

BATLIBOI & PUROHIT

Chartered Accountants

Independent Auditors' Report on the Quarterly and Year to Date Audited Financial Results pursuant to the regulation 52 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

TO THE BOARD OF DIRECTORS OF LENDINGKART FINANCE LIMITED

Opinion

We have audited the accompanying statement of financial results of **Lendingkart Finance Limited** (the "Company") for the quarter and year ended March 31, 2022 (the "Statement"), attached herewith, being submitted by the Company pursuant to the requirements of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations').

In our opinion and to the best of our information and according to the explanations given to us, the Statement:

- i. is presented in accordance with the requirements of the Listing Regulations in this regard; and
- ii. gives a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards, and other accounting principles generally accepted in India, of the net loss and other comprehensive income and other financial information of the Company for the quarter and year ended March 31, 2022.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Financial Results 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 opinion.

Management's Responsibilities for the Financial Results

These financial results have been prepared on the basis of the annual financial statements. The Company's Management and the Board of Directors are responsible for the preparation and presentation of these financial results that give a true and fair view of the net loss and other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in Indian Accounting Standards prescribed under Section 133 of the Act and other accounting principles generally accepted in India and in compliance with Regulation 52 of the Listing Regulations. 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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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In preparing the financial results, the Management and the Board of Directors are 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the financial reporting process of the Company.

Auditor's Responsibilities for the Audit of the Financial Results

Our objectives are to obtain reasonable assurance about whether the financial results 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 results.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial results, 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 controls 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 through a separate report on the complete set of financial statements 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 in the financial results made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors 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 appropriateness of this assumption. 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 results 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 results, including the disclosures, and whether the financial results represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial results of the Company to express an opinion on the financial results.

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Materiality is the magnitude of misstatements in the financial results that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial results may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial results.

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.

Other Matters

1. 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.
2. The Statement includes the results for the quarter ended March 31, 2022, being the balancing figure between the audited figures in respect of the full financial year ended March 31, 2022, and the published un-audited year to date figures up to the third quarter of the current financial year which were subjected to a limited review by us.

Our opinion is not modified in respect of these matters.

For BATLIBOI & PUROHIT

Chartered Accountants

ICAI Firm Reg. No.101048W

Janak A
Mehta

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Janak Mehta

Partner

Membership No. 116976

ICAI UDIN: 22116976AIUWSD3651

Place: Mumbai

Date: May 11, 2022

Lendingkart Finance Limited

Statement of audited Ind AS financial results for quarter and year ended March 31, 2022

(₹ in lakhs unless otherwise stated)

Particulars	Quarter ended (Audited)	Quarter ended (Unaudited)	Year ended (Audited)	
	March 31, 2022	December 31, 2021	March 31, 2022	March 31, 2021
Revenue from operations				
Interest Income	19,766.55	14,359.60	61,184.47	50,082.39
Gain on assignment of loans	1,231.19	-	1,417.12	264.74
Total Revenue from operations	20,997.74	14,359.60	62,601.59	50,347.13
Other Income	396.27	402.65	1,252.78	693.58
Total income	21,394.01	14,762.25	63,854.37	51,040.71
Expenses				
Finance Costs	7,290.54	5,778.22	23,750.51	20,243.54
Fees and commission expenses	2,526.12	1,712.56	5,916.44	1,237.71
Impairment of financial instruments (Refer note-7)	5,697.74	1,567.59	41,471.20	17,768.52
Employee Benefit expenses	1,329.86	1,159.95	4,411.14	3,638.58
Depreciation and amortisation expenses	134.95	145.14	569.57	684.00
Other Expenses	2,155.18	1,369.56	6,133.22	4,652.56
Total Expenses	19,134.39	11,733.02	82,252.08	48,224.91
Profit / (loss) before Tax	2,259.62	3,029.23	(18,397.71)	2,815.80
Tax Expense :				
- Current tax	(0.06)	0.06	-	3,128.07
- Tax of previous years	342.96	-	342.96	-
- Deferred tax (income) / expense	622.59	751.64	(4,596.70)	(2,144.21)
Total tax expense	965.49	751.70	(4,253.74)	983.86
Profit / (loss) after tax	1,294.13	2,277.53	(14,143.97)	1,831.94
Other comprehensive income				
(a) Items that will not be reclassified to profit or loss				
Remeasurement gain / (losses) on defined benefit plans	7.61	10.76	32.66	64.24
Tax impact on above	(1.92)	(2.70)	(8.22)	(16.19)
Other comprehensive income (net of tax)	5.69	8.06	24.44	48.05
Total Comprehensive Income	1,299.82	2,285.59	(14,119.53)	1,879.99
Earnings per share [In absolute ₹] [Face value of ₹ 10]				
Basic and Diluted (Not annualised)	2.93	5.15	(32.01)	4.15

Notes:

1 Statement of assets and liabilities

(₹ in lakhs unless otherwise stated)

Particulars	As at March 31, 2022 (Audited)	As at March 31, 2021 (Audited)
Assets		
Financial assets		
Cash and cash equivalents	21,158.06	28,786.04
Bank balances other than cash and cash equivalents	13,957.32	14,096.80
Loans	1,91,592.90	1,93,869.25
Other financial assets	24,013.63	7,667.62
Total financial assets	2,50,721.91	2,44,419.71
Non-financial assets		
Current tax assets (Net)	1,660.32	24.55
Deferred tax asset (Net)	8,575.16	3,986.68
Property, plant and equipment	135.40	160.55
Intangible assets	76.54	67.12
Intangible assets under development	-	145.41
Right-of-use assets	1,947.83	2,339.07
Other non-financial assets	451.51	455.27
Total non-financial assets	12,846.76	7,178.65
Total assets	2,63,568.67	2,51,598.36
Liabilities and Equity		
Financial liabilities		
Debt Securities	1,20,026.19	88,678.55
Borrowings (Other than debt securities)	57,114.59	71,964.66
Subordinated Debt	2,529.50	2,529.12
Other financial liabilities	21,619.58	11,112.93
Total financial liabilities	2,01,289.86	1,74,285.26
Non Financial liabilities		
Current tax liabilities (net)	-	1,189.18
Provisions	345.18	383.52
Other non-financial liabilities	1,891.79	1,579.03
Total non financial liabilities	2,236.97	3,151.73
Equity		
Equity share capital	4,418.79	4,418.79
Other equity	55,623.05	69,742.58
Total equity	60,041.84	74,161.37
Total liabilities and equity	2,63,568.67	2,51,598.36

2 Statement of Cash flows for the Year ended March 31, 2022

(₹ in lakhs unless otherwise stated)

Particulars	Year ended March 31, 2022 (Audited)	Year ended March 31, 2021 (Audited)
Operating activities		
Profit / (loss) before tax	(18,397.71)	2,815.80
Adjusted for:		
Impact of EIR accounting of financial assets	(2,264.91)	648.67
Impact of EIR accounting of financial liabilities	21.75	(131.90)
Upfront gain on direct assignment	(1,417.12)	(264.74)
Guarantee fees	(331.12)	(134.30)
Interest on financial lease liability	320.84	385.79
Provision for gratuity	51.74	(1.98)
Provision for leave benefit	(57.42)	7.03
Impairment of loans	(6,591.63)	9,174.38
Impairment of other financial assets	310.46	648.27
Bad debt written offs	47,752.37	7,945.88
Discount on Commercial Paper	1.95	2.35
Depreciation and amortisation	569.57	684.01
Interest on bank deposits	(1,066.46)	(918.11)
Interest on borrowings and debt securities	23,405.96	17,730.24
PPE & Intangible assets under development written off	150.29	3.02
Actuarial gain / (loss) recognised in other comprehensive income	32.66	64.24
Cash from operations before working capital changes	42,491.22	38,658.65
Changes in working capital:		
- (Increase) / decrease in loans	(36,619.49)	1,050.34
- (Increase) / decrease in other financial Assets	(15,239.34)	(5,182.41)
- (Increase) / decrease in other non financial Assets	334.94	267.53
- Increase / (decrease) in other financial liabilities	10,707.13	3,738.07
- Increase / (decrease) in other non financial liabilities	312.72	917.32
Cash generated from operating activities	1,987.18	39,449.50
Income tax paid (net)	(3,167.91)	(1,801.36)
Net cash flows from / (used in) operating activities	(1,180.73)	37,648.14
Investing activities:		
Purchase of property, plant and equipment and intangible assets	(157.07)	287.44
Movement in bank balances other than cash and cash equivalents	139.48	(2,800.02)
Interest received on bank deposit	1,066.46	918.11
Net cash generated from / (used in) investing activities	1,048.87	(1,594.47)
Financing activities:		
Share issue expenses	-	(5.88)
Proceeds from debt securities	28,900.00	40,750.00
Repayment of debt securities	(31,009.15)	(19,272.80)
Proceeds from borrowings	34,886.84	37,510.00
Repayment of borrowings	(49,658.38)	(51,487.61)
Proceeds from issue of commercial paper	1,611.90	-
Change in Cash Credit / Overdraft	82.57	3,228.72
Repayment of lease liabilities	(531.77)	(385.79)
Proceeds/(Repayment) from securitisation liability	31,651.53	(1,532.60)
Repayment of finance cost	(23,429.66)	(21,121.19)
Net cash generated from / (used in) financing activities	(7,496.12)	(12,317.15)
Net increase / (decrease) in cash and cash equivalents	(7,627.98)	23,736.52
Cash and cash equivalents as at the beginning of the year	28,786.04	5,049.52
Cash and cash equivalents as at the end of the year	21,158.06	28,786.04
Components of cash and cash equivalents		
Cash in hand	-	-
Balances with banks		
- With banks in current accounts	8,156.86	6,585.32
- In deposit accounts with original maturity of less than 3 months	13,001.20	22,200.72
Cash and cash equivalents	21,158.06	28,786.04

- 3 Lendingkart Finance Limited (the 'Company') has prepared the financial results (the 'Statement') for the quarter and year ended March 31, 2022 in accordance with Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (the 'Listing Regulations') 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.
- 4 These financial results have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on May 11, 2022 and are audited by the Statutory Auditors of the Company.

The figures for the quarter ended March 31, 2022 are balancing figures between the audited figures for the year ended March 31, 2022 and the published unaudited figures of the nine months ended December 31, 2021, which were subjected to a limited review.

Pursuant to SEBI circular dated October 5, 2021, the Company has elected the option to not present the figures for the corresponding quarter ended March 31, 2021.

- 5 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.
- 6 Disclosures pursuant to RBI Notification - RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated 06 August 2020 and RBI/2021-22/31/DOR.STR.REC.11/21.04.048/2021-22 dated 05 May 2021:

As at 30 September, 2021, the company had exposure to accounts classified as Standard consequent to implementation of resolution plan of ₹ 36,180.70 Lakhs, of which during the half year ended 31 March 2022, the aggregate debt that slipped into NPA is ₹ 3,125.96 Lakhs, amount written off is ₹ 23,480.55 Lakhs, amount paid by the borrowers is ₹ 3,176.13 Lakhs and Exposure to accounts classified as Standard consequent to implementation of resolution plan as at 31 March 2022 is ₹ 6,398.06 Lakhs.

- 7 Break-up of the impairment on restructured and non-restructured portfolio is provided below:

Particulars	(₹ in lakhs)	
	Year ended March 31, 2022	Year ended March 31, 2021
Non restructured loans	13,980.72	11,876.28
Restructured loans	27,490.48	5,892.24
Total Impairment	41,471.20	17,768.52

- 8 Pursuant to RBI circular DOR.STR.REC.68/21.04.048/2021-22 dated November 12, 2021 on "Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances - Clarification" the Company has aligned its definition of default from number of installments outstanding approach to Days Past Due approach. On February 15, 2022, RBI allowed deferment till September 30, 2022 of Para 10 of this circular pertaining to upgrade of Non performing accounts. However, the Company has not opted for this deferment.
- 9 Disclosures pursuant to RBI Notification - RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22 dated September 24, 2021:

- (a) Details of transfer through assignment in respect of loans not in default during the financial year ended March 31, 2022: (Excluding transactions entered with respect to circular - RBI/2020-21/63 FIDD.CO.Plan.BC.No.8/04.09.01/2020-21)

Particulars	Details (₹ in lakhs)
Amount of loans transferred through assignment	4,953.40
Retention of beneficial economic interest	20.00%
Weighted average residual maturity (in months)	19.01
Weighted average holding period (in months)	13.52
Coverage of tangible security coverage	N.A
Rating-wise distribution of rated loans	Unrated

- (b) The Company has not acquired loans through assignment during the financial year ended March 31, 2022

- (c) The Company has not acquired / transferred any stressed loans during the financial year ended March 31, 2022

- 10 The Company is not a Large Corporate as per SEBI Operational Circular - SEBI/HO/DDHS/P/CIR/2021/613 dated 10 August 2021
- 11 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.
- 12 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.
- 13 The previous year / period figures have been reclassified/regrouped to confirm to the figure of the current year.

On behalf of the Board of Directors

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Harshvardhan Lunia
Chairman & Managing Director
DIN No. 01189114

Disclosures in compliance with Regulations 52(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the quarter and year ended March 31, 2022:

(₹ in lakhs unless otherwise stated)

Sr. No	Particulars	Quarter ended March 2022	Year ended March 2022
1	Debt-equity ratio (Note-1)	2.99	
2	Net worth (Note-2)	60,041.84	
3	Net profit after tax	1,294.13	(14,143.97)
4	Earnings per share (basic and diluted) (In absolute)	2.93	(32.01)
5	Total debts to total assets (Note-3)	0.68	
6	Net profit margin (%) (Note-4)	6.05%	-22.15%
7	Sector specific equivalent ratios	N.A	N.A
8	Debt service coverage ratio	N.A	N.A
9	Interest service coverage ratio	N.A	N.A
10	Outstanding redeemable preference shares (quantity and value)	N.A	N.A
11	Capital redemption reserve / Debenture redemption reserve (Note-5)	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	As per Rule 18 (7) of the Companies (Share Capital and Debentures) Rules, 2014, the Company is not required to create Debenture Redemption Reserve.		

**On behalf of the Board of Directors of
Lendingkart Finance Limited**

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**Harshvardhan Lunia
Chairman & Managing Director
DIN: 01189114**

LENDINGKART FINANCE LIMITED

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