916.54	3,809.41	4,717.47
Total	**1,09,577.87**	**83,336.67**	**1,00,134.00**	**87,351.68**

The table below shows an analysis of assets and liabilities analysed (maturity analysis) according to when they are to be recovered or settled.

As at March 31, 2021	Within 1 year	After 1 year	Total
Assets			
Financial assets			
Cash and cash equivalents	28,786.04	-	28,786.04
Bank balances other than cash and cash equivalents	12,902.88	1,193.92	14,096.80
Loans	79,443.40	1,14,425.85	1,93,869.25
Other financial assets	4,104.79	3,562.83	7,667.62
Non-financial assets			
Current tax assets (Net)	-	24.55	24.55
Deferred tax asset (Net)	-	3,986.68	3,986.68
Property, plant and equipment	-	160.55	160.55
Other Intangible assets	-	67.12	67.12
Intangible assets under development	-	145.41	145.41
Right-of-use assets	-	2,339.07	2,339.07
Other non-Financial assets	422.84	32.43	455.27
Total assets	**1,25,659.95**	**1,25,938.41**	**2,51,598.36**

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LENDINGKART FINANCE LIMITED (INDIA) *

SR

(₹ in Lakhs unless otherwise stated)

As at March 31, 2021	Within 1 year	After 1 year	Total
Liabilities			
Financial liabilities			
Debt Securities	30,898.20	36,652.39	67,550.59
Borrowings (Other than debt securities)	63,472.46	29,620.16	93,092.62
Subordinated Debt	30.45	2,498.67	2,529.12
Other financial liabilities	5,216.42	5,896.51	11,112.93
Non Financial liabilities			
Current tax liabilities (net)	1,189.18	-	1,189.18
Provisions	29.21	354.31	383.52
Other non financial liabilities	254.75	1,324.28	1,579.03
Total liabilities	**1,01,090.67**	**76,346.32**	**1,77,436.99**

As at March 31, 2020	Within 1 year	After 1 year	Total
Assets			
Financial assets			
Cash and cash equivalents	5,049.52	-	5,049.52
Bank balances other than cash and cash equivalents	8,620.43	2,676.35	11,296.78
Loans	99,730.34	1,12,958.17	2,12,688.51
Other financial assets	1,696.01	1,172.73	2,868.74
Non-financial assets			
Current tax assets (net)	-	162.08	162.08
Deferred tax asset (Net)	-	1,858.65	1,858.65
Property, plant and equipment	-	307.92	307.92
Other Intangible assets	-	119.58	119.58
Intangible assets under development	-	45.45	45.45
Right-of-use assets	-	3,213.65	3,213.65
Other non-Financial assets	533.46	55.04	588.50
Total assets	**1,15,629.75**	**1,22,569.62**	**2,38,199.37**
Liabilities			
Financial liabilities			
Debt Securities	15,357.79	29,049.58	44,407.37
Borrowings (Other than debt securities)	68,596.58	41,964.65	1,10,561.24
Subordinated Debt	30.10	2,498.34	2,528.44
Other financial liabilities	3,801.36	3,573.50	7,374.86
Non Financial liabilities			
Current tax liabilities (net)	-	-	-
Provisions	27.09	351.39	378.48
Other non financial liabilities	661.75	-	661.75
Total liabilities	**88,474.68**	**77,437.45**	**1,65,912.13**

B. Market Risk:

Market risk is the risk that the fair value of future cash flow of financial instruments will fluctuate due to changes in the market variables such as interest rates, foreign exchange rates and equity prices. The Company do not have any exposure to equity price risk.

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LENDINGKART FINANCE (INDIA) LIMITED

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign currency rates. The Company's exposure to the risk of changes in foreign exchange rates relates primary to certain vendors in trade payables.

Foreign currency exposure risk

The Company's exposure for foreign currency risk at the end of reporting period are as follows:

Particulars	31 March 2021		31 March 2020	
	USD	₹ in Lakhs	USD	₹ in Lakhs
Expenses payable	1,43,646.00	105.93	-	-

Foreign currency sensitivity

Foreign current rate	Impact on profit before tax	
	31 March 2021	31 March 2020
Foreign currency exposure risk		
Increase by 5%	5.30	-
Decrease by 5%	(5.30)	-

(ii) Interest rate risk

The Company is subject to interest rate risk, since the rates of loans and borrowing might fluctuate over the tenure of instrument. Interest rates are highly sensitive to many factors beyond control, including the monetary policies of the Reserve Bank of India, deregulation of the financial sector in India, domestic and international economic and political conditions, inflation and other factors. In order to manage interest rate risk, the Company seek to optimize borrowing profile between short-term and long-term loans. The liabilities are categorized into various time buckets based on their maturities and Asset Liability Management Committee supervise an interest rate sensitivity report periodically for assessment of interest rate risks.

Carrying value of borrowings:

Particulars	31 March 2021	31 March 2020
Debt Securities (variable)	8,873.62	9,500.00
Debt Securities (fixed)	58,676.97	34,907.37
Borrowings (other than debt securities) (variable)	24,489.69	42,076.05
Borrowings (other than debt securities) (fixed)	68,602.93	68,485.19
Subordinated debts (variable)	-	-
Subordinated debts (fixed)	2,529.12	2,528.44
Total Borrowings	**1,63,172.33**	**1,57,497.04**

Sensitivity analysis:

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being constant) of the Company's Statement of profit and loss:

Interest rate	Impact on profit before tax	
	31 March 2021	31 March 2020
Borrowings, debt securities & subordinate debt		
Increase by 50 basis points	(166.82)	(257.88)
Decrease by 50 basis points	166.82	257.88

C. Credit Risk:

Credit risk is the risk of financial loss arising out of a customer or counterparty failing to meet their repayment obligations to the Company. The lending model focuses on SME Lending. The nature of the product is unsecured.

The Company assesses the credit quality of all financial instruments that are subject to credit risk.

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LENDINGKART FINANCE LIMITED (INDIA)

Classification of financial assets under various stages

The Company classifies its financial assets in three stages having the following characteristics:

- **Stage 1:** unimpaired and without significant increase in credit risk since initial recognition on which a 12-month allowance for ECL is recognised.
- **Stage 2:** a significant increase in credit risk since initial recognition on which a lifetime ECL is recognised.
- **Stage 3:** objective evidence of impairment, and are therefore considered to be in default or otherwise credit impaired on which a lifetime ECL is recognised.

Unless identified at an earlier stage, all financial assets are deemed to have suffered a significant increase in credit risk when they are 30 days past due (DPD) and are accordingly transferred from stage 1 to stage 2. For stage 1 an ECL allowance is calculated based on a 12 month Point in Time (PIT) probability weighted probability of default (PD). For stage 2 and 3 assets a life time ECL is calculated based on a lifetime PD.

The Company has calculated ECL using three main components: a probability of default (PD), a loss given default (LGD) and the exposure at default (EAD) along with an adjustment considering forward macro-economic conditions.

Financial instruments other than loans, Interest receivable on assignment of loans and Receivable from co-lenders were subjected to simplified ECL approach under Ind AS 109 'Financial Instruments' and accordingly were not subject to sensitivity of future economic conditions.

Below is the summary for the approach adopted by the Company for various components of ECL viz. PD, EAD and LGD using empirical data where relevant:

- **Probability of Default (PD)**
  The Company's operates with its internal rating models in which its customers are rate from "A" to "F" using internal grades. The models incorporate both qualitative and quantitative information and, in addition to information specific to the borrower, utilise supplemental external information that could affect the borrower's behaviour. PDs are then adjusted for Ind AS 109 ECL calculations to incorporate forward looking information and the Ind AS 109 Stage classification of the exposure.

  PD is based on a internal rating model, days past due and various historical, current and forward-looking information.

  Stage 1: based on internal rating model
  Stage 2: based on days past due
  Stage 3: 100%

- **Exposure at Default (EAD)**
  The exposure at default represents the outstanding and interest accrued of the financial instruments subject to the impairment calculation.

- **Loss given Default (LGD)**
  LGD values are assessed based on key characteristics that are relevant to the estimation of future cash flows. The applied data is based on historically collected loss data and involves a wider set of transaction characteristics as well as borrower characteristics.

  Further recent data and forward-looking economic scenarios are used in order to determine the Ind AS 109 LGD rate for each group of financial instruments. When assessing forward-looking information, the expectation is based on multiple scenarios. Examples of key inputs involve changes in payment status, geographical location, industrial sector or other factors that are indicative of losses in the company.

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LENDINGKART FINANCE LIMITED (INDIA)

S.B

(₹ in Lakhs unless otherwise stated)

Analysis of changes in the gross carrying amount and corresponding ECL allowances in relation to loans is as follows:

Particulars	31 March 2021				31 March 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance of gross carrying amount	2,07,893.06	6,938.04	4,793.37	**2,19,624.47**	1,31,103.53	3,205.55	1,766.67	**1,36,075.75**
Transfers during the year								
Transfers to Stage 1	136.34	(135.37)	(0.97)	-	133.97	(133.97)	-	-
Transfers to Stage 2	(42,860.07)	42,865.71	(5.64)	-	(5,399.83)	5,399.83	-	-
Transfers to Stage 3	(7,179.66)	(826.95)	8,006.61	-	(3,914.53)	(284.47)	4,199.00	-
Changes to contractual cash flows due to modifications not resulting in derecognition	3,424.10	10,857.42	936.67	**15,218.19**	602.13	146.92	-	**749.05**
Changes in opening credit exposures (additional disbursement net of repayments)	(86,089.91)	(5,606.44)	(898.98)	**(92,595.33)**	(82,326.26)	(4,849.60)	5,141.65	**(82,034.21)**
New credit exposures during the year, net of repayments	74,975.72	461.61	307.00	**75,744.33**	1,67,694.05	3,453.78	3,461.59	**1,74,609.42**
Amounts written off	-	-	(7,945.88)	**(7,945.88)**	-	-	(9,775.54)	**(9,775.54)**
Closing balance of gross carrying amount	**1,50,299.58**	**54,554.02**	**5,192.18**	**2,10,045.78**	**2,07,893.06**	**6,938.04**	**4,793.37**	**2,19,624.47**

Particulars	31 March 2021				31 March 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance of ECL allowance	2,716.87	1,529.51	2,689.58	**6,935.96**	3,155.42	664.49	993.15	**4,813.05**
Transfers during the year								
Transfers to Stage 1	26.15	(25.62)	(0.53)	-	26.22	(26.22)	-	-
Transfers to Stage 2	(694.64)	697.75	(3.11)	-	(155.17)	155.17	-	-
Transfers to Stage 3	(134.17)	(283.07)	417.24	-	(109.83)	56.49	53.34	-
Changes to contractual cash flows due to modifications not resulting in derecognition	112.65	1,738.15	298.92	**2,149.72**	13.94	30.02	-	**43.96**
Changes in opening credit exposures (additional disbursement net of repayments)	(0.05)	5,027.28	7,668.19	**12,695.42**	(1,952.03)	(55.74)	8,822.02	**6,814.25**
New credit exposures during the year, net of repayments	1,996.30	142.99	202.02	**2,341.31**	1,738.32	705.31	2,596.61	**5,040.24**
Amounts written off	-	-	(7,945.88)	**(7,945.88)**	-	-	(9,775.54)	**(9,775.54)**
Closing balance of ECL allowance	**4,023.11**	**8,826.99**	**3,326.43**	**16,176.53**	**2,716.87**	**1,529.51**	**2,689.58**	**6,935.96**

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LENDINGKART FINANCE LIMITED (INDIA) ★

(₹ in Lakhs unless otherwise stated)

The table below summarises the gross carrying values and the associated allowances for expected credit loss (ECL) stage wise for loan portfolio:

As At March 31, 2021:

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	1,50,299.58	54,554.02	5,192.18	**2,10,045.78**
Allowance for ECL	4,023.11	8,826.99	3,326.43	**16,176.53**
ECL Coverage ratio	2.68%	16.18%	64.07%	**7.70%**

As At March 31, 2020:

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	2,07,893.06	6,938.04	4,793.37	**2,19,624.47**
Allowance for ECL	2,716.87	1,416.53	2,802.56	**6,935.96**
ECL Coverage ratio	1.31%	20.42%	58.47%	**3.16%**

Measurement uncertainty and sensitivity analysis of ECL estimates:

Expected credit loss impairment loss allowances recognised in the financial statements reflect the effect of a range of possible economic outcomes, calculated on a probability-weighted basis, based on the economic scenarios described below.

The recognition and measurement of ECL involves the use of estimation. It is necessary to formulate multiple forward looking economic forecasts and its impact as an integral part of ECL model.

Methodology

The Company has adopted the use of three scenarios, representative of its view of forecast economic conditions, required to calculate unbiased expected loss. They represent a most likely outcome i.e. central scenario and two less likely outer scenarios referred to as the upside and downside scenarios. The Company has assigned a 10% probability to the two outer scenarios, while the central scenario has been assigned an 80% probability. These weights are deemed appropriate for the unbiased estimation of impact of macro factors on ECL. The key scenario assumptions are used keeping in mind external forecasts and Management estimates which ensure that the scenarios are unbiased.

The Company has used multiple economic factors and tested their correlations with past loss trends witnessed. The economic factors tested were GDP growth rates, growth of bank credit, wholesale price index (WPI), consumer price index (CPI), industrial production index, crude oil prices, exchange rate and policy interest rates. Based on past correlation trends, CPI and policy interest rates were the two factors with acceptable correlation with past loss trends which were in line with Management views on the drivers of portfolio trends. These factors were assigned appropriate weights to measure ECL in forecast economic conditions.

ECL sensitivity to future economic conditions

ECL coverage of financial instruments under forecast economic conditions:

Particulars	31 March 2021	31 March 2020
Gross carrying amount of loans	2,10,045.78	2,19,624.47
Reported ECL - Other provisions	16,176.53	6,935.96
Reported ECL coverage	7.70%	3.16%
ECL amounts for alternate scenario (without considering macro-economic overlay)		
Central scenario (80%)	7,514.36	5,548.77
Downside scenario (10%)	8,453.66	6,242.36
Upside scenario (10%)	10,332.25	7,629.56
ECL coverage ratios by scenario (without considering macro-economic overlay)		
Central scenario (80%)	3.58%	2.53%
Downside scenario (10%)	4.02%	2.84%
Upside scenario (10%)	4.92%	3.47%

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LENDINGKART FINANCE LIMITED (INDIA) ★

(₹ in Lakhs unless otherwise stated)

51. Disclosure as per RBI Master Direction DNBR. PD. 008/03.10.119/2016-17, dated September 01, 2016, as amended from time to time ('RBI Directions').

As per the RBI directions the Company was classified as a Systemically Important Non-Deposit taking Company during the previous financial year based on its assets size. Accordingly, disclosures applicable to Systemically Important Non-Deposit taking Company as per RBI directions are given.

A. Capital Risk Asset Ratio

Sr. No.	Particulars	31 March 2021	31 March 2020
(a)	Capital Risk Asset Ratio (%)	38.74%	36.19%
(b)	Capital Risk Asset Ratio (%) - Tier I Capital (%)	34.42%	33.81%
(c)	Capital Risk Asset Ratio (%) - Tier II Capital (%)	4.32%	2.38%
(d)	Amount of subordinated debt raised as Tier-II capital (Raised during the year ₹ Nil, previous year ₹ Nil)	2,500.00	2,500.00

B. Details of investments

Particulars	31 March 2021	31 March 2020
Current Investments:		
1. Quoted:	NIL	NIL
i. Shares:		
a. Equity		
b. Preference		
ii. Debentures and Bonds		
iii. Units of mutual funds		
iv. Government Securities		
v. Others (please specify)		
2. Unquoted:	NIL	NIL
i. Shares:		
a. Equity		
b. Preference		
ii. Debentures and Bonds		
iii. Units of mutual funds		
iv. Government Securities		
v. Others (please specify)		
Long Term investments:		
1. Quoted:	NIL	NIL
i. Shares:		
a. Equity		
b. Preference		
ii. Debentures and Bonds		
iii. Units of mutual funds		
iv. Government Securities		
v. Others (please specify)		
2. Unquoted:	NIL	NIL
i. Shares:		
a. Equity		
b. Preference		
ii. Debentures and Bonds		
iii. Units of mutual funds		
iv. Government Securities		
v. Others (please specify)		

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LENDINGKART FINANCE LIMITED (INDIA) *

(₹ in Lakhs unless otherwise stated)

C. Disclosure for securitisation*

a. The information on securitisation of the Company as an originator in respect of outstanding amount of assets securitised under par structure is given below:

Sr. No.	Particulars	31 March 2021	31 March 2020
1	No. of SPVs sponsored by the NBFC for securitisation transactions	15	11
2	Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	26,939.96	25,016.49
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of Balance Sheet		
	a. Off balance sheet exposure		
	First Loss	110.53	110.53
	Others	-	-
	b. On balance sheet exposure		
	First Loss	3,904.20	3,243.67
	Others (Overcollateralization)	5,093.27	3,928.21
4	Amount of exposures to securitisation transactions other than MRR		
	a. Off balance sheet exposure		
	I. Exposure to own securitisations		
	First Loss	-	-
	Others	-	-
	II. Exposure to third party securitisations		
	First Loss	-	-
	Others	-	-
	b. On balance sheet exposure		
	I. Exposure to own securitisations		
	First Loss	-	-
	Others	-	-
	II. Exposure to third party securitisations		
	First Loss	-	-
	Others	-	-

(*The above figures are based on the information duly certified by the SPV's auditors).

b. During the year, the Company has transferred loans through securitisation. The information on securitisation activity of the Company as an originator is given below:

Particulars	31 March 2021	31 March 2020
Total number of loans securitised	4,025	6,311
Total book value of the loans securitised	19,664.75	34,064.42
Total book value of the loans securitised including loans placed as collateral	19,664.75	34,064.42
Sale consideration received for the loan asset securitised	17,619.03	31,016.86
Overcollateralization of the loans securitised	2,045.72	3,047.55
Excess interest spread recognised in the statement of profit and loss	203.94	584.38

Particulars	31 March 2021	31 March 2020
Credit enhancements provided and outstanding (Gross):		
Cash Collateral	1,193.93	2,710.27
Corporate Guarantee	-	110.53
Loan assets retained as MRR	2,045.72	3,047.55

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LENDINGKART FINANCE LIMITED (INDIA) *

(₹ in Lakhs unless otherwise stated)

D. Disclosure for direct assignment

Details of assignment transactions undertaken by the Company during the year

Particulars	31 March 2021	31 March 2020
No. of accounts	406	6,211
Aggregate value (net of provisions) of accounts sold	1,775.91	23,322.06
Aggregate consideration	1,775.91	23,322.06
Additional consideration realised in respect of accounts transferred in earlier years	-	-
Aggregate gain / loss over net book value	-	-

E. Details of non-performing financial assets sold

Sr. No.	Particulars	31 March 2021	31 March 2020
1	No. of accounts sold	2,337	1,456
2	Aggregate outstanding	4,912.31	2,623.60
3	Aggregate consideration received	147.37	157.42

F. Maturity pattern of certain items of assets and liabilities

Particulars	Year ended March 31, 2021		
	Advances	Investments	Borrowings
0 day to 7 days	3,678.66	-	2,231.21
8 day to 14 days	1,666.03	-	991.11
15 days to 1 month	3,779.51	-	4,315.78
Over 1 month to 2 months	6,265.11	-	5,516.31
Over 2 months upto 3 months	6,749.26	-	9,609.46
Over 3 months to 6 months	22,386.84	-	19,919.16
Over 6 months to 1 year	46,020.41	-	51,818.10
Over 1 year to 3 years	1,12,690.75	-	58,172.05
Over 3 years to 5 years	1,617.03	-	10,599.15
Over 5 years	5,192.18	-	-
Total	**2,10,045.78**	-	**1,63,172.33**

Particulars	Year ended March 31, 2020		
	Advances	Investments	Borrowings
0 day to 7 days	3,779.00	-	1,588.22
8 day to 14 days	1,483.51	-	2,388.40
15 days to 1 month	6,471.04	-	4,299.62
Over 1 month to 2 months	7,233.95	-	12,130.69
Over 2 months upto 3 months	8,500.12	-	7,634.38
Over 3 months to 6 months	25,254.42	-	23,943.64
Over 6 months to 1 year	50,237.01	-	31,999.53
Over 1 year to 3 years	1,11,592.95	-	67,045.06
Over 3 years to 5 years	253.77	-	4,967.51
Over 5 years	4,818.70	-	1,500.00
Total	2,19,624.47	-	1,57,497.04

G. Exposures

(a) Exposure to capital market

The Company has no exposure to the capital markets directly or indirectly in the current and previous year.

(b) Exposure to Real Estate Sector

The Company has no exposure to the real estate sector directly or indirectly in the current and previous year.

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LENDINGKART FINANCE LIMITED (INDIA)

(₹ in Lakhs unless otherwise stated)

H. Registration with other financial sector regulator

The company has obtained registration as a Corporate Agent (Composite) in **February 2019** with Insurance Regulatory and Department Authority of India (IRDAI). The Registration no. is **CA0641** and is valid till **February 27, 2022**.

I. No penalties imposed on the Company by the Reserve Bank of India or any other regulator during the year ended March 31, 2021 (March 31, 2020: NIL).

J. Ratings assigned by credit rating agencies and migration of ratings during the year

The overall rating of the Company by India Ratings & research and CRISIL is BBB+/A2 positive. Further, the Company has obtained rating from ICRA Limited, India Ratings & research and CRISIL in respect of Term loans, Non-Convertible Debentures and Commercial Paper. The ratings obtained for the said transactions are provided below.

Instrument	Year ended March 31, 2021			
	Rating Date	Rating Agency	Current rating assigned	Valid upto
Line of Credit/ Bank lines	13-Jun-20	Infomerics ratings	IVR A-/Stable/IVR A2+(Short Term rating)	09-Jun-21
	30-Jul-20	ICRA	[ICRA]BBB+(Stable)/ [ICRA]A2 assigned	29-Jul-21
	31-Aug-20	ICRA	[ICRA]BBB+(Stable)/ [ICRA]A2 assigned	30-Aug-21
Non-Convertible Debentures/ CP	13-Jun-20	Infomerics ratings	IVR A-/Stable	12-Jun-21
	31-Aug-20	ICRA	[ICRA]BBB+(Stable)	30-Aug-21
	30-Jul-20	ICRA	[ICRA]BBB+(Stable)	29-Jul-21
	02-Mar-21	India Ratings and Research	IND PP-MLD BBB+emr/Positive	01-Mar-22
	29-Sep-20	India Ratings and Research	IND PP-MLD BBB+emr/Positive, IND A2 (Commercial Paper)	28-Sep-21
	23-Nov-20	CRISIL LTD	CRISIL PP-MLD BBB+r	22-Nov-21

Instrument	Year ended March 31, 2020			
	Rating Date	Rating Agency	Current rating assigned	Valid upto
Line of Credit/ Bank lines	12-Mar-20	ICRA	[ICRA]BBB+(Stable)/ [ICRA]A2 assigned	12-Mar-21
	30-Sep-19	India Ratings & Research	IND BBB+/Positive	29-Sep-20
	14-May-19	CRISIL	CRISIL BBB+/Positive	13-May-20
Non-Convertible Debentures/ CP	13-Mar-20	CRISIL	CRISIL PP-MLD BBB+/Positive	13-Mar-21
	12-Mar-20	ICRA	[ICRA]BBB+(Stable); outstanding	12-Mar-21
	30-Sep-19	India Ratings & Research	IND PP-MLD BBB+EMR/Positive, IND A2 (Commercial Paper)	30-Sep-20

K. Break up of 'Impairment on financial instruments at amortised cost' shown under the head Expenditure in the statement of profit and loss

Break up of 'Impairment and allowance' shown under the head Expenditure in Profit and Loss Account	31 March 2021	31 March 2020
Loans	9,174.37	2,148.15
Other financial assets	648.27	24.54
Write offs	7,945.88	9,775.54

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LENDINGKART FINANCE LIMITED ★ (INDIA)

(₹ in Lakhs unless otherwise stated)

L. Concentration of Deposits, Advances, Exposures and NPAs

i. Concentration of Advances

Particulars	31 March 2021	31 March 2020
Total Advances to twenty largest borrowers	787.80	891.38
Percentage of Advances to twenty largest borrowers to Total Advances of the applicable NBFC	0.38%	0.41%

ii. Concentration of Exposures

Particulars	31 March 2021	31 March 2020
Total Exposure to twenty largest borrowers	800.76	891.38
Percentage of Exposure to twenty largest borrowers to Total Advances of the applicable NBFC	0.38%	0.41%

iii. Concentration of NPAs

Particulars	31 March 2021	31 March 2020
Total Exposure to top four NPA accounts	111.15	114.69

M. Sector-wise NPAs

Sr. No.	Sector	Percentage of NPAs to Total Advances in that sector	
		31 March 2021	31 March 2020
1	Agriculture & allied activities	-	-
2	MSME*	2.47%	0.44%
3	Corporate borrowers	-	2.39%
4	Services	-	1.76%
5	Unsecured personal loans	-	-
6	Auto loans	-	-
7	Other personal loans	-	-
8	Other retail loans	-	2.96%

* Ministry of Micro, Small and Medium Enterprises vide its notification dated June 01, 2020 announced the criteria for classification of micro, small and medium enterprises basis which the company has classified its customers into micro, small and medium enterprise in accordance with MSMED Act.

N. Movement of NPAs*

Sr. No.	Particulars	31 March 2021	31 March 2020
I	Net NPAs to net advances (%)	0.90%	0.97%
Ii	**Movement of NPAs (Gross)**		
	i) Opening balance	4,793.37	1,766.67
	ii) Additions during the year	9,743.98	14,072.39
	iii) Reductions during the year	9,345.17	11,045.69
	iv) Closing balance	5,192.18	4,793.37
iii	**Movement of net NPAs**		
	i) Opening balance	2,103.79	773.53
	ii) Additions during the year	3,493.15	5,930.91
	iii) Reductions during the year	3,731.19	4,600.65
	iv) Closing balance	1,865.75	2,103.79
iv	**Movement of provisions for NPAs (excluding provision on standard assets)**		
	i) Opening balance	2,689.58	993.15
	ii) Provisions made during the year	6,250.83	8,141.48
	iii) Write-off/Write-back	5,613.98	6,445.05
	iv) Closing balance	3,326.43	2,689.58

* represents stage-3 loans

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LENDINGKART FINANCE LIMITED (INDIA) *

(₹ in Lakhs unless otherwise stated)

O. Classification and provisions for loan portfolio

Asset classification	31 March 2021	31 March 2020
Loan outstanding		
Standard assets (Stage-1 and Stage-2)	2,04,853.60	2,14,830.82
Non-performing assets (Stage-3)	5,192.18	4,793.65
Loss assets	-	-
Less: Provision		
Standard assets (Stage-1 and Stage-2)	12,850.10	4,133.40
Non-performing assets (Stage-3)	3,326.43	2,802.56
Loss assets	-	-
Loan outstanding (net)		
Standard assets (Stage-1 and Stage-2)	1,92,003.50	2,10,697.42
Non-performing assets (Stage-3)	1,865.75	1,991.09
Loss assets	-	-

P. Customer Complaints

Sr. No.	Particulars	31 March 2021	31 March 2020
I	No. of complaints pending at the beginning of the year	1	12
Ii	No. of complaints received during the year	136	30
Iii	No. of complaints redressed during the year	137	41
Iv	No. of complaints pending at the end of the year	-	1

Q. As required by the RBI circular no DNBS.PD.CC. No. 256 /03.10.042 / 2011-12 dated March 02, 2012 the details of frauds noticed / reported are as below:

Particulars	31 March 2021	31 March 2020
Amount involved	51.85	-
Amount recovered	3.17	-
Amount written off / provided	48.68	-
Balance	-	-

52. Disclosures as required for liquidity risks

I. Funding Concentration based on significant counterparty (both deposits and borrowings)

Particulars	31 March 2021
Number of significant counter parties*	27
Amount	1,43,016.11
Percentage of funding concentration to total deposits	N.A
Percentage of funding concentration to total liabilities	80.60%

* Significant counterparty is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD CC.No.102/03.10.001 /2019-20 dated 4 November 2019 on Liquidity Risk Management Framework for Non- Banking Financial Companies and Core Investment Companies.

II. Top 20 large deposits - Not applicable

III. Top 10 borrowings

Particulars	31 March 2021
Total amount of top 10 borrowings	94,229.840
Percentage of amount of top 10 borrowings to total borrowings	57.75%

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LENDINGKART FINANCE LIMITED (INDIA) *

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IV. **Funding Concentration based on significant instrument/product***

Particulars	31 March 2021	Percentage of total liabilities
Debt Securities	67,550.59	38.07%
Term loans and WCDL	67,093.82	37.81%
Securitisation liabilities	21,127.96	11.91%
CC/OD	4,870.84	2.75%
Sub-debt	2,529.12	1.43%

* 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 4 November 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies

V. **Stock ratio:**

Sr. No.	Stock ratio	Percentage
1	Commercial papers as a % of total liabilities	N.A
2	Commercial papers as a % of total assets	N.A
3	Non-convertible debentures (original maturity of less than one year) as a % of total liabilities	N.A
4	Non-convertible debentures (original maturity of less than one year) as a % of total assets	N.A
5	Other short-term liabilities as a % of total liabilities	56.97%
6	Other short-term liabilities as a % of total assets	40.18%

VI. **Institutional set-up for Liquidity Risk Management**
Refer Note-50(A) of financial statements

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LENDINGKART FINANCE LIMITED (INDIA)

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(₹ in Lakhs unless otherwise stated)

53. Comparison between provisions required under IRACP and impairment allowances made under Ind AS 109:

Asset classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carring Amount as per Ind AS 109	Loss Allowances (Provisions) as required under Ind AS 109	Net Carring Amount	Provision required as per IRACP norms	Difference as per Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7)
Preforming Assets						
Standard	**Stage 1**	1,50,299.58	4,023.11	1,46,276.47	601.20	3,421.91
	Stage 2	54,554.02	8,826.99	45,727.03	2,625.21	6,201.78
Subtotal		**2,04,853.60**	**12,850.10**	**1,92,003.50**	**3,226.41**	**9,623.69**
Non-performing Assets (NPA)						
Substandard	**Stage 3**	4,704.51	2,838.76	1,865.75	2,352.25	486.51
Doubtful - up to 1 year						
1 to 3 years	**Stage 3**	-	-	-	-	-
More than 3 Years	**Stage 3**	487.67	487.67	-	487.67	-
Subtotal of Doubtful	**Stage 3**	-	-	-	-	-
Loss	**Stage 3**	-	-	-	-	-
Subtotal of NPA		**5,192.18**	**3,326.43**	**1,865.75**	**2,839.92**	**486.51**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	**Stage 1**	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-
Total	**Stage 1**	**1,50,299.58**	**4,023.11**	**1,46,276.47**	**601.20**	**3,421.91**
	Stage 2	**54,554.02**	**8,826.99**	**45,727.03**	**2,625.21**	**6,201.78**
	Stage 3	**5,192.18**	**3,326.43**	**1,865.75**	**2,839.92**	**486.51**
	Total	**2,10,045.78**	**16,176.53**	**1,93,869.25**	**6,066.33**	**10,110.20**

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54. The Company has reclassified/regrouped previous year figures to conform to current year's classification, where applicable.

For S. R. BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm Registration number: 301003E/E300005

per Jayesh Gandhi
Partner
Membership No. 037924

Place: Mumbai
Date: May 12, 2021

S.R. BATLIBOI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

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

Harshvardhan Lunia
Chairman & Managing Director
DIN No. 01189114

Sudeep Bhatia
Chief Financial officer
Membership No. 098112

Umesh Navani
Company Secretary
Membership No. A40899

Place: Mumbai
Date: May 12, 2021

LENDINGKART FINANCE LIMITED (INDIA)