

Independent Auditor's Review Report on the Quarterly and Year to Date Unaudited Financial Results of the Company Pursuant to the Regulation 52(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

Review Report to
The Board of Directors
Lendingkart Finance Limited

1. We have reviewed the accompanying statement of unaudited financial results of Lendingkart Finance Limited (the "Company") for the quarter ended September 30, 2021 and year to date from April 1, 2021 to September 30, 2021 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 52(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, 'Interim Financial Reporting' ("Ind AS 34") prescribed under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Ind AS 34 prescribed under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. We draw attention to note 6 to the accompanying Statement, 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 conclusion is not modified in respect of this matter.

6. The figures for the previous quarter ended June 30, 2021 as reported in these unaudited financial results have been approved by the Company's Board of Directors, but have not been subjected to a review by us.

For S.R.Batliboi & CO LLP
Chartered Accountants
ICAI Firm registration number: 301000E/E300005

per Shrawan Jalan
Partner
Membership No.: 102102
UDIN: 21102102AAAEP6575
November 2, 2021

Lendingkart Finance Limited
Statement of Unaudited Ind AS financial results for quarter and half year ended September 30, 2021

(₹ in lakhs unless otherwise stated)

Particulars	Quarter ended (Unaudited)		Half year ended (Unaudited)		Year ended (Audited)
	September 30, 2021	June 30,2021	September 30, 2021	September 30, 2020	March 31, 2021
Revenue from operations					
Interest Income	12,276.83	13,807.88	26,084.71	25,264.14	48,086.78
Gain on assignment of loans	37.59	148.34	185.93	114.87	264.74
Total Revenue from operations	12,314.42	13,956.22	26,270.64	25,379.01	48,351.52
Other Income	246.53	207.33	453.86	108.42	693.58
Total income	12,560.95	14,163.55	26,724.50	25,487.43	49,045.10
Expenses					
Finance Costs	4,830.99	4,877.15	9,708.14	10,072.31	18,247.93
Fees and commission expenses	1,124.63	553.13	1,677.76	465.22	1,237.71
Impairment of financial instruments (Refer note 9)	21,719.66	12,486.21	34,205.87	7,693.28	17,768.52
Employee Benefit expenses	1,031.62	889.71	1,921.33	2,114.51	3,638.58
Depreciation and amortisation expenses	151.52	137.96	289.48	351.93	684.00
Other Expenses	1,383.52	1,224.96	2,608.48	1,523.29	4,652.56
Total Expenses	30,241.94	20,169.12	50,411.06	22,220.54	46,229.30
Profit / (loss) before Tax	(17,680.99)	(6,005.57)	(23,686.56)	3,266.89	2,815.80
Tax Expense:					
- Current tax	(1,393.25)	1,393.25	-	1,826.42	3,128.07
- Deferred tax (income) / expense	(3,015.19)	(2,955.74)	(5,970.93)	(724.50)	(2,144.21)
Total tax expense	(4,408.44)	(1,562.49)	(5,970.93)	1,101.92	983.86
Profit / (loss) after tax	(13,272.55)	(4,443.08)	(17,715.63)	2,164.97	1,831.94
Other comprehensive income					
(a) Items that will not be reclassified to profit or loss					
Remeasurement gain / (losses) on defined benefit plans	(2.47)	16.76	14.29	35.42	64.24
Tax impact on above	0.62	(4.22)	(3.60)	(8.93)	(16.19)
Other comprehensive income / (expense) (net of tax)	(1.85)	12.54	10.69	26.49	48.05
Total Comprehensive Income / (expense)	(13,274.40)	(4,430.54)	(17,704.94)	2,191.46	1,879.99
Earnings per share [In absolute ₹]					
Basic and Diluted (Not annualised)	(30.04)	(10.05)	(40.09)	4.90	4.15

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CIN: U65910MH1996PLC258722

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Notes:

1. Statement of assets and liabilities

(₹ in lakhs unless otherwise stated)

Particulars	As at September 30,2021 (Unaudited)	As at March 31, 2021 (Audited)
Assets		
Financial assets		
Cash and cash equivalents	26,800.92	28,786.04
Bank balances other than cash and cash equivalents	13,283.32	14,096.80
Loans	1,85,906.23	1,93,869.25
Other financial assets	16,515.00	7,667.62
Total financial assets	2,42,505.47	2,44,419.71
Non-financial assets		
Current tax assets (Net)	271.78	24.55
Deferred tax asset (Net)	9,954.01	3,986.68
Property, plant and equipment	161.46	160.55
Intangible assets	90.84	67.12
Intangible assets under development	149.82	145.41
Right-of-use assets	2,132.32	2,339.07
Other non-financial assets	418.89	455.27
Total non-financial assets	13,179.12	7,178.65
Total assets	2,55,684.59	2,51,598.36
Liabilities and Equity		
Financial liabilities		
Debt Securities	77,324.54	67,550.59
Borrowings (Other than debt securities)	99,125.42	93,092.62
Subordinated Debt	2,528.33	2,529.12
Other financial liabilities	17,393.43	11,112.93
Total financial liabilities	1,96,371.72	1,74,285.26
Non-Financial liabilities		
Current tax liabilities (net)	811.17	1,189.18
Provisions	322.57	383.52
Other non-financial liabilities	1,722.70	1,579.03
Total non-financial liabilities	2,856.44	3,151.73
Equity		
Equity share capital	4,418.79	4,418.79
Other equity	52,037.64	69,742.58
Total equity	56,456.43	74,161.37
Total liabilities and equity	2,55,684.59	2,51,598.36

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2. Statement of cash flow

(₹ in lakhs unless otherwise stated)

Particulars	Half year ended September 30, 2021 (Unaudited)
Operating activities	
Profit before tax	(23,686.56)
Adjusted for:	
Impact of EIR accounting of financial assets	(2,388.11)
Impact of EIR accounting of financial liabilities	144.99
Upfront gain on direct assignment	(185.93)
Guarantee fees	(75.94)
Interest on financial lease liability	161.73
Provision for gratuity	3.84
Provision for leave benefit	(64.80)
Impairment of loans	13,119.58
Impairment of other financial assets	372.55
Bad debt written offs	20,713.74
Discount on Commercial Paper	0.55
Depreciation and amortisation	289.48
Interest on bank deposits	(594.03)
Interest on borrowings and debt securities	9,400.86
Loss/(profit) on sale of property, plant and equipment	0.38
Actuarial gain / (loss) recognised in other comprehensive income	14.29
Cash from operations before working capital changes	17,226.62
Changes in working capital:	
- (Increase) / decrease in loans	(23,482.14)
- (Increase) / decrease in other financial Assets	(9,033.99)
- (Increase) / decrease in other non-financial Assets	112.37
- Increase / (decrease) in other financial liabilities	6,280.49
- Increase / (decrease) in other non-financial liabilities	143.64
Cash generated from operating activities	(8,753.01)
Income tax paid (net)	(625.25)
Net cash flows from / (used in) operating activities	(9,378.26)
Investing activities:	
Purchase of property, plant and equipment and intangible assets	(112.15)
Fixed deposit matured	813.48
Interest received on bank deposit	594.03
Net cash generated from / (used in) investing activities	1,295.36
Financing activities:	
Proceeds from debt securities	19,500.00
Repayment of debt securities	(10,445.31)
Proceeds from other than debt securities	18,500.00
Repayment of other than debt securities	(22,584.12)
Change in Cash Credit / Overdraft	644.40
Repayment of lease liabilities	(161.73)
Proceeds/(Repayment) from securitisation liability	9,517.06
Repayment of finance cost	(8,872.52)
Net cash generated from financing activities	6,097.78

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Particulars	Half year ended September 30, 2021 (Unaudited)
Net increase / (decrease) in cash and cash equivalents	(1,985.12)
Cash and cash equivalents as at the beginning of the year	28,786.04
Cash and cash equivalents as at the end of the year	26,800.92
Components of cash and cash equivalents	
Cash in hand	-
Balances with banks	
- With banks in current accounts	7,359.18
- In deposit accounts with original maturity of less than 3 months	19,441.74
Cash and cash equivalents	26,800.92

- Lendingkart Finance Limited (the 'Company') has prepared financial results (the 'Statement') for the quarter and half year ended September 30, 2021 in accordance with Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (the 'Listing Regulations, 2021') and the Accounting Standards specified under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and the relevant provisions of the Companies Act, 2013, as applicable and other accounting principles generally accepted in India.
- These financial results have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on November 02, 2021. The Statutory Auditors of the Company have carried out a limited review of the aforesaid results.

The comparative financial results pertaining to the previous quarter ended June 30, 2021 have not been subjected to a limited review or audit by our statutory auditors. However, the management has exercised necessary due diligence to ensure that the financial results provide a true and fair view of the Company's affair.

Pursuant to SEBI circular dated October 5, 2021, the Company has elected an option to not present the figures for the corresponding quarter dated September 30, 2020 and cash flow statement for the half year ended September 30, 2020.

- The Company operates in a single business segment i.e. financing, which has similar risks and returns for the purpose of Ind AS 108. The Company operates in a single geographical segment i.e. domestic.
- 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. The Indian economy is impacted, however, in recent period the industry is reporting encouraging results signaling a slow but steady positive return of growth of economy. There are many opportunities created for the company in the current scenario, given the strong need for digital and contactless delivery of financial services.

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 and the related impairment of loans to customers, the Company has considered internal sources of information and management assessment on impacted

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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.

7. 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 Restructuring policy approved by Board of Directors. The restructuring relief has been extended to 15,531 loans with an outstanding amount of ₹ 36,521.49 lakhs as on September 30, 2021.

8. Disclosure on Resolution Framework - 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses in terms of RBI circular R81/2021-22/31 DOR.STR.REC.U/21.04.048/2021-22 dated May 05, 2021 ("Resolution Framework - 2.0"):

Particulars	Small businesses (₹ in lakhs)
Number of requests received for invoking resolution process under Part A	891.00
Number of accounts where resolution plan has been implemented under this window	891.00
Exposure to accounts mentioned above before implementation of the plan	3,898.89
Of above, aggregate amount of debt that was converted into other securities	-
Additional funding sanctioned, if any, including between invocation of the plan and implementation	-
Increase in provisions on account of the implementation of the resolution plan	410.93

9. During the quarter ended September 30, 2021, as a matter of prudence, the Company has made an additional provision of ₹ 11,730.52 lakhs on the outstanding restructured portfolio based on Company's assessment pursuant to additional time requested by the borrowers to make the repayment.

Similarly, during the quarter ended September 30, 2021, the Company, based on its assessment of recoverability, has accelerated the write-off of the loans amounting to ₹ 13,715.71 lakhs at 90 DPD level instead of the Company's policy of writing off loans at 180 DPD.

On the non-restructured portfolio, the company does not foresee any material impact beyond the ECL framework. Break-up of the impairment on restructured and non-restructured portfolio is provided below:

Particulars	For the half year ended 30 Sep 2021	For the year ended 31 Mar 2021
Non restructured loans		
ECL provisions	2,661.43	4,176.56
Write offs	3,632.90	7,699.72
Total	6,294.33	11,876.28
Restructured loans		
ECL provisions	10,830.70	5,646.08
Write offs	17,080.84	246.16
Total	27,911.54	5,892.24
Total loans		
ECL provisions	13,492.13	9,822.64
Write offs	20,713.74	7,945.88
Total Impairment	34,205.87	17,768.52

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10. 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.
11. All secured Non-Convertible Debentures ("NCDs") issued by the Company are secured by exclusive charge on receivables under book debts to the minimum extent of 100% or such higher security as per the respective term sheets of the outstanding secured NCDs.
12. The previous year/period figures have been reclassified/regrouped to conform to the figure of the current period.

On behalf of the Board of Directors

Harshvardhan Lunia
Chairman & Managing Director
DIN No. 01189114

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Disclosures in terms of Regulation 52(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the quarter and half ended September 30, 2021.

(₹ in lakhs unless otherwise stated)

Sr no.	Particulars	Ratios
1	Debt-Equity ratio (Note-1)	3.17
2	Net worth as on September 30, 2021 (Note-2)	56,456.43
3	Net profit after tax	For Quarter ended 30 September 2021 - (13,272.55) For Half year ended 30 September 2021- (17,715.63)
4	Earnings per share (₹ in absolute)	For Quarter ended 30 September 2021- Basic and Diluted: (30.04) For Half year ended 30 September 2021- Basic and Diluted: (40.09)
5	Total debts to total assets (Note-3)	0.70
6	Net profit margin (%) (Note-4)	For Quarter ended 30 September 2021 - (105.67%) For Half year ended 30 September 2021- (66.29%)
7	Debt service coverage ratio	Exemption given to NBFCs.
8	Interest service coverage ratio	Exemption given to NBFCs.
9	Sector specific ratios	
	(a) Profit before tax and before provision for restructured portfolio	4,224.98
	(b) Profit before tax and after provision for restructured portfolio	(23,686.56)
	(c) Gross NPA (%)	3.72%
	(d) Net NPA (%)	1.23%
	(e) CRAR (Tier-I + Tier-II) (%)	28.38%

Notes:

1. Debt-equity ratio = Total debt (Debt securities + Borrowings (other than debt securities)) / Net worth
2. Net worth = Equity share capital + Other Equity
3. Total debt to Total assets = (Debt securities + Borrowings (other than debt securities)) / Total assets
4. Net profit margin = Net Profit for the period / Total Income
5. As per Rule 18 (7) (b) (iii) (A) B of the Companies (Share Capital and Debentures) Rules, 2014 the Company being listed company, is not required to create Debenture Redemption Reserve.

On behalf of the Board of Directors

Harshvardhan Lunia
Chairman & Managing Director
DIN No. 01189114

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