

# LENDINGKART

Think cash, Think Lendingkart Group!



## Annual Report

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FOR THE YEAR ENDED MARCH 31, 2019

**DIRECTORS' REPORT**

To  
The Members,  
Lendingkart Finance Limited.

The Directors are pleased to present their 22<sup>nd</sup> Report along with the financial results of the Company for the financial year ended 31<sup>st</sup> March, 2019.

**Financial Performance:**

Particulars	(Amount in INR)	
	March 31, 2019	March 31, 2018 <sup>1</sup>
Total income	2,45,79,77,353	90,24,17,071
Less: Expenditure	1,79,61,95,743	87,16,28,918
Less: Net credit losses including provisions	33,34,80,594	26,17,84,688
Profit/ (Loss) before Tax	32,83,01,016	(23,09,96,535)
Tax <sup>2</sup>	1,54,15,522	-
Net Profit/ (Loss) after Tax	34,37,16,538	(23,09,96,535)
Add: Balance brought forward from previous year	(40,91,48,914)	(17,81,52,379)
Transfer to Reserve Fund under Section 45-IC of the RBI Act, 1934	(6,87,43,308)	-
Balance carried to Balance Sheet	(13,41,75,684)	(40,91,48,914)
Paid up capital	38,98,59,200	29,39,12,590

<sup>1</sup> Previous year's figures have been regrouped based on current year's classification.

<sup>2</sup> Net of deferred tax.

**Performance Overview:**

During the period under review, the Company had disbursed loans amounting to Rs. 1680.05 Crore. In FY19, gross income increased by 172.37% to Rs 245.79 Crore from Rs 90.2 Crore in FY18. Profit margins improved from -25.6% in FY18 to 13.98% in FY19.

**Management Discussion and Analysis Report:**

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.

**LENDINGKART FINANCE LIMITED** (Formerly AADRI INFIN LIMITED)

**CIN:** U65910MH1996PLC258722

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

**Corporate Office:** 14th Floor, 'The First', The First Avenue Road, Behind Keshavbaug Party Plot, Vastrapur, Ahmedabad-380 015, Gujarat, India.

**Phone:** +91-79-6677 0600

**email:** info@lendingkart.com

**website:** www.lendingkart.com

### **Material Changes:**

Except those specifically mentioned herein, there are 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 to which the financial statements relate and the date of this Report.

### **Change in Nature of Business:**

There were no material changes in the nature of the business of the Company. Furthermore, during the year under review, the Company obtained a certificate of registration to act as Corporate Agent (Composite) from Insurance Regulatory and Development Authority of India.

### **Securities:**

#### **(i) 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 31<sup>st</sup> March, 2019, the paid-up equity share capital of the Company stood at INR 38,98,59,200/-, consisting of 3,89,85,920 equity shares of INR 10/- each.

On 24<sup>th</sup> September, 2018, the Company allotted equity shares to the Holding Company, details of allotment are provided herein:

- 14,76,101 equity shares of INR 10/- each at a price of INR 338.73/- per share, (conversion of loan amount of INR 49,99,99,691.73/- into equity capital);
- 81,18,560 equity shares of INR 10/- each at a price of INR 338.73/- per share (by way of right issue).

#### **(ii) Debentures:**

During the year under review, the Company issued following secured, unlisted, redeemable, non-convertible debentures on private placement basis:



Nature	Date of allotment	Number of debentures	Nominal Value Per Debenture (INR)	Total Amount Raised (INR in Crore)	Maturity Date (Dates for final redemption amount)
12.60% XIRR NCDs	21 <sup>st</sup> May, 2018	1500	10,00,000/-	150	21 <sup>st</sup> December, 2021
12.70% XIRR NCDs	1 <sup>st</sup> June, 2018	1500	10,00,000/-	150	1 <sup>st</sup> June, 2021
Principal Protected, Market Linked Non-Convertible Debentures	13 <sup>th</sup> July, 2018	2500	1,00,000/-	25	10 <sup>th</sup> January, 2022
13.75% XIRR NCDs	28 <sup>th</sup> January, 2019	200	10,00,000/-	20	31 <sup>st</sup> March, 2023
13.00% XIRR NCDs	26 <sup>th</sup> February, 2019	250	10,00,000/-	25	2 <sup>nd</sup> March, 2020

Details of the Debenture Trustee acting as trustee for the above debentures:

Catalyst Trusteeship Limited

Address: GDA House, Plot No.85,  
Bhusari Colony, Paud Road,  
Pune – 411038.  
Phone: 020 – 25280081  
Fax: 020 – 25280275

**Capital Adequacy:**

As on 31<sup>st</sup> March, 2019, the overall capital adequacy stood at 38.78%, which is 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 37.02%, compared to the requirement of 10% as laid by RBI.

**Credit Ratings**

The overall long term rating of the Company by ICRA Limited and India Ratings is BBB+ (Outlook: Stable). The short term rating of the Company by ICRA Limited and India Ratings is A2. Further, the Company has obtained rating in respect of outstanding securitisation/ assignment transactions, Non-Convertible Debentures and Commercial Paper. The ratings obtained for the said transactions are provided below:



Instrument	Year ended 31-Mar-2019			
	Date of rating	Rating Agency	Current rating assigned	Valid upto
Line of Credit/ Bank lines	03-Dec-18	ICRA	[ICRA] BBB+/ A2	Till next rating
	12-Jun-18	India Ratings & Research	IND BBB+/Stable	Till next rating
Non-Convertible Debentures/ CP	03-Dec-18	ICRA	[ICRA] BBB+	Till next rating
	12-Jun-18	India Ratings & Research	IND A2	Till next rating
Securitisation/ Assignments	13-Jul-18	ICRA	[ICRA] A-(SO)	NA
	30-Jan-19	ICRA	Provisional [ICRA] A (SO)	NA
	30-Jan-19	ICRA	Provisional [ICRA] BBB+(SO)	NA
	06-Sep-18	India Ratings & Research	IND A- (SO)	NA
	06-Sep-18	India Ratings & Research	IND BBB+ (SO)	NA
	15-Jun-18	India Ratings & Research	IND A- (SO)	NA
	08-Jun-18	ICRA	[ICRA] BBB-(SO)	NA

### **Key Awards and Recognitions:**

During the year under review, the Lendingkart Group has been awarded with the following awards and recognitions:

- Recognized as a Top 50 venture of Smart CEO's Startup50 Awards 2018, in partnership with Facebook.
- Lendingkart was included in the KPMG Global Fintech practice & H2 Ventures' fifth annual 'Fintech100' list, third time in a row.
- Awarded the Best Lending Tech of the Year at the 9<sup>th</sup> India Digital Awards 2019, organized by Internet and Mobile Association of India (IAMAI) and Times Now.
- Won the Best Fintech Award in Lending category 2019, organized by KPMG in India along with Business Today.

- Lendingkart made it to the soonicorn list by Inc42 - the only fintech player in the digital lending space to be acknowledged for having the potential to become a Unicorn company by 2020.

### **Dividend**

The Directors have not recommended any dividend for the FY19.

### **Reserves**

During the year under review, the Company has earned a profit of INR 34,37,16,538/- Accordingly, the Company has transferred INR 6,87,43,308/- to the statutory Reserve Fund in terms of Section 45-IC of the Reserve Bank of India Act, 1934.

### **Debt Position**

The total borrowings as on 31<sup>st</sup> March, 2019 stood at INR 981.41 Crore. During the year under review, the Company issued non-convertible debentures of INR 370 Crore. As on 31<sup>st</sup> March, 2019, the total borrowings from issue of non-convertible debentures stood at INR 343.37 Crore; borrowings from banks stood at INR 320.13 Crore; borrowings from financial institutions stood at INR 317.91 Crore.

### **Public Deposits**

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

### **Annual Return**

The details forming part of the extract of the Annual Return in the Form MGT-9, in accordance with Section 92(3) of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, are set out herewith as **Annexure-B** to this Report.

The annual return referred to in sub-section (3) of Section 92 and Section 134 of the Companies Act, 2013 has also been placed at the website of the Company at <https://www.lendingkartfinance.com>.

### **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.



## **Meetings of the Board of Directors and Board Committees:**

### **Meetings of the Board:**

During the period under review, the Board of Directors met eighteen (18) times.

### **Committees of the Board and their Constitution (during the period under review):**

#### **I. Audit Committee:**

Mr. Gaurav Mittal	- Chairman
Ms. Divya Himanshu Jain	- Member
Mr. Anindo Mukherjee	- Member

The Audit Committee met 5 (five) times.

#### **II. Nomination and Remuneration Committee:**

Mr. Anand Pande	Chairman
Ms. Divya Himanshu Jain	Member
Mr. Gaurav Mittal	Member

The Nomination and Remuneration Committee met 5 (five) times.

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 and Remuneration Policy of the Company is available on the website of the Company <https://www.lendingkartfinance.com>.

#### **III. Risk Oversight Committee:**

Mr. Anindo Mukherjee	Chairman
Mr. Kiranbir Nag	Member
Mr. Harshvardhan Lunia	Member

### **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 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
- 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 necessary action, wherever necessary.

The Company has also appointed VCAN & Co., Chartered Accountants, for review of its Internal Financial Control.

#### **Directors & Key Managerial Personnel:**

##### **I. Directors:**

- (i) The members of the Company, at the extraordinary general meeting held on 29<sup>th</sup> June, 2018, re-appointed Ms. Divya Himanshu Jain (DIN:07864477) as a non-executive independent director of the Company for a second term of 1 (one) year i.e. from 29<sup>th</sup> June, 2018 to 28<sup>th</sup> June, 2019.
- (ii) On 29<sup>th</sup> June, 2018, the Board of Directors appointed Mr. Gaurav Mittal (DIN: 01037873) as an additional non-executive independent director of the Company. The members of the Company appointed Mr. Gaurav Mittal (DIN: 01037873) as non-executive Independent Director at the annual general meeting held on 28<sup>th</sup> September, 2018 for a period of 1 (one) year effective from 29<sup>th</sup> June, 2018.

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

- (iii) The members of the Company at the extraordinary general meeting of the Company held on 5<sup>th</sup> September, 2018, appointed Mr. Kiranbir Nag (DIN: 07660247), Mr. Pankaj Makkar (DIN: 03442209), Ms. Jennifer Fan Li You (DIN: 08081062) and Mr. Anindo Mukherjee (DIN: 00019375) as non-executive directors. Ms. Jennifer Fan Li You (DIN: 08081062) tendered her resignation with effect from 7<sup>th</sup> December, 2018.

- (iv) On 3<sup>rd</sup> October, 2018, the Board of Directors appointed Mr. Anand Pande (DIN: 08233960), and Mr. Vikram Godse (DIN: 00230548) as additional non-executive directors of the Company. The members of the Company appointed Mr. Anand Pande (DIN: 08233960), and Mr. Vikram Godse (DIN: 00230548) as non-executive directors at the extraordinary general meeting of the Company held on 11<sup>th</sup> December, 2018.
- (v) On 21<sup>st</sup> April, 2019, the Board of Directors appointed Mr. Hong Ping Yeo (DIN: 08401270) as an additional non-executive director. The members of the Company appointed Mr. Hong Ping Yeo as a non-executive director at the extraordinary general meeting of the Company held on 30<sup>th</sup> April 2019.
- (vi) Mr. Mukul Sachan, whole-time director of the Company tendered his resignation effective from close of working hours of 31<sup>st</sup> May, 2019.
- (vii) Mr. Harshvardhan Lunia, Director was appointed as the Managing Director of the Company with effect from 1<sup>st</sup> July, 2019.
- (viii) Pursuant to Section 152 of the Companies Act, 2013, Mr. Kiranbir Nag and Mr. Pankaj Makkar, Directors of the Company, retire by rotation and being eligible, offers themselves for re-appointment at the ensuing Annual General Meeting.

## **II. Key Managerial Personnel:**

The following were the key managerial personnel of the Company during the year under review:

- (i) Mr. Mukul Sachan, whole-time director designated as Director & CEO\*;
- (ii) Mr. Piyush Kabra, Chief Financial Officer;
- (iii) Mr. Umesh Navani, Company Secretary; and

\* Mr. Mukul Sachan, whole-time director of the Company, designated as Director & CEO, tendered his resignation effective from close of working hours of 31<sup>st</sup> May, 2019.

### **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 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 financial year and of the profit and loss of the Company for the financial year ended 31<sup>st</sup> March, 2019;
- (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 has complied with the provisions of Secretarial Standards-1 "Secretarial Standard on Meetings of the Board of Directors" and Secretarial Standards-2 "Secretarial Standard on General Meetings" notified by the Institute of Company Secretaries of India.

#### **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.

#### **Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:**

Pursuant to 'The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013', the Company has framed a policy on Prevention of Sexual Harassment at Workplace. During the year under review, no cases had been reported under the provisions and guidelines of this policy.



### **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 at the website of the Company at <https://www.lendingkartfinance.com>.

The details of material contracts required to be disclosed pursuant to Section 134(3)(h) of the Companies Act and rule 8(2) of the Companies (Accounts) Rules, 2014 are provided in **Annexure-C** to this Report.

The details of other related party transactions entered during the year under review are provided in Note No. 23(c) 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 conservation of Energy:**

The Company continues to make all efforts to conserve and optimize the use of energy by use of LED bulbs, efficient use of office equipment's 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 on energy conservation equipment:**

There was no capital investment made on energy conservation equipment.

#### **(b) Technology Absorption:** The Company uses 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 INR 14,31,870/- towards professional fees and software expenses.

**Auditors and Audit Report:**

M/s. S.R. Batliboi & Co. LLP, Chartered Accountants, Mumbai, appointed as Statutory Auditors of the Company at the eighteenth annual general meeting of the Company to hold office until the conclusion of the twenty third annual general meeting, continue to be the statutory auditors of the Company. Your Company has received confirmation from M/s S.R. Batliboi & Co. LLP regarding their eligibility under Section 139 and 141 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014.

The observations of the Auditors in the Auditor's Report are explained, wherever necessary in the appropriate Notes to the accounts. No frauds were reported by the Auditors during the year.

**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 Director. The Independent Directors evaluated the performance of the Chairman. The Nomination and Remuneration Committee ("NRC") evaluated the performance of all individual Directors (excluding independent directors).

**Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and the company's operations in future:**

There were no orders passed by Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future.



### **Risk Management Policy:**

In line with the RBI regulations, the Company has a 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. There are no such elements of risk, which in the opinion of the Board may threaten the existence of the Company.

### **Vigil Mechanism/Whistle Blower Policy:**

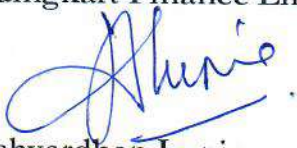
The Company has established a Vigil Mechanism/ Whistle Blower Policy. The purpose of this mechanism is to provide a framework to report concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct and provide adequate safeguards against victimization of the person availing this mechanism. The Policy is available on Company's website <https://www.lendingkartfinance.com> which 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.

### **Acknowledgement:**

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

S.R.   
Harshvardhan Lunia  
Chairman & Managing Director  
DIN: 01189114



Date: 26<sup>th</sup> August, 2019  
Place: Mumbai



## **Annexure-A**

### **Management Discussion and Analysis - Lendingkart Finance Limited**

#### **Macroeconomic Scenario**

Recent past has seen many reforms which has built a strong foundation for future growth expected of Indian economy. Government has pushed for large scale digitization which helped in bringing large amounts of cash payment into formal and digital economy.

Started with the objective of Financial Inclusion, many steps have been taken like planning to create and provide infrastructural support for leveraging Mobile users to provide financial services. UPI launch and GST launch have encouraged many MSMEs to formalize and digitize their businesses. The reduction in mobile data cost have also increased MSME connectivity which led to increase in Market competition. Then the maturing India stack, along with API-based data availability, now allows for end-to-end digital lending to MSME with loan approval time reduced to one day.

India has retained its position as the third largest startup base in the world with over 4,750 technology start-ups. As per note by NITI ayog, the country's growth, has decisively increased over the last five years and is much higher than the average growth among the emerging and developing economies. "The uptick in economic growth has come from various economic reforms undertaken by the government such as improvement in ease of doing business, opening up to foreign direct investments, the push for infrastructure development and a stable and decisive policy environment," it added.

International Institutions like the IMF and World Bank are bullish on the Indian economy as it is likely to become the 5th largest economy very soon. Even though the IMF has projected 2019-20 as delicate year for global economy it has projected India to grow at 7.3% in FY19 and 7.5% in FY20, while the World Bank expects growth to touch 7.5% in FY19 and FY20. It has added that this will happen due to increase in consumption and investment. World Bank has said that the reason for acceleration in India's growth from 6.7% in pervious year to 7.3% in FY 2018-19 was increased recovery in economic activity with strong domestic demand. While investment continued to strengthen amid the GST harmonisation and a rebound of credit growth, consumption remained the major contributor to growth.

There is an optimism in the investment space of Indian economy. World Bank has improved India's rank in Ease of Doing Business to 77 in 2018 from 142 in 2014. This has helped in portraying the turnaround in the investment sentiments towards India. Post the outcome of general elections have resulted in the stable government for the country. This would also play an important role in continuing the growth journey.



## Opportunity Landscape

Lendingkart Finance Limited provides working capital finance to Micro and Small enterprises. The MSME segment offers a huge untapped opportunity owing to the significant funding gap. There are more than 63 million MSMEs and as of 2018, most of the credit demand for \$600 billion is being met through informal sources. Majority of these businesses lack access to formal credit sources and thus rely on informal credit sources. It poses a huge growth potential.

Use of data analytics and alternate data for credit evaluation will be important to make quick decisions on lending to self-employed and those working in the informal sector.

Digital MSME lending is projected to increase between 10 and 15 times by 2023, scaling up to Rs 6-7 Lakh Crore (\$80-100 billion) in annual disbursements. Digitization and formalization of MSME lending will help propel India into a higher growth trajectory. Easier and cheaper credit through digital lending has the potential to increase formalization up to 85% of MSMEs by 2023.

As more and more MSMEs are getting connected digitally, majority of them are ready to share the data. It will generate more data for digital lenders to make appropriate underwriting decisions. Along with extensive usage for underwriting, Data analytics should also help formulating policies like Enabling access to alternate data and incentive to increase geographical credit expansion and inclusion would help the industry grow.

## 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 28,936 loans to MSMEs in FY19 (13,391 in FY18) amounting to Rs 1680.05 Crores (Rs 800.84 Crores in FY18), and out of loans of Rs 1680.05 Crores, 24% loans were disbursed to the existing customers of the Company. Though company has offices at only three locations, it has disbursed loans in more than 1300 cities and towns in India. The company has cumulatively touched and improved lives of more than 43,000 small businessmen and have touched gross disbursement of Rs 2,955 Crores to these customers.

Company's Assets Under Management (AUM) grew by 191.6% in FY19 on year on year basis to Rs 1369.2 Crores in FY19 from Rs 469.5 Crores in FY18. AUM is well diversified



between industries with largest industry contributing to 15% of the Outstanding and top 5 from the total of 25 industries contributes to 45% of the Outstanding.

Gross income in FY19 increased by 172.37% to Rs 245.8 Crores from Rs 90.2 Crores in FY18. Profit margins improved from -25.6% in FY18 to 13.98% in FY19.

Asset quality has improved a lot during the FY19. Gross Non Performing Assets at the end of FY19 reduced to 1.05% (Rs 13.9 Crores) down from 2.11% (Rs 9.29 Crores) at the end of FY18. While Net Non Performing Assets at the end of FY19 reduced to 0.53% (Rs 6.59 Crores) down from 1.07% (Rs 4.64 Crores) at the end of FY18.

## **Human Capital**

Lendingkart has made intensive efforts and continues to focus on capability building, considering the goals & vision for the future. As on 31<sup>st</sup> March, 2019, The Company had over 350 employees. The processes, policies & guidelines have been framed to equip teams to handle present & future challenges while staying up to date with the functional & industrial domain knowledge. Lendingkart has collaborated with best learning academics and formulated Power Up program to strengthen employee's learning mindset. The talent pipeline has been developed to meet the present and future business needs, especially for critical positions. Innovation forums, debates are leveraged successfully to crowdsource ideas from internal community.

HR has been continuously enhancing employee experience during their life cycle through personalized coordination, awareness & technology. Internal employee portal, automated HR processes provides employees with an enhanced experience. Lendingkart has invited with various external professionals & best known names in industry to connect with our employees during various meet up sessions, where internal & external communities together participate. For the well-being and activeness of body & mind, wellness to happiness program was launched to help employees focus on their health in midst of their occupied schedules. Also, various sports such as cricket, badminton are regularly conducted to maintain the team work & competitive spirit among them. Various events, festivals, celebrations are organized for all the teams to get together and celebrate their efforts, contribution and being part of Lendingkart.

Lendingkart Performance Management Program helps in fostering high performance and building capability, to help them perform next level. Promotion process lets the best performers to shine through and helps to keep a young workforce engaged and motivated for more opportunities. Leadership Development Program aims at identifying the competencies and strengthening the leaders to drive their team and utilize their potential to the fullest.



## **Internal Control Systems**

Lendingkart has in place an adequate internal control system commensurate with the size of its operations. The Internal control system comprising of policies and procedures is designed to ensure sound management of the Company's operations, safekeeping of its assets, optimal utilization of resources, reliability of its financial information and compliance. Clearly defined roles and responsibilities have been institutionalized. Systems and procedures are periodically reviewed to keep pace with the growing size and complexity of the Company's operations. During the financial year under review, no material or serious 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 the key areas of risks facing the organization such as credit, operational and IT security risks.

### **Credit Risk**

Lendingkart has devised guidelines and established detailed procedures and policies to undertake credit assessment and underwriting of the applicants. Process automations covering business & eligibility frameworks through rule engines with minimal human intervention ensures a consistent, transparent and efficient underwriting mechanism. The guidelines cover various parameters including Background Verification, Management Profile, Business Profile, Financial Performance and discipline with detailed emphasis on cash flows of the borrowers thereby ensuring each application goes through a rigorous assessment and approval process. The assessment also encompasses other credit evaluation tools, including inputs from credit bureau information reports, other third parties as required. These policies 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 put in place a process to identify / mitigate various risks across all entities and document standard operating procedures. These are periodically reviewed to ensure that the key risks and controls across the Company are well identified. Operational processes have been streamlined with critical processes being centralized to ensure consistency, control and oversight.



## **IT Security Risk**

Cyber security is integrated in the IT security policies and procedures to mitigate the risk. The IT Infrastructure has multiple layer of security within depth defense by design. The Company has perimeter security devices like firewalls, intrusion prevention system to detect and stop the threats stemming from internet. The Company proactively monitors the critical applications and systems for any suspicious activity and anomaly. 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 treasury team of the company in consultation with the management. The 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.

## **Information Technology Infrastructure**

Information Technology is pivotal to Lendingkart Finance Limited as we source most of our customer leads through online digital medium and use automation for most of the back-office lending processes. Use of Information Technology helps us manage growing scale effectively and ensure superior customer service and experience.

Lendingkart Finance Limited has licensed systems from Lendingkart Technologies Pvt. Ltd. for most of the 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 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.



We continue to invest in and leverage new technology platforms to efficiently grow our business. By using systems to automate processes and decisioning, we seek to offer better and unified customer experience, reduce turnaround time, minimize operational risk and minimize scope for human error. We have embraced mobile and web digital platforms for customer acquisition and servicing. We have adopted cloud-based solutions leveraging open source technologies to deliver long term business value and to provide agility, scalability and cost effectiveness. We have launched several key strategic programs to strengthen our technology stack to deliver efficient value and customer experience which includes Mobile application, Loan Origination System, Automated Credit Evaluation System, Loan Delivery System, and Accounts & Collections System.

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



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



**Date: 26<sup>th</sup> August, 2019**

**Place: Mumbai**



## Annexure-B

### FORM NO. AOC.2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014).

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under fourth proviso thereto.

#### 1. Details of contracts or arrangements or transactions not at arm's length basis

There were no contracts or arrangements or transactions entered into during the year ended March 31, 2019, which were not at arm's length basis.

#### 2. Details of material contracts or arrangement or transactions at arm's length basis

The Company had granted loan of INR 23 Crore to Lendingkart Technologies Private Limited during the year ended March 31, 2019. The details of the said transaction are as follows:

(a)	Name(s) of the related party and nature of relationship:	Lendingkart Technologies Private Limited, 100% holding company of the Company ("LTPL").											
(b)	Nature of contracts / arrangements / transactions	Loan Agreement dated 11 <sup>th</sup> June, 2018.											
(c)	Duration of the contracts / arrangements / transactions	Tenor – 12 months.											
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	<table><tr><td>Nature of Loan</td><td>Working Capital Finance</td></tr><tr><td>Sanction Amount of Loan</td><td>Rs. 35 Crore</td></tr><tr><td>Rate of Interest</td><td>2% per month</td></tr><tr><td>Security</td><td>Unsecured</td></tr><tr><td>Repayment details</td><td>Bullet repayment of principal and interest on maturity</td></tr></table> <p>LTPL had availed loan facility for INR 23 Crore and repaid the said loan amount</p>		Nature of Loan	Working Capital Finance	Sanction Amount of Loan	Rs. 35 Crore	Rate of Interest	2% per month	Security	Unsecured	Repayment details	Bullet repayment of principal and interest on maturity
Nature of Loan	Working Capital Finance												
Sanction Amount of Loan	Rs. 35 Crore												
Rate of Interest	2% per month												
Security	Unsecured												
Repayment details	Bullet repayment of principal and interest on maturity												



		along with interest on 7 <sup>th</sup> September, 2019.
(e)	<b>Date of approval by the Board / Shareholders</b>	Due to the absence of the quorum at the Board meeting, the approval of the shareholders of the Company was obtained at the extraordinary general meeting held on 31 <sup>st</sup> May, 2018.
(f)	<b>Amount paid in advance, if any:</b>	Not applicable

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



Harshvardhan Lunia  
Chairman & Managing Director  
DIN: 01189114



Date: 26<sup>th</sup> August, 2019

Place: Mumbai



**Annexure – C**

**Form No. MGT-9**

**EXTRACT OF ANNUAL RETURN**

(as on the financial year ended on March 31, 2019)

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS**

i.	CIN	U65910MH1996PLC258722
ii.	Registration Date	December 26, 1996
iii.	Name of the Company	Lendingkart Finance Limited (Formerly Aadri Infin Limited)
iv.	Category / Sub-Category of the Company	Company Limited by Shares Non-government Company
v.	Address of the Registered office and contact details	A-303/304, Citi Point, Andheri-Kurla Road, Andheri (East) Mumbai – 400059, Maharashtra. Phone: 022-6697 8727
vi.	Whether listed company	No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any.	Registrar & Transfer Agent for Debenture Holders: Karvy Computershare Pvt. Ltd. Karvy Selenium, Tower B, Plot No. 31-32, Gachibowli Financial District, Hyderabad- 500 032.



## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Non-banking financial services- Lending working capital loan to micro, small and medium enterprises	64990	100%

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No	Name and address of the company	CIN/GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable Section
1	Lendingkart Technologies Private Limited Add: 14th Floor, D Block, The First, The First Avenue Road, Behind Keshavbaugh Party Plot, Vastrapur Ahmedabad-380015, Gujarat, India.	U72900GJ2014PTC081539	Holding	100%	2(46)

**IV. SHAREHOLDING PATTERN AS ON MARCH 31, 2019**  
(Equity Share Capital Breakup as percentage of Total Equity)

*i) Category-wise Share Holding*

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>1) Indian</b>									
a) Individual/ HUF	NIL	NIL	NIL	0	NIL	NIL	NIL	0	0
b) Central Govt.	NIL	NIL	NIL	0	NIL	NIL	NIL	0	0
c) State Govt(s)	NIL	NIL	NIL	0	NIL	NIL	NIL	0	0
d) Bodies Corp	NIL	2,93,91,259	2,93,91,259	100	NIL	3,89,85,920	3,89,85,920	100	32.64
e) Banks / FI	NIL	NIL	NIL	0	NIL	NIL	NIL	0	0
f) Any Other	NIL	NIL	NIL	0	NIL	NIL	NIL	0	0
<b>Sub-total(A)(1):-</b>	NIL	2,93,91,259	2,93,91,259	100	NIL	3,89,85,920	3,89,85,920	100	32.64
<b>2) Foreign</b>									
a) NRIs- Individuals	NIL	NIL	NIL	0	NIL	NIL	NIL	0	0
b) Other- Individuals	NIL	NIL	NIL	0	NIL	NIL	NIL	0	0
c) Bodies Corp.	NIL	NIL	NIL	0	NIL	NIL	NIL	0	0
d) Banks / FI	NIL	NIL	NIL	0	NIL	NIL	NIL	0	0



Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
e) Any Other....	NIL	NIL	NIL	0	NIL	NIL	NIL	0	0
Sub-total (A)(2):-	NIL	NIL	NIL	0	NIL	NIL	NIL	0	0
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	NIL	2,93,91,259	2,93,91,259	100	NIL	3,89,85,920	3,89,85,920	100	32.64
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	NIL	NIL	NIL	0	NIL	NIL	NIL	0	0
b) Banks / FI	NIL	NIL	NIL	0	NIL	NIL	NIL	0	0
c) Central Govt	NIL	NIL	NIL	0	NIL	NIL	NIL	0	0
d) State Govt(s)	NIL	NIL	NIL	0	NIL	NIL	NIL	0	0
e) Venture Capital Funds	NIL	NIL	NIL	0	NIL	NIL	NIL		0
f) Insurance Companies	NIL	NIL	NIL	0	NIL	NIL	NIL	0	0
g) FIIs	NIL	NIL	NIL	0	NIL	NIL	NIL	0	0
h) Foreign	NIL	NIL	NIL	0	NIL	NIL	NIL	0	0

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Venture Capital Funds									
i) Others (specify)	NIL	NIL	NIL	0	NIL	NIL	NIL	0	0
Sub-total (B)(1):-	NIL	NIL	NIL	0	NIL	NIL	NIL	0	0
<b>2. Non Institutions</b>									
<b>a) Bodies Corp.</b>									
(i) Indian	NIL	NIL	NIL	0	NIL	NIL	NIL	0	0
(ii) Overseas	NIL	NIL	NIL	0	NIL	NIL	NIL	0	0
<b>b) Individuals</b>									
(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	NIL	NIL	NIL	0	NIL	NIL	NIL	0	0
(ii) Individual shareholders holding	NIL	NIL	NIL	0	NIL	NIL	NIL	0	0



Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
nominal share capital in excess of Rs 1 lakh									
c) Others(Specific)	NIL	NIL	NIL	0	NIL	NIL	NIL	0	0
Sub-total (B)(2)	NIL	NIL	NIL	0	NIL	NIL	NIL	0	0
Total Public Shareholding (B)=(B)(1)+(B)(2)	NIL	NIL	NIL	0	NIL	NIL	NIL	0	0
C. Shares held by Custodian for GDRs & ADRs	NIL	NIL	NIL	0	NIL	NIL	NIL	0	0
Grand Total (A+B+C)	NIL	2,93,91,259	2,93,91,259	100	NIL	3,89,85,920	3,89,85,920	100	32.64

*ii. Shareholding of Promoters*

Sr. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	Lendingkart Technologies Private Limited	2,93,91,259	100	0	3,89,85,920	100	0	32.64
	<b>Total</b>	<b>2,93,91,259</b>	<b>100</b>	<b>0</b>	<b>3,89,85,920</b>	<b>100</b>	<b>0</b>	<b>32.64</b>



iii. *Change in Promoters' Shareholding*

Sr. no		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Lendingkart Technologies Private Limited				
	At the beginning of the year	2,93,91,259	100.00		
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	24/09/2018: Allotment of shares to Lendingkart Technologies Private Limited (Conversion of Loan into Equity)	14,76,101	5.02	3,08,67,360	100.00
	24/09/2018: Allotment of shares to Lendingkart Technologies Private Limited (Right Issue)	81,18,560	26.30	3,89,85,920	100.00
	At the End of the year	-	-	3,89,85,920	100.00

iv. *Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and holders of GDRs and ADRs):*  
*Not Applicable*

v. *Shareholding of Directors and Key Managerial Personnel:*

None of the Directors and Key Managerial Personnel hold any share of the Company as a beneficial owner.

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	3,67,16,73,797	10,50,00,000	-	3,77,66,73,797
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	2,51,18,817	11,78,014	-	2,62,96,831
<b>Total (i+ii+iii)</b>	<b>3,69,67,92,614</b>	<b>10,61,78,014</b>	<b>-</b>	<b>3,80,29,70,628</b>
Change in Indebtedness during the financial year				
- Addition	9,59,50,00,000	1,28,00,00,000	-	10,87,50,00,000
- Reduction	4,12,48,68,358	70,50,00,000	-	4,82,98,68,358
<b>Net Change</b>	<b>5,47,01,31,642</b>	<b>57,50,00,000</b>	<b>-</b>	<b>6,04,51,31,642</b>
Indebtedness at the end of the financial year				
Principal Amount	9,14,18,05,439	68,00,00,000	-	9,82,18,05,439



Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Less: Unmatured discounting charges	-	76,99,638	-	76,99,638
i) Net Principal Amount	9,14,18,05,439	67,23,00,362	-	9,81,41,05,801
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	9,21,34,532	30,44,795	-	9,51,79,327
<b>Total (i+ii+iii)</b>	<b>9,23,39,39,971</b>	<b>67,53,45,157</b>	<b>-</b>	<b>9,90,92,85,128</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Not Applicable\*

\*The remuneration to Mr. Mukul Sachan, Director & CEO, was paid by Lendingkart Technologies Private Limited, holding company of the Company.

### B. Remuneration to other directors:

(Amount in INR)

Sl. No.	Particulars of Remuneration	Name of Directors		Total Amount
		Mr. Gaurav Mittal	Ms. Divya Himanshu Jain	
1.	Independent Directors - Fee for attending board / committee meetings - Commission - Others, please specify	87,500/-	81,250/-	1,68,750 /-

	<b>Total (1)</b>			
2.	Other Non-Executive Directors - Fee for attending board / committee meetings - Commission - Others, please specify			
3.	<b>Total (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>
4.	<b>Total (1)+(2)</b>	87,500/-	81,250/-	1,68,750/-
5.	<b>Overall Ceiling as per the Act</b>			<b>3,78,08,819.18/-</b>

**C. Remuneration to key managerial personnel other than MD /Manager /WTD**

Sl. No.	Particulars of Remuneration	Key Managerial Personal		
		Piyush Kabra (CFO)	Umesh Navani (Company Secretary)	Total
1.	Gross salary (INR)			
	(a) Salary as per provisions contained in 17(1) of the Income-tax Act, 1961	62,00,000/-	6,97,000/-	68,97,000/-
	(b) Value of perquisites u/s 17(2) Income tax Act, 1961	-	-	-
	(b) Profits in lieu of salary u/s 17(3) Income-tax Act, 1961z	-	-	-
2.	Stock Option (Nos. Of Options granted till date)	102	14	-

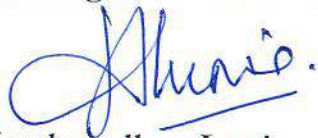


Sl. No.	Particulars of Remuneration	Key Managerial Personal		
		Piyush Kabra (CFO)	Umesh Navani (Company Secretary)	Total
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit - others, specify...	-	-	-
5.	Others, please specify Variable Pay (Performance Bonus)	16,10,560/-	1,45,000/-	17,55,560/-
6.	Total	78,10,560/-	8,42,000/-	86,52,560/-

#### VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There was no penalty, punishment or compounding of offence during the financial year ended March 31, 2019.

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



Harshvardhan Lunia  
Chairman & Managing Director  
DIN: 01189114



Date: 26<sup>th</sup> August, 2019  
Place: Mumbai

**INDEPENDENT AUDITOR'S REPORT**

To the Members of Lendingkart Finance Limited

**Report on the Audit of the Financial Statements****Opinion**

We have audited the accompanying financial statements of Lendingkart Finance Limited ("the Company"), which comprise the Balance Sheet as at March 31 2019, the Statement of Profit and Loss, the Cash Flow Statement and 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, 2019, its profit its cash flows and 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.

**Other Information**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board 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.

**Responsibility 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 and financial performance including cash flows of the Company in accordance with the accounting principles generally accepted in India, including the "Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014. 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 system 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.





**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 and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid financial statements comply with the Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014;
  - (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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 over financial reporting of the Company 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, 2019 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



Place of Signature: Mumbai

Date: June 20, 2019



**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) (a) The Company has granted loan to company covered in the register maintained under section 189 of the Companies Act, 2013. In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loans are not prejudicial to the company's interest.
- (b) The Company has granted loan to company covered in the register maintained under section 189 of the Companies Act, 2013. The schedule of repayment of principal and payment of interest has been stipulated for the loans granted and the repayment/ receipts are regular.
- (c) There are no amounts of loans granted to companies, firms or other parties listed in the register maintained under section 189 of Companies Act, 2013 which are overdue for more than ninety days.
- (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) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities.

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.
- As informed, the provisions of repayment of loans or borrowing to government are currently not applicable to the Company.
- (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 cost sharing arrangement with the holding Company. Accordingly, no specific reporting under clause 3(xi) has been made.
- (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

Place of Signature: Mumbai

Date: June 20, 2019





**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, 2019 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, 2019, 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



Place of Signature: Mumbai

Date: June 20, 2019



**Lendingkart Finance Limited**  
**Balance Sheet as at 31 March 2019**

(Amount in Rupees unless otherwise stated)

Particulars	Notes	As at 31-Mar-19	As at 31-Mar-18
<b>I. EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
(a) Share capital	3	38,98,59,200	29,39,12,590
(b) Reserves and surplus	4	4,61,46,13,681	1,11,68,44,232
		<b>5,00,44,72,881</b>	<b>1,41,07,56,822</b>
<b>Non current liabilities</b>			
(a) Long term borrowings	5	4,35,87,13,739	1,25,29,70,987
(b) Long term provisions	6	13,68,66,849	7,04,94,273
		<b>4,49,55,80,588</b>	<b>1,32,34,65,260</b>
<b>Current liabilities</b>			
(a) Short term borrowings	7	2,14,81,33,695	1,27,21,93,732
(b) Current maturity of long term borrowings	5	3,30,72,58,367	1,25,15,09,078
(c) Short term provisions	6	2,97,45,278	1,46,96,967
(d) Other current liabilities	8	46,75,69,397	21,03,06,307
		<b>5,95,27,06,737</b>	<b>2,74,87,06,083</b>
<b>Total Equity and Liabilities</b>		<b>15,45,27,60,206</b>	<b>5,48,29,28,166</b>
<b>II. ASSETS</b>			
<b>Non current assets</b>			
(a) Fixed assets			
(i) Property plant and equipment	9	2,26,15,024	1,30,38,509
(ii) Intangible assets	10	60,35,031	26,03,125
(iii) Intangible assets under development	10	14,76,046	-
(b) Deferred tax assets	11	4,37,67,436	-
(c) Long term loans and advances towards financing activities	12	6,51,71,03,383	1,34,75,04,141
(d) Other long term loans and advances	12	16,23,34,941	3,95,01,782
(e) Other non-current assets	14	17,04,25,226	20,00,00,000
		<b>6,92,37,57,087</b>	<b>1,60,26,47,557</b>
<b>Current assets</b>			
(a) Cash and bank balances	13	2,20,60,09,070	72,38,86,525
(b) Short term loans and advances towards financing activities	12	6,04,44,06,680	3,04,99,71,359
(c) Other short term loans and advances	12	10,23,08,456	3,13,46,823
(d) Other current assets	14	17,62,78,913	7,50,75,902
		<b>8,52,90,03,119</b>	<b>3,88,02,80,609</b>
<b>Total Assets</b>		<b>15,45,27,60,206</b>	<b>5,48,29,28,166</b>

**Summary of significant accounting policies**

2.1

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



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



Harshvardhan Lunia  
Chairman  
DIN No. 01189114



Umesh Navani  
Company Secretary  
Membership No. A40899



Piyush Kalia  
Chief Financial Officer

Place : Mumbai  
Date : 20 June 2019

Place : Mumbai  
Date : 20 June 2019



**Lendingkart Finance Limited**  
**Statement of Profit and Loss for the year ended 31 March 2019**

(Amount in Rupees unless otherwise stated)

Particulars	Notes	For the year ended 31-Mar-19	For the year ended 31-Mar-18
I. Revenue from operations	15	2,36,02,32,886	86,53,53,545
II. Other income	16	9,77,44,467	3,70,63,526
<b>III. Total revenue (I + II)</b>		<b>2,45,79,77,353</b>	<b>90,24,17,071</b>
<b>IV. Expenses</b>			
Employee benefit expense	17	30,78,32,217	21,85,81,977
Finance costs	18	82,69,98,194	33,04,23,209
Depreciation expenses	9 & 10	1,25,70,297	90,93,694
Other expenses	19	64,87,95,035	31,35,30,038
Provisions and write offs	20	33,34,80,594	26,17,84,688
<b>Total expenses</b>		<b>2,12,96,76,337</b>	<b>1,13,34,13,606</b>
<b>V. Profit/(loss) for the year before tax (III - IV)</b>		<b>32,83,01,016</b>	<b>(23,09,96,535)</b>
<b>Tax expenses:</b>			
Current tax		8,20,93,490	-
MAT credit entitlement		(5,37,41,576)	-
Deferred tax	11	(4,37,67,436)	-
<b>VI. Total tax expenses</b>		<b>(1,54,15,522)</b>	<b>-</b>
<b>VII. Profit/(loss) for the year after tax (V - VI)</b>		<b>34,37,16,538</b>	<b>(23,09,96,535)</b>
<b>VIII. Earning per equity share:</b>			
Basic (Computed on the basis of total Profit/ (loss) for the year)	21	10.00	(8.33)
Diluted (Computed on the basis of total Profit/ (loss) for the year)	21	10.00	(8.33)

Summary of significant accounting policies

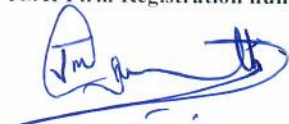
2.1

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



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



Harshvardhan Lunia  
Chairman  
DIN No. 01189114



Umesh Navani  
Company Secretary  
Membership No. A40899



Piyush Kabra  
Chief Financial officer

Place : Mumbai

Date : 20 June 2019

Place : Mumbai

Date : 20 June 2019





**Lendingkart Finance Limited**
**Cash Flow Statement for the year ended 31 March 2019**
*(Amount in Rupees unless otherwise stated)*

Particulars	31-Mar-19	31-Mar-18
<b>Cash flow from operating activities</b>		
Profit/(loss) before tax	32,83,01,016	(23,09,96,535)
<b>Adjustments to reconcile profit before tax to net cash flows:</b>		
Provision for gratuity	37,78,065	23,33,377
Provision for leave benefit	94,74,084	84,39,941
Provision in respect of standard and sub-standard assets	6,81,68,738	3,04,64,283
Bad debt written offs	26,53,11,867	23,13,20,405
Discount on Commercial Paper	2,64,21,482	-
Depreciation and amortization	1,25,70,297	90,93,694
Share issue expenses	41,61,625	11,67,751
Interest on bank deposits	(8,29,99,419)	(3,57,60,309)
Loss/(profit) on sale of property, plant and equipment	15,36,273	31,551
<b>Operating profit/(loss) before working capital changes</b>	<b>63,67,24,028</b>	<b>1,60,94,158</b>
<b>Movements in working capital :</b>		
Decrease / (increase) in short term loans and advances	(3,01,16,55,378)	(1,73,75,07,725)
Decrease / (increase) in long term loans and advances	(5,54,87,95,553)	(1,29,99,90,520)
Decrease / (increase) in other current assets	(10,12,03,010)	(4,13,55,886)
Increase / (decrease) in other current liabilities	25,72,63,090	15,40,92,265
<b>Net change in working capital</b>	<b>(8,40,43,90,851)</b>	<b>(2,92,47,61,866)</b>
<b>Cash generated from /(used in) operations</b>	<b>(7,76,76,66,822)</b>	<b>(2,90,86,67,708)</b>
Direct taxes paid (including TDS) net of refund	(9,10,42,205)	(87,35,386)
<b>Net cash flow from / (used in) operating activities (A)</b>	<b>(7,85,87,09,028)</b>	<b>(2,91,74,03,094)</b>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets, including capital work in progress and capital advances	(2,88,34,621)	(77,69,424)
Proceeds from sale of fixed assets	2,43,584	8,475
Decrease/(increase) in fixed deposits with original maturity of greater than three months	(16,70,43,825)	(34,88,86,473)
Interest on bank deposits	8,29,99,419	3,57,60,309
<b>Net cash flow from/ (used in) investing activities (B)</b>	<b>(11,26,35,443)</b>	<b>(32,08,87,113)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of equity share capital	8,11,85,600	2,59,74,020
Proceeds from share premium on issue of equity shares	2,66,88,14,229	37,40,25,888
Proceeds from inter-corporate loan*	50,00,00,000	20,00,00,000
Repayment of inter-corporate loan	(308)	-
Proceeds from long term borrowings	7,34,50,00,000	2,50,00,00,000
Repayment of long term borrowings	(2,18,35,07,961)	(73,19,86,137)
Proceeds of short term borrowings	3,04,58,78,880	1,65,50,00,000
Repayment of short term borrowings	(2,24,93,28,590)	(77,98,38,123)
Change in Cash Credit / Overdraft	5,29,68,191	36,06,84,589
Share issue expenses	(41,61,625)	(11,67,751)
<b>Net cash flow from/ (used in) in financing activities (C)</b>	<b>9,25,68,48,416</b>	<b>3,60,26,92,486</b>
<b>Net increase/(decrease) in cash and cash equivalents (A + B + C)</b>	<b>1,28,55,03,945</b>	<b>36,44,02,279</b>
Cash and cash equivalents at the beginning of the year	36,90,72,914	46,70,635
<b>Cash and cash equivalents at the end of the year (refer note 13)</b>	<b>1,65,45,76,859</b>	<b>36,90,72,914</b>




Components of cash and cash equivalents		
(a) Cash on Hand	28,257	12,614
(b) Balance with Banks		
(i) In Current account	30,58,92,647	6,90,60,300
(ii) In deposit accounts with original maturity of less than 3 months.	1,34,86,55,955	30,00,00,000
<b>Total cash and cash equivalents (refer note 13)</b>	<b>1,65,45,76,859</b>	<b>36,90,72,914</b>

\*During the financial year ended 31 March 2019, Inter-corporate loan from the Holding Company was converted into 14,76,101 number of equity shares of Rs. 10 each fully paid-up at a premium of Rs. 328.73 each, aggregating to Rs. 49,99,99,692. These items being non cash in nature, are not reflected in the above cash flow statement.

#### Summary of significant accounting policies

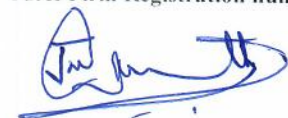
2.1

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

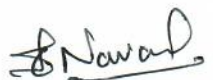
Membership No. 037924



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



Harshvardhan Lunia  
Chairman  
DIN No. 01189114



Umesh Navani  
Company Secretary  
Membership No. A40899



Piyush Kabra  
Chief Financial officer

Place : Mumbai

Date : 20 June 2019

Place : Mumbai

Date : 20 June 2019

#### Note:

The above cash flow statement has been prepared under the indirect method as prescribed in Accounting Standard 3 on Cash Flow Statements.





## Lendingkart Finance Limited

Notes forming part of financial statements for the year ended 31 March 2019

(Amount in Rupees unless otherwise stated)

### 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.

As at 31 March 2019, 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 of the Company have been prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the Accounting Standards notified under section 133 of the Companies Act 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and the provisions of the Reserve Bank of India ('RBI') as applicable to a non-banking financial company. The financial statements have been prepared under historical cost convention on an accrual basis except for interest on loans, which have been classified as non-performing assets are accounted on realisation basis.

The notified Accounting Standards (AS) are followed by the Company in so far as they are not inconsistent with the NBFC Regulation.

The accounting policies adopted in preparation of financial statements are consistent with those used in the previous year.

#### 2.1 Summary of significant accounting policies

##### (a) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

##### (b) 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.

##### i. Interest income on loans given

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the interest rate applicable. Income including interest or any other charges on non-performing asset is recognized only when realized. Any such income recognized before the asset became non-performing and remaining unrealized is reversed.

##### ii. Income from assignments / securitisation of loans

Profit/premium arising at the time of securitisation/assignment of loan portfolio is amortised over the life of the underlying loan portfolio/securities and any loss arising therefrom is accounted for immediately. Income from interest strip (excess income spread) is recognised in the statement of profit and loss net of any losses when redeemed in cash. Interest retained under assignment of loan receivables is recognised on realisation basis over the life of the underlying loan portfolio. Interest on retained portion of assigned portfolio is recognised on accrual basis except in case of non-performing assets wherein interest income is recognised on realisation basis as per NBFC prudential norms. Service fee received is accounted for based on the underlying deal structure of transaction as per the agreement.



A handwritten signature in black ink, appearing to be "AK".





**Lendingkart Finance Limited**

Notes forming part of financial statements for the year ended 31 March 2019

(Amount in Rupees unless otherwise stated)

**iii. Income from deposits**

Interest income on deposits with banks is recognised on a time proportion accrual basis taking into account the amount outstanding and the rate applicable.

**iv. Fee income**

Loan origination income i.e. processing fees and other charges collected upfront, are recognised at the inception of the loan.

**v. Other operating income**

Additional charges such as penal interest, rescheduling charges are recognised on realisation basis.

**(c) Borrowing costs**

All borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that the Company incurs in connection with the arrangement of borrowings.

**(d) Property, plant and equipment**

Property, plant and equipments are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use.

Gains or losses arising from sale of fixed assets are measured as difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss.

**(e) Depreciation on property, plant and equipment**

- i. 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.
- ii. Leasehold improvements are amortised over the primary lease period.
- iii. Residual value has been taken at 5% of the cost.

**(f) Intangible assets**

Intangible assets are stated at cost, less accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised on the straight line basis over the estimated useful economic life. Computer software is amortised on a straight line basis over a period of three years.

**(g) Impairment of property, plant, equipment and intangible 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 net selling price and its value in use. The 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. Where 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 net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

**(h) Commercial papers**

Commercial paper is recognised at redemption value net of unamortized finance charges. The difference between redemption value and issue value is amortised on a time basis and is disclosed separately under finance charges.



A handwritten signature in black ink, appearing to be 'SK'.





**Lendingkart Finance Limited**

Notes forming part of financial statements for the year ended 31 March 2019

*(Amount in Rupees unless otherwise stated)***(i) Securitisation & Assignment Transactions****Securitisation**

- i. Securitised portfolio loans are de-recognised in the balance sheet when they are securitised i.e. if they fully meet the true sale criteria.
- ii. Gains arising on securitisation of portfolio loans are recognised over the tenure of securities issued by special purpose vehicle trust (SPV) and any loss arising there-from is accounted upfront.
- iii. The excess interest spread on securitisation transactions are recognised in statement of Profit & Loss account only when it is redeemed in cash by the SPV.

**Assignment**

- i. Portfolio loans under assignment are de-recognised in the balance sheet when they are assigned subject to the Minimum Retention Criteria (MRC) as per RBI guidelines. MRC portion of assigned loan are shown under Loans & Advance.
- ii. Gains arising at the time of assignment transactions are amortised over the life of underlying portfolio loans.
- iii. Interest on retained portion of assignment portfolio is recognised on accrual basis except in case of Non Performing Assets where interest income is recognised on receipt basis as per NBFC prudential norms.
- iv. Service fees are accounted for based on the underlying deal structure of transaction.

**(j) Classification and provisioning of loan portfolio**

- i. Loans are classified as standard and non-performing assets in accordance with Company's policy. A loan is classified as non-performing assets, where interest/instalment is overdue for a period of 90 days and above, from the day it becomes due which is in compliance with the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, as amended from time to time.
- ii. Provision/Write off in respect of non-performing assets are made based on management's assessment of the degree of impairment of the loans and advances subject to the minimum provision required as per Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, as amended from time to time.

**(k) Leases (Where the Company is lessee)**

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

**(l) Foreign currency transaction**

- i. All transactions in foreign currency are recognised at the exchange rate prevailing on the date of the transaction.
- ii. Foreign currency monetary items are reported using the exchange rate prevailing at the close of the financial year.
- iii. Exchange differences arising on the settlement of monetary items or on the restatement of Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

**(m) Retirement and other employee benefits**

- i. 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 recognizes contribution payable to the provident fund scheme as expenditure, when an employee renders the related service.



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**Lendingkart Finance Limited**

Notes forming part of financial statements for the year ended 31 March 2019

*(Amount in Rupees unless otherwise stated)*

- ii. Gratuity liability is a defined benefit plan and the costs of providing benefit under this plan is determined on the basis of actuarial valuation at each year-end using the projected unit credit method. Actuarial gains and losses are recognized in full in the period in which they occur in the statement of profit and loss.
- iii. 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.
- iv. 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.

**(n) Income tax**

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit and loss.

Deferred tax assets are recognised for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

**(o) Provisions**

A provision is recognized when the Company has a present obligation as a result of past event, 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. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.





## Lendingkart Finance Limited

Notes forming part of financial statements for the year ended 31 March 2019

(Amount in Rupees unless otherwise stated)

### (p) Contingent liabilities

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 recognized 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 recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

### (q) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

### (r) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

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.



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**Lendingkart Finance Limited**

Notes to financial statements for the year ended 31 March 2019

(Amount in Rupees unless otherwise stated)

**3 SHARE CAPITAL**

Particulars	As at 31-Mar-19	As at 31-Mar-18
<b>Authorized Shares</b>		
3,93,45,000 (31 March 2018 : 2,97,50,000) Equity shares of Rs 10/- each	39,34,50,000	29,75,00,000
	<b>39,34,50,000</b>	<b>29,75,00,000</b>
<b>Issued, subscribed and fully paid-up shares</b>		
3,89,85,920 (31 March 2018 : 2,93,91,259) Equity shares of Rs 10/- each fully paid up	38,98,59,200	29,39,12,590
	<b>38,98,59,200</b>	<b>29,39,12,590</b>

**(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year**

Particulars	As at 31-Mar-19		As at 31-Mar-18	
	No. of shares	Amount	No. of shares	Amount
At the beginning of the year	2,93,91,259	29,39,12,590	2,54,95,156	25,49,51,560
Issued during the year	95,94,661	9,59,46,610	38,96,103	3,89,61,030
Shares at the end of the year	3,89,85,920	38,98,59,200	2,93,91,259	29,39,12,590

**(b) 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.

**(c) 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, are as below:

Shareholders Name	As at 31-Mar-19		As at 31-Mar-18	
	No. of shares held	% of share holding	No. of shares held	% of share holding
Lendingkart Technologies Private Limited	3,89,85,920	100%	2,93,91,259	100%

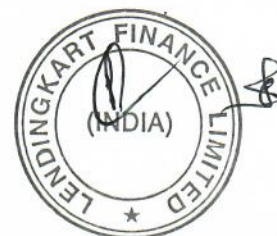
**(d) Details of each Shareholder holding more than 5% shares and the number of share held**

Shareholders Name	As at 31-Mar-19		As at 31-Mar-18	
	No. of shares held	% of share holding	No. of shares held	% of share holding
Lendingkart Technologies Private Limited	3,89,85,920	100%	2,93,91,259	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.

**4 RESERVES AND SURPLUS**

Particulars	As at 31-Mar-19	As at 31-Mar-18
<b>(a) Securities Premium</b>		
Balance as per last financial statements	1,52,59,28,067	96,48,89,235
Add : Additions on fresh issue of equity shares	3,15,40,52,911	56,10,38,832
Closing Balance	<b>4,67,99,80,978</b>	<b>1,52,59,28,067</b>
<b>(b) Statutory Reserve (under section 45 IC of The Reserve bank of India Act,1934)</b>		
Balance as per last financial Statements	65,079	65,079
Add : Amount transferred from surplus balance in the statement of profit and loss	6,87,43,308	-
Closing Balance	<b>6,88,08,387</b>	<b>65,079</b>
<b>(c) Surplus/ (deficit) in the statement of profit and loss</b>		
Balance as per last financial Statements	(40,91,48,914)	(17,81,52,379)
Add: Net profit/(loss) for the period	34,37,16,538	(23,09,96,535)
Less : Transferred to Statutory Reserve [@ 20% of profit after tax as required by section 45-IC of Reserve Bank of India Act, 1934]	(6,87,43,308)	-
Net surplus/ (deficit) in the statement of profit and loss	<b>(13,41,75,684)</b>	<b>(40,91,48,914)</b>
Total reserve & surplus	<b>4,61,46,13,681</b>	<b>1,11,68,44,232</b>



**5 LONG TERM BORROWINGS**

Particulars	Non-current portion		Current maturities	
	As at 31-Mar-19	As at 31-Mar-18	As at 31-Mar-19	As at 31-Mar-18
<b>Debentures*</b>				
Nil (31 March 2018: 50) 12.51% redeemable debentures of Rs. 10,00,000 each (secured)	-	-	-	62,50,000
Nil (31 March 2018: 75) 12.26% redeemable debentures of Rs. 10,00,000 each (secured)	-	-	-	2,18,75,025
300 (31 March 2018: 300) 13.30% redeemable debentures of Rs. 10,00,000 each (secured)	30,00,00,000	30,00,00,000	-	-
1500 (31 March 2018: Nil) 12.60% redeemable debentures of Rs. 10,00,000 each (secured)	24,00,00,000	-	96,00,00,000	-
1500 (31 March 2018: Nil) 12.70% redeemable debentures of Rs. 10,00,000 each (secured)	69,69,69,696	-	55,75,75,757	-
2500 (31 March 2018: Nil) 12.77% redeemable debentures of Rs. 1,00,000 each (secured)	25,00,00,000	-	-	-
200 (31 March 2018: Nil) 13.75% redeemable debentures of Rs. 10,00,000 each (secured)	20,00,00,000	-	-	-
250 (31 March 2018: Nil) 13.00% redeemable debentures of Rs. 10,00,000 each (secured)	-	-	22,91,66,667	-
<b>Term loans</b>				
Indian rupee loan from banks (secured)**	1,28,79,69,395	1,57,90,960	23,75,44,373	2,42,09,040
Indian rupee loan from banks (unsecured)	25,00,00,007	-	-	-
Indian rupee loan from other than banks (secured)**	1,13,37,74,641	83,71,80,027	1,32,29,71,570	1,19,91,75,013
Indian rupee loan from other than banks (unsecured)	-	10,00,00,000	-	-
	<b>4,35,87,13,739</b>	<b>1,25,29,70,987</b>	<b>3,30,72,58,367</b>	<b>1,25,15,09,078</b>

\*The debenture are secured by:

- A charges by way of hypothecation of all book debts and receivables, present and future of the Company (To the extent of 1 to 1.10 times of outstanding amount of debentures).
- Corporate guarantee of the Holding Company of Rs. 343.37 crores.

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

- 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).
- Corporate guarantee of the Holding Company in case of 20 lenders amounting to Rs. 529.57 crores.
- Guarantee by third party (to the extent of 15% to 23% of initial value of term loans, capped at 35% due to amortization).
- First loss default guarantee (FLDG) in the form of fixed deposits of Rs. 23.36 crores in case of three lenders.
- First loss default guarantee (FLDG) in the form of security deposits of Rs. 1.25 crore in case of one lender.
- Overdraft availed from a bank secured by pledge of Rs. 22.45 crores fixed deposits.

**Terms of Repayment - Debentures as at 31 March 2019**

Original Maturity	1-4 years		Total
Repayment frequency	Monthly/Quarterly repayment		
Rate of interest	12%-13%	13%-14%	
<b>Due within 1 year</b>			
No. of instalments	55	-	
Amount	1,74,67,42,424	-	1,74,67,42,424
<b>Due 1 to 2 years</b>			
No. of instalments	29	-	
Amount	79,75,75,756	-	79,75,75,756
<b>Due 2 to 3 years</b>			
No. of instalments	7	2	
Amount	38,93,93,940	30,00,00,000	68,93,93,940
<b>Due 3 to 4 years</b>			
No. of instalments	-	1	
Amount	-	20,00,00,000	20,00,00,000
<b>Total</b>	<b>2,93,37,12,120</b>	<b>50,00,00,000</b>	<b>3,43,37,12,120</b>






**Lendingkart Finance Limited**

Notes to financial statements for the year ended 31 March 2019

(Amount in Rupees unless otherwise stated)

**Terms of Repayment - Debentures as at 31 March 2018**

Original Maturity				
Repayment frequency	1-2 years			Total
Rate of interest	Monthly repayment			
Due within 1 year	12.51%	12.26%	13.30%	
No. of instalments	3	7	-	
Amount	62,50,000	2,18,75,025	-	2,81,25,025
Due 3 to 4 years				
No. of instalments	-	-	2	
Amount	-	-	30,00,00,000	30,00,00,000
Total	62,50,000	2,18,75,025	30,00,00,000	32,81,25,025

**Terms of Repayment - Term Loans/ working capital demand loans/ commercial papers as at 31 March 2019**

Original Maturity	1-6 years				Total
Repayment frequency	Monthly/Quarterly repayment			Bullet repayment	
Rate of interest	10%-14%	14%-15%	15%-16%	10%-15%	
<b>Due within 1 year</b>					
No. of instalments	276	30	2	18	
Amount	1,82,92,70,838	24,45,76,298	1,25,02,140	1,18,00,00,000	3,26,63,49,276
<b>Due 1 to 2 years</b>					
No. of instalments	193	13	-	-	
Amount	95,61,74,093	30,41,66,667	-	-	1,26,03,40,760
<b>Due 2 to 3 years</b>					
No. of instalments	89	12	-	-	
Amount	42,43,25,314	30,00,00,000	-	-	72,43,25,314
<b>Due 3 to 4 years</b>					
No. of instalments	13	11	-	-	
Amount	13,08,27,976	27,50,00,000	-	-	40,58,27,976
<b>Due 4 to 5 years</b>					
No. of instalments	3	-	-	-	
Amount	3,12,49,993	-	-	-	3,12,49,993
<b>Above 5 years</b>					
No. of instalments	-	-	-	2	
Amount	-	-	-	25,00,00,000	25,00,00,000
<b>Total</b>	<b>3,37,18,48,214</b>	<b>1,12,37,42,965</b>	<b>1,25,02,140</b>	<b>1,43,00,00,000</b>	<b>5,93,80,93,319</b>

**Terms of Repayment - Term Loans/ working capital demand loans as at 31 March 2018**

Original Maturity	1-7 years			Within 1 year	Total
Repayment frequency	Monthly/Quarterly repayment			Bullet repayment	
Rate of interest	10%-14%	14%-15%	15%-16%	15.00%	
<b>Due within 1 year</b>					
No. of instalments	192	77	4	1	
Amount	1,64,57,33,379	43,13,27,976	89,84,629	1,25,00,000	2,09,85,45,984
<b>Due 1 to 2 years</b>					
No. of instalments	74	30	-	-	
Amount	38,07,34,382	22,92,43,105	-	-	60,99,77,487
<b>Due 2 to 3 years</b>					
No. of instalments	40	1	-	-	
Amount	22,49,37,949	41,66,667	-	-	22,91,04,616
<b>Due 3 to 4 years</b>					
No. of instalments	2	-	-	-	
Amount	1,38,88,884	-	-	-	1,38,88,884
<b>Due after 5 years</b>					
No. of instalments	-	1	-	-	
Amount	-	10,00,00,000	-	-	10,00,00,000
<b>Total</b>	<b>2,26,52,94,594</b>	<b>76,47,37,748</b>	<b>89,84,629</b>	<b>1,25,00,000</b>	<b>3,05,15,16,971</b>





**Lendingkart Finance Limited**

Notes to financial statements for the year ended 31 March 2019

(Amount in Rupees unless otherwise stated)

**6 PROVISIONS**

Particulars	Current		Non-current	
	As at 31-Mar-19	As at 31-Mar-18	As at 31-Mar-19	As at 31-Mar-18
<b>Provision for employee benefits</b>				
Provision for gratuity benefits	52,674	-	81,97,014	44,71,623
Provision for leave benefits	53,85,108	24,69,611	1,98,24,519	1,32,65,932
<b>Other provisions</b>				
Contingent provision against standard assets (including securitisation and assigned assets)	2,43,07,496	1,22,27,356	2,58,92,996	50,72,359
Provision for sub-standard assets (including securitisation and assigned assets)	-	-	7,06,70,736	4,76,84,359
Provision on securitised portfolio against doubtful assets	-	-	1,22,81,584	-
	<b>2,97,45,278</b>	<b>1,46,96,967</b>	<b>13,68,66,849</b>	<b>7,04,94,273</b>

**7 SHORT TERM BORROWINGS**

Particulars	As at 31-Mar-19	As at 31-Mar-18
<b>Loans repayable on demand*</b>		
Overdraft from bank (secured)	-	4,65,06,459
Cash credit from banks (secured)	30,00,00,000	20,05,25,351
Cash credit from other than banks (secured)	15,00,00,000	15,00,00,000
<b>Other loans and advances</b>		
Indian rupee loan from banks (secured)*	1,12,58,33,333	66,00,00,000
Indian rupee loan from other than banks (secured)*	15,00,00,000	21,01,61,922
Indian rupee loan from other than banks (unsecured)	-	50,00,000
<b>Commercial Paper (Unsecured):</b>		
Face value	43,00,00,000	-
Less: Unmatured discounting charges	(76,99,638)	-
	<b>42,23,00,362</b>	<b>-</b>
	<b>2,14,81,33,695</b>	<b>1,27,21,93,732</b>

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

- 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).
- Corporate guarantee of the Holding Company in case of 20 lenders amounting to Rs. 529.57 crores.
- Guarantee by third party (to the extent of 15% to 23% of initial value of term loans, capped at 35% due to amortization).
- First loss default guarantee (FLDG) in the form of fixed deposits of Rs. 23.36 crores in case of three lenders.
- First loss default guarantee (FLDG) in the form of security deposits of Rs. 1.25 crore in case of one lender.
- Overdraft availed from a bank secured by pledge of Rs. 22.45 crores fixed deposits.

**8 OTHER CURRENT LIABILITIES**

Particulars	As at 31-Mar-19	As at 31-Mar-18
Expense and other payables	14,07,20,860	6,91,29,011
Payable towards securitisation/ direct assignment of loans	13,32,30,281	5,12,55,559
Payables to employees	2,13,69,108	1,40,91,179
Statutory dues payable	2,40,34,470	1,71,63,379
Interest accrued but not due on borrowings	9,51,79,327	2,62,96,831
Advances from customers	2,02,42,269	66,66,026
Payables to holding company	3,27,93,082	2,57,04,322
	<b>46,75,69,397</b>	<b>21,03,06,307</b>




**Lendingkart Finance Limited**

Notes to financial statements for the year ended 31 March 2019

(Amount in Rupees unless otherwise stated)

**9 PROPERTY, PLANT AND EQUIPMENT**

Particulars	Computers and Networks	Furniture and Fittings	Office Equipments	Leasehold Improvements	Total
<b>Cost</b>					
As at 01-Apr-17	64,53,740	69,75,297	20,43,583	47,62,485	2,02,35,105
Additions	56,34,837	3,94,097	8,41,541	-	68,70,475
Disposals	-	62,296	-	-	62,296
<b>As at 31-Mar-18</b>	<b>1,20,88,577</b>	<b>73,07,098</b>	<b>28,85,124</b>	<b>47,62,485</b>	<b>2,70,43,284</b>
Additions	1,91,00,465	6,70,589	19,94,212	-	2,17,65,266
Disposals	5,36,726	26,36,238	8,55,845	47,62,485	87,91,294
<b>As at 31-Mar-19</b>	<b>3,06,52,316</b>	<b>53,41,449</b>	<b>40,23,491</b>	<b>-</b>	<b>4,00,17,256</b>
<b>Depreciation</b>					
As at 01-Apr-17	23,87,032	16,60,441	8,01,004	13,52,874	62,01,351
Charge for the year	35,24,475	14,05,542	6,99,141	21,96,536	78,25,694
Disposals	-	22,270	-	-	22,270
<b>As at 31-Mar-18</b>	<b>59,11,507</b>	<b>30,43,713</b>	<b>15,00,145</b>	<b>35,49,410</b>	<b>1,40,04,775</b>
Charge for the period	75,27,300	10,90,392	8,35,261	9,55,940	1,04,08,893
Disposals	4,79,779	13,95,660	6,30,647	45,05,350	70,11,436
<b>As at 31-Mar-19</b>	<b>1,29,59,028</b>	<b>27,38,445</b>	<b>17,04,759</b>	<b>-</b>	<b>1,74,02,232</b>
<b>Net Block</b>					
As at 31-Mar-18	61,77,070	42,63,385	13,84,979	12,13,075	1,30,38,509
As at 31-Mar-19	1,76,93,288	26,03,004	23,18,732	-	2,26,15,024

**10 INTANGIBLE ASSETS**

Particulars	Computer Software
<b>Cost</b>	
As at 01-Apr-17	33,23,678
Additions	8,98,949
Disposals	-
<b>As at 31-Mar-18</b>	<b>42,22,627</b>
Additions	55,93,309
Disposals	-
<b>As at 31-Mar-19</b>	<b>98,15,936</b>
<b>Amortization</b>	
As at 01-Apr-17	3,51,501
Charge for the year	12,68,000
Disposals	-
<b>As at 31-Mar-18</b>	<b>16,19,501</b>
Charge for the period	21,61,404
Disposals	-
<b>As at 31-Mar-19</b>	<b>37,80,905</b>
<b>Net Block</b>	
As at 31-Mar-18	26,03,125
As at 31-Mar-19	60,35,031






**Lendingkart Finance Limited**

Notes to financial statements for the year ended 31 March 2019

(Amount in Rupees unless otherwise stated)

**11 DEFERRED TAX ASSETS (NET)**

Particulars	As at 31-Mar-19	As at 31-Mar-18
<b>Tax effect of items constituting deferred tax assets</b>		
Carry forward of unabsorbed losses/ (profit)	-	9,78,56,186
Provision for expenses allowed for tax purposes on payment basis under Section 43B of Income tax Act, 1961	97,43,353	62,44,014
Provision for standard and sub-standard assets	3,26,96,830	2,00,75,468
Impact of difference between tax depreciation and depreciation charged for the financial reporting	13,27,253	10,52,847
<b>Tax effect of items constituting deferred tax liabilities</b>		
Impact of accrued interest on non performing assets	-	-
<b>Deferred Tax Assets (Net)</b>	<b>4,37,67,436</b>	<b>12,52,28,515</b>
<b>Deferred tax asset recognized</b>	<b>4,37,67,436</b>	<b>-</b>

**12 LOANS AND ADVANCES**

Particulars	Current		Non-current	
	As at 31-Mar-19	As at 31-Mar-18	As at 31-Mar-19	As at 31-Mar-18
<b>I. Term loans and advances towards financing activities</b>				
<b>(a) Unsecured, Considered good*</b>				
Term loans	6,02,27,98,260	3,04,99,71,359	6,38,34,53,079	1,25,45,67,903
<b>(b) Unsecured, Considered doubtful**</b>				
Term loans	-	-	13,11,86,557	9,29,36,238
<b>(c) Receivables under loans assigned</b>				
Unsecured, Considered good*	2,16,08,420	-	17,29,962	-
Unsecured, Considered doubtful**	-	-	7,33,785	-
<b>(a+b+c)</b>	<b>6,04,44,06,680</b>	<b>3,04,99,71,359</b>	<b>6,51,71,03,383</b>	<b>1,34,75,04,141</b>
<b>II. Other Loan and Advances</b>				
<b>(d) Loans given as collateral towards asset securitised transactions</b>				
Unsecured, Considered good*	3,24,65,010	69,13,827	8,80,65,990	1,35,21,779
Unsecured, Considered doubtful**	-	-	2,17,02,713	24,32,481
	<b>3,24,65,010</b>	<b>69,13,827</b>	<b>10,97,68,703</b>	<b>1,59,54,260</b>
<b>(e) Security deposits</b>				
Unsecured, considered good	11,05,740	1,60,95,100	2,74,73,222	74,03,222
Unsecured, considered doubtful	1,04,000	-	-	-
	<b>12,09,740</b>	<b>1,60,95,100</b>	<b>2,74,73,222</b>	<b>74,03,222</b>
Less: Provision for doubtful security deposit	(1,04,000)	-	-	-
	<b>11,05,740</b>	<b>1,60,95,100</b>	<b>2,74,73,222</b>	<b>74,03,222</b>
<b>(f) Other loans and advances (Unsecured, considered good)</b>				
CENVAT/ GST credit receivable	33,18,332	10,37,905	-	-
Advance Income Tax (net of provision for tax)	-	-	2,50,93,016	1,61,44,300
MAT credit entitlement	5,37,41,576	-	-	-
Prepaid expenses	76,25,712	64,36,113	-	-
Advances to employees for expenses	1,57,095	6,16,796	-	-
Advance against expenses	24,71,960	2,47,082	-	-
Other Advances	14,23,031	-	-	-
<b>(d+e+f)</b>	<b>10,23,08,456</b>	<b>3,13,46,823</b>	<b>16,23,34,941</b>	<b>3,95,01,782</b>
<b>(I+II)</b>	<b>6,14,67,15,136</b>	<b>3,08,13,18,182</b>	<b>6,67,94,38,324</b>	<b>1,38,70,05,923</b>

\* Represents standard assets in accordance with Company assets classification policy refer note 2.1 (j)

\*\* Represents sub-standard assets in accordance with Company assets classification policy refer note 2.1 (j)




**Lendingkart Finance Limited**

Notes to financial statements for the year ended 31 March 2019

(Amount in Rupees unless otherwise stated)

**13 CASH AND BANK BALANCES**

Particulars	Current		Non-current	
	As at 31-Mar-19	As at 31-Mar-18	As at 31-Mar-19	As at 31-Mar-18
<b>Cash and cash equivalents</b>				
(a) Cash on hand	28,257	12,614	-	-
(b) Balance with banks				
(i) On current accounts	30,58,92,647	6,90,60,300	-	-
(ii) Deposits with original maturity of less than 3 months	1,34,86,55,955	30,00,00,000	-	-
	<b>1,65,45,76,859</b>	<b>36,90,72,914</b>	-	-
<b>Other bank balances</b>				
(c) Deposits with remaining maturity for less than 12 months*	55,14,32,211	35,48,13,611	-	-
(d) Deposits with remaining maturity for more than 12 months*	-	-	17,04,25,226	20,00,00,000
	<b>2,20,60,09,070</b>	<b>72,38,86,525</b>	<b>17,04,25,226</b>	<b>20,00,00,000</b>
Amount disclosed under non-current assets (Note 14)	-	-	17,04,25,226	20,00,00,000
	<b>2,20,60,09,070</b>	<b>72,38,86,525</b>	-	-

\* Fixed deposits pledged against credit facilities of Rs. 54.18 crores (31 March 2018 : Rs.35.39 crores).

**14 OTHER ASSETS**

Particulars	Current		Non-current	
	As at 31-Mar-19	As at 31-Mar-18	As at 31-Mar-19	As at 31-Mar-18
Non-current bank balances (Note 13)	-	-	17,04,25,226	20,00,00,000
Interest accrued but not due on deposits placed with banks	89,99,235	70,68,072	-	-
Interest accrued and due on portfolio loans	3,17,96,062	1,30,47,965	-	-
Interest accrued but not due on portfolio loans	13,32,33,813	4,68,23,337	-	-
Interest accrued and due on deposits placed with lenders	4,315	20,83,944	-	-
Others current assets	22,45,488	60,52,584	-	-
	<b>17,62,78,913</b>	<b>7,50,75,902</b>	<b>17,04,25,226</b>	<b>20,00,00,000</b>

**15 REVENUE FROM OPERATIONS**

Particulars	For the year ended 31-Mar-19	For the year ended 31-Mar-18
<b>Interest on loans</b>		
Interest income on portfolio loans	1,90,78,06,561	70,76,99,394
Income from securitisation of portfolio loans	5,78,53,333	1,38,11,532
Income from assigned loans	52,15,790	-
<b>Other operating revenue</b>		
Processing fees	37,18,37,067	13,15,56,936
Other charges	1,75,20,135	1,22,85,683
	<b>2,36,02,32,886</b>	<b>86,53,53,545</b>

**16 OTHER INCOME**

Particulars	For the year ended 31-Mar-19	For the year ended 31-Mar-18
Interest on fixed deposits with banks	8,29,99,419	3,57,60,309
Interest on deposits with others	1,02,056	12,00,000
Interest on income tax refund	5,85,287	-
Interest on Inter-corporate loan	1,23,46,452	-
Other Income	17,11,253	1,03,217
	<b>9,77,44,467</b>	<b>3,70,63,526</b>





**Lendingkart Finance Limited**

Notes to financial statements for the year ended 31 March 2019

(Amount in Rupees unless otherwise stated)

**17 EMPLOYEE BENEFIT EXPENSES**

Particulars	For the year ended 31-Mar-19	For the year ended 31-Mar-18
Salaries, bonus and incentives	25,84,56,129	19,30,56,793
Contribution to provident and other funds	85,93,855	62,45,500
Reimbursement of ESOP expense	1,18,39,588	15,56,011
Leave benefit expense	1,27,98,392	96,34,603
Gratuity benefits expense	37,78,065	23,33,377
Staff welfare expenses	1,23,66,188	57,55,693
	<b>30,78,32,217</b>	<b>21,85,81,977</b>

**18 FINANCE COSTS**

Particulars	For the year ended 31-Mar-19	For the year ended 31-Mar-18
<b>Interest on</b>		
Loans from banks	19,77,23,626	4,05,78,861
Loans from other than banks	49,90,62,007	20,33,34,913
Inter-corporate loans	15,27,397	1,53,69,863
Overdraft from bank	44,36,365	35,03,833
Discount on commercial papers	2,64,21,482	-
Loan processing fees	6,26,77,951	3,31,71,821
Other finance cost	2,57,28,870	3,44,63,918
Finance cost of assignment / securitisation	94,20,496	-
	<b>82,69,98,194</b>	<b>33,04,23,209</b>

**19 OTHER EXPENSES**

Particulars	For the year ended 31-Mar-19	For the year ended 31-Mar-18
Rent	2,49,03,430	1,41,24,027
Rates and taxes	14,23,263	8,12,118
Insurance	45,88,566	16,78,858
Professional and legal fees	5,57,46,472	2,09,47,899
Commission and brokerage	32,40,53,678	11,61,61,356
Service charges of outsourced employees	6,21,14,212	2,64,76,936
License fees	3,25,69,265	7,97,43,629
Business support services	3,39,92,385	1,94,36,649
Printing and stationery	14,04,944	10,94,000
Electricity expenses	50,96,368	24,59,897
Internet and communication expenses	66,09,893	28,18,233
Travelling and conveyance	52,70,803	35,80,236
Advertisement expenses	41,18,411	89,271
Franking and stamping expenses	3,08,97,712	1,11,20,207
Bank charges	65,09,005	31,18,490
Courier expenses	32,99,904	10,10,179
Repairs and maintenance	31,09,237	21,93,306
Share issue expenses	41,61,625	11,67,751
Auditors remuneration (refer note 19.1 below)	24,76,455	15,86,363
Software expenses	3,04,95,015	15,51,666
Security expenses	7,36,992	2,44,272
Loss on sale of fixed assets (net)	15,36,273	31,551
Director sitting fee	1,82,813	3,80,375
Housekeeping expense	12,26,449	6,87,193
Miscellaneous expenses	22,71,865	10,15,576
	<b>64,87,95,035</b>	<b>31,35,30,038</b>



**Lendingkart Finance Limited**

Notes to financial statements for the year ended 31 March 2019

(Amount in Rupees unless otherwise stated)

**19.1 AUDITORS' REMUNERATION**

Particulars	For the year ended 31-Mar-19	For the year ended 31-Mar-18
<b>As Auditor:</b>		
Audit fee	18,74,498	11,61,997
Tax Audit fee	3,27,000	2,11,250
<b>In other capacity:</b>		
Certification matters	1,85,300	1,56,750
Reimbursement of expenses	89,657	56,366
	<b>24,76,455</b>	<b>15,86,363</b>

**20 PROVISIONS AND WRITE OFFS**

Particulars	For the year ended 31-Mar-19	For the year ended 31-Mar-18
Contingent provision against standard assets (including securitisation and assigned assets)	3,29,00,766	1,34,04,453
Provision for non-performing assets (including securitisation and assigned assets)	2,29,86,377	1,70,59,830
Loans written offs (net of recoveries) (including assigned assets)	26,53,11,867	23,13,20,405
Provision on doubtful securitised loans	1,22,81,584	-
	<b>33,34,80,594</b>	<b>26,17,84,688</b>

**21 EARNING PER SHARE**

Particulars	For the year ended 31-Mar-19	For the year ended 31-Mar-18
Net profit/(loss) after tax for the year	34,37,16,538	(23,09,96,535)
Weighted average number of outstanding equity shares	3,43,59,453	2,77,15,401
Weighted average number of equity shares diluted	3,43,59,453	2,77,15,401
Basic earning per share	10.00	(8.33)
Diluted earning per share	10.00	(8.33)
[Nominal value of shares INR 10 each (Previous Year : INR 10)]		





**Lendingkart Finance Limited**

Notes forming part of financial statements for the year ended 31 March 2019

(Amount in Rupees unless otherwise stated)

**22. Segment Information**

The Company has a single reportable segment i.e. financing, which has similar risks and returns for the purpose of AS-17 on 'Segment Reporting' notified under section 133 of the Companies Act 2013 read with rule 7 of the Companies Act Rules 2014. The Company operates in a single geographical segment i.e. domestic.

**23. Related party disclosures\*****a. Related party where control exists irrespective whether transactions have occurred or not**

Nature of relationship	Name of Parties
Holding Company	Lendingkart Technologies Private Limited

**b. Other related parties where transactions have occurred during the year**

Nature of relationship	Name of Parties
Relative of Director	Anand Raichand Lunia
Independent Director	Mr. G.S. Sundararajan (w.e.f. 30-Jun-17 to 25-Jan-18)
Independent Director	Ms. Divya Himanshu Jain
Independent Director	Mr. Gaurav Mittal (w.e.f. 29-Jun-18)

\*(as per Accounting Standard 18 issued by ICAI)

**c. Transactions with related parties for the year ended 31 March 2019**

Sr. No.	Nature of transactions	31-Mar-19	31-Mar-18
<b>I.</b>	<b>Holding Company</b>		
<b>(a)</b>	<b>Transactions during the year</b>		
	Unsecured inter-corporate loan taken	50,00,00,000	20,00,00,000
	Conversion of unsecured inter corporate loan into equity share capital (refer note 1 below)	49,99,99,692	19,99,99,954
	Issue of equity share capital (including share premium on issue of equity shares) (refer note 2 below)	2,74,99,99,829	39,99,99,908
	Interest paid on inter-corporate loans	15,27,397	1,53,69,863
	Unsecured inter-corporate loans given	23,00,00,000	-
	Interest income on inter-corporate loans	1,23,46,452	-
	License fee paid for use of software (Excludes 50% reversal of goods and services tax input credit) (refer note 3 below)	2,92,55,202	7,39,24,480
	Reimbursement of expenses incurred on behalf of the Company	-	31,955
	Business support charges paid (Excludes 50% reversal of goods and services tax input credit)	2,94,52,336	1,94,36,649
	Reimbursement of ESOP expense	1,18,39,588	15,56,011
	Employee advances/ Other deposits transferred from Holding Company	-	2,00,000
	Transfer of advance given to Omnifin against customization and implementation of the Omnifin Software	6,50,000	-
	Reimbursement of expenses incurred on behalf of the Holding Company	12,772	6,659
<b>(b)</b>	<b>Balance payable to Holding Company as at year end</b>	<b>3,27,93,082</b>	<b>2,57,04,322</b>





**Lendingkart Finance Limited**

Notes forming part of financial statements for the year ended 31 March 2019

(Amount in Rupees unless otherwise stated)

Sr. No.	Nature of transactions	31-Mar-19	31-Mar-18
(c)	<b>Guarantees given by Holding Company</b>		
	Loans borrowed from financial institutions and Banks guaranteed by the Holding Company (including CC facility)	5,29,57,08,490	2,78,17,44,031
	Non-Convertible debentures issued to financial institutions, banks and other company guaranteed by the Holding Company.	3,43,37,12,120	32,81,25,025
2.	<b>Anand Raichand Lunia</b>		
(a)	Unsecured loans taken	-	5,00,00,000
	Interest & processing fee paid on loan (Excludes 50% reversal of goods and services tax input credit)	-	23,69,862
	Loan repaid (Principal)	-	5,00,00,000
(b)	<b>Balance payable as at year end</b>	-	-
3.	<b>Mr. G.S. Sundararajan</b>		
(a)	Director sitting fee (Excludes 50% reversal of goods and services tax input credit)	-	3,12,500
(b)	<b>Balance payable as at year end</b>	-	-
4.	<b>Ms. Divya Himanshu Jain</b>		
(a)	Director sitting fee (Excludes 50% reversal of goods and services tax input credit)	81,250	37,500
(b)	<b>Balance payable as at year end</b>	<b>12,500</b>	<b>12,500</b>
5.	<b>Mr. Gaurav Mittal</b>		
(a)	Director sitting fee (Excludes 50% reversal of goods and services tax input credit)	87,500	-
(b)	<b>Balance payable as at year end</b>	<b>12,500</b>	-

**Note 1:** During the financial year ended 31 March 2019, Inter-corporate loan from the Holding Company was converted into 14,76,101 number of equity shares of Rs. 10 each fully paid-up at a premium of Rs. 328.73 each, aggregating to Rs. 49,99,99,692.

**Note 2:** During the year ended 31 March 2019, the company issued 81,18,560 equity shares of Rs. 10 each fully paid-up at a premium of Rs. 328.73 per share to Holding Company. For detailed terms of the equity shares, please refer note 3 to the Financial Statements.

**Note 3:**

- The Company has entered into License Agreement with Holding Company dated 19 June 2015 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. Based on the assessment of such expert license fees are revised from 1 April 2018 and are charged by the Holding Company to the Company and are considered at arm's length. Until the previous year the Company paid license fees to the Holding Company as a percentage of the interest income earned by the Company.

**24. 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, Company has recognised the same under the employee cost. Current year release of Rs. 1,18,39,588 (31 March 2018: Rs. 15,56,011).





**Lendingkart Finance Limited**

Notes forming part of financial statements for the year ended 31 March 2019

(Amount in Rupees unless otherwise stated)

**25. Leases**

Registered office and corporate office premises are acquired on operating lease. There are no restrictions imposed by lease arrangements. Lease payments during the period charged to statement of profit and loss were as follows;  
Non-cancellable operating lease rentals payable (minimum lease payments) under the lease is as under;

Particulars	31-Mar-19	31-Mar-18
Operating lease payment recognized during the year	2,49,03,430	1,41,24,027
<b>Minimum lease obligation</b>		
Within one year	3,02,73,850	1,58,29,091
After one year but not more than three years	3,85,95,013	2,55,67,273
More than three years	1,17,19,260	-

**26. Expenditure in foreign currency (on accrual basis)**

Particulars	31-Mar-19	31-Mar-18
Professional fees	3,56,629	-
Software Expenses	10,75,242	-
<b>Total</b>	14,31,870	-

27. The Company has not entered into any forward rate agreements, interest rate swaps, exchange traded interest rate derivatives. Hence, no disclosure is made for the same.

The Company has unhedged foreign currency exposure of Rs. 38,736 (USD 560) payable as at 31 March 2019 (31 March 2018: NIL).

**28. Contingent liability and Commitments****a) Contingent liabilities**

Description of the Liability	31-Mar-19	31-Mar-18
Credit enhancements provided by the Company towards securitisation (including corporate guarantee, cash collateral and loan assets retained as Minimum Retention Requirement (MRR))	24,43,05,510	6,13,26,287

**b) Capital and other commitments**

Description	31-Mar-19	31-Mar-18
Loans sanctioned not yet disbursed	36,75,27,000	23,78,03,000
A S Software Services Private Limited (Omnifin Software) (Excludes 50% reversal of goods and services tax input credit)	1,26,70,569	-

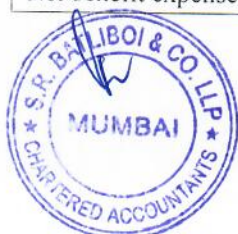
**29. Employee benefits**

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for gratuity on cessation of employment and it is computed at 15 days' salary (last drawn salary) for each completed year of service.

**Statement of Profit and loss**

Net employee benefit expense recognized in the employee cost

Particulars	31-Mar-19	31-Mar-18
Current service cost	39,31,537	25,36,719
Interest cost on benefit obligation	3,37,356	1,49,526
Expected return on plan assets	-	-
Net actuarial (gain) / loss recognized in the period	(4,90,828)	(7,10,363)
Transfer in/(out) obligation	-	-
Recognised past Service Cost- Unvested	-	3,57,495
<b>Net benefit expense</b>	<b>37,78,065</b>	<b>23,33,377</b>





**Lendingkart Finance Limited**

Notes forming part of financial statements for the year ended 31 March 2019

(Amount in Rupees unless otherwise stated)

**Balance Sheet****Benefit asset/ liability**

Particulars	31-Mar-19	31-Mar-18
Present value of unfunded obligations	82,49,688	44,71,623
Present value of funded obligations	-	-
Fair value of plan assets	-	-
Net Liability /(Asset)	82,49,688	44,71,623

**Financial assumptions**

Particulars	31-Mar-19	31-Mar-18
Discount Rate (p.a.)	7.50%	7.55%
Salary Growth Rate (p.a.)	12%	12%
Withdrawal rates	18% at younger ages reducing to 6% at older ages	18% at younger ages reducing to 6% at older ages
Expected Rate of Return (p.a.)	Not Applicable	Not Applicable

**Change in Defined Benefit Obligation**

Particulars	31-Mar-19	31-Mar-18
Opening Defined Benefit Obligation	44,71,623	21,38,246
Transfer in/(out) obligation	-	-
Current Service cost	39,31,537	25,36,719
Interest cost	3,37,356	1,49,526
Actuarial losses/(gains)	(4,90,828)	(7,10,363)
Benefits Paid	-	-
Recognised past Service Cost- Unvested	-	3,57,495
Closing Defined Benefit Obligation	82,49,688	44,71,623

**Change in Plan Assets**

Particulars	31-Mar-19	31-Mar-18
Opening Value of Plan Assets	-	-
Expenses deducted from the fund	-	-
Expected return	-	-
Actuarial gains/(losses)	-	-
Contributions by employer	-	-
Benefits paid	-	-
Closing Value of Plan Assets	-	-

**The Experience adjustment on plan assets**

Particulars	31-Mar-19	31-Mar-18	31-Mar-17	31-Mar-16	31-Mar-15
Defined benefit obligation	82,49,688	44,71,623	21,38,246	3,76,777	-
Plan assets	-	-	-	-	-
Surplus/ (deficit)	(82,49,688)	(44,71,623)	(21,38,246)	(3,76,777)	-
Experience adjustment of plan assets	-	-	-	-	-
Experience adjustment of plan liabilities	(5,25,663)	(10,45,124)	8,52,210	58,171	-






**Lendingkart Finance Limited**

Notes forming part of financial statements for the year ended 31 March 2019

(Amount in Rupees unless otherwise stated)

30. 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 31 March 2019.
31. The Supreme Court has recently, delivered its ruling on the composition of basic wages for the purposes of deduction and contribution to the Employees Provident and Pension funds. The Company, in the interest of its employees, awaits clarity on the complexities revolving around the application of the said order, the ambiguity reflected by the divergent views of legal experts. Basis the forgoing, liability of Provident Fund is unascertainable.
32. The Company does not have any outstanding loans against gold jewellery as at 31 March 2019 (31 March 2018: NIL).
33. 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**

Sl. No.	Items	31-Mar-19	31-Mar-18
(a)	Capital Risk Asset Ratio (%)	38.78%	31.22%
(b)	Capital Risk Asset Ratio (%) - Tier I Capital (%)	37.02%	29.20%
(c)	Capital Risk Asset Ratio (%) - Tier II Capital (%)	1.76%	2.02%
(d)	Amount of subordinated debt raised as Tier-II capital	25,00,00,000	10,00,00,000

**B. Details of investments**

Particulars	31-Mar-19	31-Mar-18
<b><u>Current Investments:</u></b>		
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)		
<b><u>Long Term investments:</u></b>		
1. Quoted:	NIL	NIL
i. Shares:		
a. Equity		
b. Preference		





**Lendingkart Finance Limited**

Notes forming part of financial statements for the year ended 31 March 2019

(Amount in Rupees unless otherwise stated)

Particulars	31-Mar-19	31-Mar-18
ii. Debentures and Bonds		
iii. Units of mutual funds		
iv. Government Securities		
v. Others (please specify)		
2. <u>Unquoted:</u>	NIL	NIL
i. Shares:		
a. Equity		
b. Preference		
ii. Debentures and Bonds		
iii. Units of mutual funds		
iv. Government Securities		
v. Others (please specify)		

**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:

Sl. No.	Particulars	31-Mar-19	31-Mar-18
1	No. of SPVs sponsored by the NBFC for securitisation transactions	4	2
2	Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	91,17,84,294	34,64,74,787
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	2,16,34,847	3,84,58,200
	Others	-	-
	b. On balance sheet exposure		
	First Loss	8,04,36,950	-
	Others (Overcollateralization)	14,22,33,713	-
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).





**Lendingkart Finance Limited**

Notes forming part of financial statements for the year ended 31 March 2019

(Amount in Rupees unless otherwise stated)

- 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-Mar-19	31-Mar-18
Total number of loans securitised	2,209	1,454
Total book value of the loans securitised	1,27,93,84,077	45,73,61,735
Total book value of the loans securitised including loans placed as collateral	1,27,93,84,077	45,73,61,735
Sale consideration received for the loan asset securitised	1,15,06,72,142	43,44,93,648
Overcollateralization of the loans securitised	12,87,11,935	2,28,68,087
Excess interest spread recognised in the statement of profit and loss	3,49,31,593	1,38,11,532

Particulars	31-Mar-19	31-Mar-18
Credit enhancements provided and outstanding (Gross):		
Cash Collateral	8,04,36,950	-
Corporate Guarantee	-	3,84,58,200
Loan assets retained as MRR	12,87,11,935	2,28,68,087

**D. Disclosure for direct assignment**

Details of assignment transactions undertaken by the Company during the year

Particulars	31-Mar-19	31-Mar-18
No. of accounts	2,122	-
Aggregate value (net of provisions) of accounts sold	45,08,28,391	-
Aggregate consideration	45,08,28,391	-
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**

Sl. No.	Particulars	31-Mar-19	31-Mar-18
1	No. of accounts sold	940	-
2	Aggregate outstanding	-	-
3	Aggregate consideration received	1,77,12,286	-

**F. Maturity pattern of certain items of assets and liabilities**

Particulars	Year ended 31-Mar-2019		
	Advances	Investments	Borrowings
Upto 1 month	64,52,21,088	-	79,20,52,602
Over 1 month to 2 months	52,27,94,782	-	1,02,98,68,578
Over 2 months upto 3 months	48,82,97,827	-	46,81,68,332
Over 3 months to 6 months	1,45,77,58,057	-	1,28,00,85,290
Over 6 months to 1 year	2,93,03,34,926	-	1,88,52,17,260
Over 1 year to 3 years	6,38,51,83,041	-	3,47,16,35,770
Over 3 years to 5 years	-	-	63,70,77,969
Over 5 years	6,59,60,171	-	25,00,00,000
Total	12,49,55,49,892	-	9,81,41,05,801





**Lendingkart Finance Limited**

Notes forming part of financial statements for the year ended 31 March 2019

(Amount in Rupees unless otherwise stated)

Particulars	Year ended 31-Mar-2018		
	Advances	Investments	Borrowings
Upto 1 month	52,17,34,274	-	55,17,04,360
Over 1 month to 2 months	37,69,81,095	-	27,19,93,948
Over 2 months upto 3 months	31,36,52,779	-	23,90,49,358
Over 3 months to 6 months	80,22,60,584	-	62,20,98,319
Over 6 months to 1 year	1,03,53,42,626	-	83,88,56,825
Over 1 year to 3 years	1,25,45,67,903	-	83,90,82,103
Over 3 years to 5 years	-	-	31,38,88,884
Over 5 years	4,64,68,119	-	10,00,00,000
<b>Total</b>	<b>4,35,10,07,380</b>	<b>-</b>	<b>3,77,66,73,797</b>

**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.

**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 **27-February-2022**.

**I. No penalties imposed on the Company by the Reserve Bank of India or any other regulator during the year ended 31 March 2019 (31 March 2018: NIL).****J. Ratings assigned by credit rating agencies and migration of ratings during the year**

The overall rating of the Company by ICRA Limited is BBB+/A2. Further, the Company has obtained rating from ICRA Limited in respect of outstanding securitisation/ assignment transactions, Non-Convertible Debentures and Commercial Paper. The ratings obtained for the said transactions are provided below:

Instrument	Year ended 31-Mar-2019			
	Date of rating	Rating Agency	Current rating assigned	Valid upto
Line of Credit/ Bank lines	03-Dec-18	ICRA	[ICRA] BBB+/ A2	Till next rating
	12-Jun-18	India Ratings & Research	IND BBB+/Stable	Till next rating
Non-Convertible Debentures/ CP	03-Dec-18	ICRA	[ICRA] BBB+	Till next rating
	12-Jun-18	India Ratings & Research	IND A2	Till next rating
Securitisation/ Assignments	13-Jul-18	ICRA	[ICRA] A- (SO)	NA
	30-Jan-19	ICRA	Provisional [ICRA] A (SO)	NA
	30-Jan-19	ICRA	Provisional [ICRA] BBB+ (SO)	NA
	06-Sep-18	India Ratings & Research	IND A- (SO)	NA
	06-Sep-18	India Ratings & Research	IND BBB+ (SO)	NA
	15-Jun-18	India Ratings & Research	IND A- (SO)	NA
	08-Jun-18	ICRA	[ICRA] BBB- (SO)	NA





**Lendingkart Finance Limited**

Notes forming part of financial statements for the year ended 31 March 2019

(Amount in Rupees unless otherwise stated)

Instrument	Year ended 31-Mar-2018			
	Date of rating	Rating Agency	Current rating assigned	Valid upto
Line of Credit/ Bank lines	09-Oct-17	ICRA	[ICRA] BBB-	30-Jun-18
Term Loans	28-Nov-17	India Ratings & Research	IND A- (SO)	27-Nov-19
	26-Mar-18	ICRA	[ICRA] A- (SO)	31-Mar-21
Non- Convertible Debentures	11-Dec-17	ICRA	[ICRA] BBB-	21-Dec-21
	16-Mar-18	ICRA	[ICRA] A (SO)	26-Jun-18
	12-Mar-18	ICRA	[ICRA] A (SO)	09-Oct-18
Securitisation	19-Mar-18	ICRA	Provisional [ICRA] BBB- (SO)	17-Dec-19
	13-Feb-18	ICRA	[ICRA] BBB- (SO)	17-Dec-18

**K. Break up of 'Provisions and Contingencies' shown under the head Expenditure in the Statement of Profit and Loss**

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	31-Mar-19	31-Mar-18
Contingent provision against standard assets (including securitisation and assigned assets)	3,29,00,766	1,34,04,453
Provision for non-performing assets (including securitisation and assigned assets)	2,29,86,377	1,70,59,830
Loans written offs (net of recoveries) (including securitisation and assigned assets)	26,53,11,867	23,13,20,405
Provision on doubtful securitised loans	1,22,81,584	-

**L. Concentration of Deposits, Advances, Exposures and NPAs****i. Concentration of Advances**

Particulars	31-Mar-19	31-Mar-18
Total Advances to twenty largest borrowers	30,55,63,559	38,49,24,836
Percentage of Advances to twenty largest borrowers to Total Advances of the applicable NBFC	2.43%	8.75%

**ii. Concentration of Exposures**

Particulars	31-Mar-19	31-Mar-18
Total Exposure to twenty largest borrowers	30,55,63,559	38,49,24,836
Percentage of Exposure to twenty largest borrowers to Total Advances of the applicable NBFC	2.43%	8.75%

**iii. Concentration of NPAs**

Particulars	31-Mar-19	31-Mar-18
Total Exposure to top four NPA accounts	1,13,58,161	74,34,435



**Lendingkart Finance Limited**

Notes forming part of financial statements for the year ended 31 March 2019

(Amount in Rupees unless otherwise stated)

**iv. Sector-wise NPAs**

Sl. No.	Sector	Percentage of NPAs to Total Advances in that sector	
		31-Mar-19	31-Mar-18
1.	Agriculture & allied activities	-	-
2.	MSME	-	-
3.	Corporate borrowers	0.81%	1.03%
4.	Services	1.08%	2.65%
5.	Unsecured personal loans	-	-
6.	Auto loans	-	-
7.	Other personal loans	-	-
8.	Other retail loans	1.07%	2.24%

**M. Movement of NPAs**

Sl.No.	Particulars	31-Mar-19	31-Mar-18
i	Net NPAs to net advances (%)	0.53%	1.07%
ii	<b>Movement of NPAs (Gross)</b>		
	i) Opening balance	9,29,36,238	6,12,49,061
	ii) Additions during the year	40,71,92,529	32,90,70,810
	iii) Reductions during the year	36,82,08,425	29,73,83,633
	iv) Closing balance	13,19,20,342	9,29,36,238
iii	<b>Movement of net NPAs</b>		
	i) Opening balance	4,64,68,119	3,06,24,531
	ii) Additions during the year	20,35,96,264	16,45,35,405
	iii) Reductions during the year	18,41,04,212	14,86,91,817
	iv) Closing balance	6,59,60,171	4,64,68,119
iv	<b>Movement of provisions for NPAs (excluding provision on standard assets)</b>		
	i) Opening balance	4,64,68,119	3,06,24,531
	ii) Provisions made during the year	20,35,96,264	16,45,35,405
	iii) Write-off/Write-back	18,41,04,212	14,86,91,817
	iv) Closing balance	6,59,60,171	4,64,68,119

**N. Classification and provisions for loan portfolio**

Asset classification	31-Mar-19	31-Mar-18
<b>Loan outstanding</b>		
Standard assets	12,42,95,89,721	4,30,45,39,262
Non performing assets	13,19,20,342	9,29,36,238
Loss assets	26,53,11,867	23,13,20,405
<b>Less: Provision</b>		
Standard assets	4,97,18,368	1,72,17,973
Non performing assets	6,59,60,171	4,64,68,119
Loss assets	26,53,11,867	23,13,20,405
<b>Loan outstanding (net)</b>		
Standard assets	12,37,98,71,353	4,28,73,21,289
Non performing assets	6,59,60,171	4,64,68,119
Loss assets	-	-






**Lendingkart Finance Limited**

Notes forming part of financial statements for the year ended 31 March 2019

(Amount in Rupees unless otherwise stated)

**O. Customer Complaints**

Sl. No.	Particulars	31-Mar-19	31-Mar-18
i)	No. of complaints pending at the beginning of the year	3	NIL
ii)	No. of complaints received during the year	62	33
iii)	No. of complaints redressed during the year	53	30
iv)	No. of complaints pending at the end of the year*	12	3

\*Pending all 12 complaints were resolved in May 19.

- P. As required by the RBI circular no DNBS.PD.CC. No. 256 /03.10.042 / 2011-12 dated 2nd March 2012 the details of frauds noticed / reported are as below:

Particulars	31-Mar-19	31-Mar-18
Amount involved	72,63,558	1,42,68,602
Amount recovered	-	6,58,833
Amount written off / provided	72,63,558	1,36,09,769
Balance	-	-

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

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

Harshvardhan Lunia  
Chairman  
DIN No. 01189114

Umesh Navani  
Company Secretary  
Membership No. A40899

Piyush Kabra  
Chief Financial officer

Place: Mumbai  
Date: 20 June 2019

