

Independent Auditor's Review Report on the Half-yearly Unaudited Financial Results of the Company Pursuant to Regulation 52 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 half year ended September 30, 2020 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be 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 5 to the Statement, which describes the uncertainty caused by Novel Coronavirus (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. We have not audited or reviewed the comparative financial information appearing in the Statement for the corresponding half year ended September 30, 2019 which have been presented solely based on information compiled by the management and has been approved by the Board of Directors.

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

per Jayesh Gandhi
Partner
Membership Number: 037924

UDIN: 20037924AAAAOR2269

Mumbai
November 10, 2020

Lendingkart Finance Limited

Statement of Unaudited Ind AS financial results for half year ended September 30, 2020

(₹ in lakhs unless otherwise stated)

Particulars	Half year ended		Year ended March 31, 2020 (Audited)
	September 30, 2020 (Unaudited)	September 30, 2019 (Unaudited)	
Revenue from operations			
Interest Income	25,264.14	19,728.75	44,267.85
Gain on assignment of loans	114.87	1,071.46	1,721.87
Total Revenue from operations	25,379.01	20,800.21	45,989.72
Other Income	108.42	105.34	440.56
Total income	25,487.43	20,905.55	46,430.28
Expenses			
Finance Costs	10,072.31	7,500.22	17,716.50
Fees and commission expenses	465.22	209.73	729.80
Impairment of financial instruments	7,693.28	6,459.71	11,948.23
Employee Benefit expenses	2,114.51	2,578.92	4,943.77
Depreciation and amortisation expenses	351.93	253.87	629.99
Other Expenses	1,523.29	2,173.59	6,267.71
Total Expenses	22,220.54	19,176.04	42,236.00
Profit Before Tax	3,266.89	1,729.51	4,194.28
Tax Expense :			
- Current tax	1,826.42	1,172.88	1,407.18
- Prior period Tax adjustments	-	-	3.28
- Deferred tax (income) / expense	(724.50)	(669.21)	(185.27)
Total tax expense	1,101.92	503.67	1,225.19
Profit after tax	2,164.97	1,225.84	2,969.09
Other comprehensive income			
(a) Items that will not be reclassified to profit or loss			
Remeasurement gain / (losses) on defined benefit plans	35.42	-	(5.37)
Tax impact on above	(8.93)	-	1.56
Other comprehensive income (net of tax)	26.49	-	(3.81)
Total Comprehensive Income	2,191.46	1,225.84	2,965.28
Earnings per share [In absolute ₹]			
Basic and Diluted	4.90*	3.10*	7.09

* Not annualised

LENDINGKART FINANCE LIMITED (Formerly AADRI INFIN LIMITED)

CIN: U65910MH1996PLC258722

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website: www.lendingkartfinance.com

Notes:

1. Statement of assets and liabilities as at September 30, 2020

(₹ in lakhs unless otherwise stated)

Particulars	As at 30 September 2020 (Unaudited)	As at 31 March 2020 (Audited)
Assets		
Financial assets		
Cash and cash equivalents	14,982.05	5,049.52
Bank balances other than cash and cash equivalents	11,496.16	11,296.78
Loans	1,88,124.63	2,12,688.51
Other financial assets	3,044.05	2,868.74
Total financial assets	2,17,646.89	2,31,903.55
Non-financial assets		
Tax assets (Net)	-	162.08
Deferred tax asset (Net)	2,616.33	1,858.65
Property, plant and equipment	231.66	307.92
Intangible assets	96.29	119.58
Intangible assets under development	138.05	45.45
Right-of-use assets	2,919.12	3,213.65
Other non-financial assets	647.74	588.50
Total non-financial assets	6,649.19	6,295.83
Total assets	2,24,296.08	2,38,199.38
Liabilities and Equity		
Financial liabilities		
Debt Securities	50,690.86	44,407.37
Borrowings (Other than debt securities)	87,120.26	1,10,561.24
Subordinated Debt	2,527.91	2,528.44
Other financial liabilities	6,509.87	7,374.87
Total financial liabilities	1,46,848.90	1,64,871.91
Non-Financial liabilities		
Current tax liabilities (net)	1,604.87	-
Provisions	403.68	378.47
Other non-financial liabilities	965.80	661.75
Total non-financial liabilities	2,974.35	1,040.22
Equity		
Equity share capital	4,418.79	4,418.79
Other equity	70,054.04	67,868.46
Total equity	74,472.83	72,287.25
Total liabilities and equity	2,24,296.08	2,38,199.38

2. Lendingkart Finance Limited (the 'Company') has prepared unaudited financial results (the 'Statement') for the half year ended September 30, 2020 in accordance with Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (the 'Listing Regulations, 2015') 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.
3. These financial results have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on November 10, 2020. The Statutory Auditors of the Company have carried out a limited review of the aforesaid results.

The comparative financial results pertaining to the corresponding half year ended September 30, 2019 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.

4. 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.
5. 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 for certain activities in a phased manner outside specific containment zones. While there has been some improvement in economic activities, the extent to which the COVID –19 will continue to impact Company's results, including credit quality and provisions, remain uncertain and would depend upon the time taken for economic activities to fully resume and reach normal levels. The Company holds provisions as at September 30, 2020 against the potential impact of COVID – 19 based on the information available at this point in time.

In accordance with the regulatory package announced by the Reserve Bank of India (RBI) on March 27, 2020, April 17, 2020 and May 23, 2020, the Company has granted a moratorium for the payment of all instalments falling due between March 1, 2020 and August 31, 2020 to all eligible borrowers that have opted to avail the same.

The Company has assessed the impact of the COVID-19 pandemic on its liquidity and ability to repay its obligations as and when they are due. Management has

considered various stimulus packages announced by the Government of India which will directly or indirectly benefit NBFCs and Company's lenders to extend moratorium and various other financial support from other banks and other agencies in determining the Company's liquidity position over the next 12 months. Based on the foregoing and necessary stress tests considering various scenarios, management believes that the Company will be able to pay its obligations as and when these become due in the foreseeable future.

In assessing the recoverability of loans and advances, the Company has considered internal sources of information and management assessment on highly impacted industries and states, up to the date of approval of these financial results. Since the situation continue to evolve, its effect on the operations of the Company may be different from that estimated as at the date of approval of these financial results. The Company will continue to closely monitor material changes in markets and future economic conditions.

6. 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 and will not be, classified as NPA till such time the Hon'ble Supreme Court rules finally on the matter. Such accounts have been classified as per Company's expected credit loss policy and provisioned accordingly.
7. 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 six months to borrowers in specified loan accounts ("the Scheme"), as per the eligibility criteria and other aspects specified therein and irrespective of whether RBI moratorium was availed or not. The Company has implemented the scheme and passed on the ex-gratia benefit to the eligible borrowers.
8. The Company has extended moratorium/deferment of term loan instalments falling due in moratorium period to its eligible customers who have opted for moratorium under RBI circular on 'COVID-19 — Regulatory Package' dated March 27, 2020 and 'COVID19 Regulatory Package - Asset Classification and Provisioning' dated April 17, 2020.

Particulars	Amount (₹ in lakhs)
Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended, in terms of paragraph 2 and 3	1,17,984.54
Respective amount where asset classification benefits is extended	1,17,984.54
Provisions made in terms of paragraph 5 of the circular (As per para 4, applicable to NBFC covered under Ind AS)	6,456.16
Provisions adjusted against slippages in terms of paragraph 6 of the circular	-
Residual provisions in terms of paragraph 6 of the circular	6,456.16

9. 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 half year ended September 30, 2020, 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 ₹ 288.63 lakhs to the Statement of Profit and Loss.
10. 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