

# **BATLIBOI & PUROHIT**

## **Chartered Accountants**

### **Independent Auditor's Review Report on the Unaudited Quarterly and Year to Date Financial Results pursuant to Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

#### **TO THE BOARD OF DIRECTORS OF LENDINGKART FINANCE LIMITED**

1. We have reviewed the accompanying statement of unaudited financial results of Lendingkart Finance Limited ("the Company") for the quarter and nine months ended December 31, 2021 ("the Statement"), being submitted by the Company pursuant to the requirements of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 as amended.
2. This Statement, which is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard (Ind AS) 34, 'Interim Financial Reporting', prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report 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 is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. 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. We have not performed an audit and accordingly, we do not express an audit opinion.
4. Based on our review conducted as stated above, nothing has come to our attention that causes us to believe that the accompanying Statement of unaudited financial results, prepared in accordance with the aforesaid Indian Accounting Standard specified under section 133 of the Companies Act, 2013 read with relevant rules thereunder and other recognized accounting practices and policies generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), to the extent applicable, including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. We draw attention to Note 4 of the Statement, which describes the uncertainty continued to be caused by the Covid-19 pandemic and related events, which will impact the Company's estimates of impairment of loans, depending on ongoing and future developments. Our conclusion is not modified in respect of this matter.

## Chartered Accountants

6. The audit of the figures for the year ended March 31, 2021, as reported in the Statement, was conducted by the predecessor auditors who had expressed an unmodified opinion in their report dated May 12, 2021. The review of unaudited figures for the quarter and half year ended September 30, 2021, was conducted by the predecessor auditors who had expressed an unmodified conclusion in their report dated November 2, 2021. The figures for the nine months period ended December 31, 2020 as reported in the Statement, have been approved by the Company's Board of Directors, but have not been subjected to a review or audit. Our conclusion is not modified in respect of this matter.

For **Batliboi & Purohit**

Chartered Accountants

Firm Registration No. 101048W

**Janak Mehta**

Partner

Membership No. 116976

Place: Mumbai

Date: February 10, 2022

ICAI UDIN: 22116976ABCTET4166

**Lendingkart Finance Limited**  
**Statement of Unaudited Ind AS financial results for quarter and nine months ended December 31, 2021**

(₹ in lakhs unless otherwise stated)

Particulars	Quarter ended (Unaudited)		Nine months ended (Unaudited)		Year ended (Audited)
	December 31, 2021	September 30, 2021	December 31, 2021	December 31, 2020	March 31, 2021
<b>Revenue from operations</b>					
Interest Income	13,569.73	12,276.83	39,654.44	37,483.59	48,086.78
Gain on assignment of loans	-	37.59	185.93	101.77	264.74
<b>Total Revenue from operations</b>	<b>13,569.73</b>	<b>12,314.42</b>	<b>39,840.37</b>	<b>37,585.36</b>	<b>48,351.52</b>
Other Income	402.65	246.53	856.51	489.17	693.58
<b>Total income</b>	<b>13,972.38</b>	<b>12,560.95</b>	<b>40,696.88</b>	<b>38,074.53</b>	<b>49,045.10</b>
<b>Expenses</b>					
Finance Costs	4,988.35	4,830.99	14,696.49	15,245.53	18,247.93
Fees and commission expenses	1,712.56	1,124.63	3,390.32	709.96	1,237.71
Impairment of financial instruments (Refer note 6)	1,567.59	21,719.66	35,773.46	13,099.88	17,768.52
Employee Benefit expenses	1,159.95	1,031.62	3,081.28	3,135.42	3,638.58
Depreciation and amortisation expenses	145.14	151.52	434.62	560.85	684.00
Other Expenses	1,369.56	1,383.52	3,978.04	2,536.45	4,652.56
<b>Total Expenses</b>	<b>10,943.15</b>	<b>30,241.94</b>	<b>61,354.21</b>	<b>35,288.09</b>	<b>46,229.30</b>
<b>Profit / (loss) before Tax</b>	<b>3,029.23</b>	<b>(17,680.99)</b>	<b>(20,657.33)</b>	<b>2,786.44</b>	<b>2,815.80</b>
<b>Tax Expense:</b>					
- Current tax	0.06	(1,393.25)	0.06	2,709.97	3,128.07
- Deferred tax (income) / expense	751.64	(3,015.19)	(5,219.29)	(1,771.08)	(2,144.21)
<b>Total tax expense</b>	<b>751.70</b>	<b>(4,408.44)</b>	<b>(5,219.23)</b>	<b>938.89</b>	<b>983.86</b>
<b>Profit / (loss) after tax</b>	<b>2,277.53</b>	<b>(13,272.55)</b>	<b>(15,438.10)</b>	<b>1,847.55</b>	<b>1,831.94</b>
<b>Other comprehensive income</b>					
<b>(a) Items that will not be reclassified to profit or loss</b>					
Remeasurement gain / (losses) on defined benefit plans	10.76	(2.47)	25.05	35.42	64.24
Tax impact on above	(2.70)	0.62	(6.30)	(8.93)	(16.19)
<b>Other comprehensive income / (expense) (net of tax)</b>	<b>8.06</b>	<b>(1.85)</b>	<b>18.75</b>	<b>26.49</b>	<b>48.05</b>
<b>Total Comprehensive Income / (expense)</b>	<b>2,285.59</b>	<b>(13,274.40)</b>	<b>(15,419.35)</b>	<b>1,874.04</b>	<b>1,879.99</b>
<b>Earnings per share [In absolute ₹]</b>					
Basic and Diluted (Not annualised)	5.15	(30.04)	(34.94)	4.18	4.15

**LENDINGKART FINANCE LIMITED**

CIN: U65910MH1996PLC258722

Registered Office: A-303/304, Citi Point, Andheri-Kurla Road, Andheri East, Mumbai, Maharashtra, 400 059, India.

Corporate Office: B Block, 6<sup>th</sup> Floor, The First, The First Avenue Road, Behind Keshavnagar Party Plot, Vastrapur, Ahmedabad, 380 015, Gujarat, India.

Phone: +91 79 6814 4500

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website: www.lendingkartfinance.com

1. Lendingkart Finance Limited (the 'Company') has prepared financial results (the 'Statement') for the quarter and nine months ended December 31, 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.
2. These financial results have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on February 10, 2022. The Statutory Auditors of the Company have carried out a limited review for the quarter and nine months ended December 31, 2021.

Financial results for the quarter ended December 2021 have been derived being the balancing figure between year-to-date figures up to nine months ended December 2021 and half year ended September 2021.

The financial results pertaining to the corresponding nine months ended December 31, 2020, 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 December 31, 2020.

3. 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.
4. 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 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, 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 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.

5. 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

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6. During the nine months ended December 31, 2021, as a matter of prudence, and based on assessment of pool recoverability, the Company has accelerated the impairment of the restructured portfolio pursuant to additional time requested by the borrowers to make the repayment. As a result, the total charge taken to Profit & Loss statement is ₹ 22,979.57 Lakhs during the period. Given the continued performance of collections observed on the restructured portfolio, the Company does not foresee any additional material impact on overall restructured portfolio through the remaining life of these assts, beyond the charge already taken in Profit & Loss statement.

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	Nine months ended 31 Dec 2021	Year ended 31 Mar 2021
Non restructured loans	12,793.89	11,876.28
Restructured loans	22,979.57	5,892.24
<b>Total Impairment</b>	<b>35,773.46</b>	<b>17,768.52</b>

7. During the quarter ended December 31, 2021, the RBI has issued a circular DOR.STR.REC.68/21.04.048/2021-22 on "Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances - Clarification" dated November 12, 2021. The Company has taken necessary steps and complied with the provisions of the aforesaid circular.
8. The Company has not acquired / transferred through assignment any loans during the quarter ended December 31, 2021.
9. 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.
10. 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.
11. 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 nine months ended December 31, 2021.**

(₹ in lakhs unless otherwise stated)

Sr. No.	Particulars	Quarter ended Dec 21	Nine months ended Dec 21
1	Debt-equity ratio (Note-1)	3.06	
2	Net worth (Note-2)	58,741.99	
3	Net profit after tax	2,277.53	(15,438.10)
4	Earnings per share (basic and diluted)	5.15	(34.94)
5	Total debts to total assets (Note-3)	0.68	
6	Net profit margin (%) (Note-4)	16.30%	-37.93%
7	<b>Sector specific equivalent ratios</b>		
	(a) CRAR (Tier-I)	24.10%	
	(b) CRAR (Tier-II)	1.35%	
	(c) CRAR (Tier-I + Tier-II)	25.45%	
8	Debt service coverage ratio (Note-5)	N.A	N.A
9	Interest service coverage ratio (Note-5)	N.A	N.A
10	Outstanding redeemable preference shares (quantity and value)	N.A	N.A
11	Capital redemption reserve / Debenture redemption reserve (Note-6)	N.A	N.A
12	Current ratio*	N.A	N.A
13	Long term debt to working capital*	N.A	N.A
14	Bad debts to Account receivable ratio*	N.A	N.A
15	Current liability ratio*	N.A	N.A
16	Debtors turnover*	N.A	N.A
17	Inventory turnover*	N.A	N.A
18	Operating margin (%)*	N.A	N.A

\* The company prepares financials statements as per Division III, Schedule III of the Companies Act 2013, hence these ratios are not applicable.

**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. Financial ratios pertaining to Debt Service Coverage Ratio and Interest Service Coverage Ratio are not applicable to the Company pursuant to the proviso under Regulation 52(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 dated September 02, 2015, as amended from time to time.
6. 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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