Annual Report **2019-20**

Kogta FINANCIAL
FREEDOM TO GROW

Committed to Serve. Determined to Succeed.

CONTENTS

01
CORPORATE OVERVIEW

01-11

02
STATUTORY REPORTS

12-71

03
FINANCIAL STATEMENTS

72-144

The online report is available on www.kogta.in

At Kogta Financial, our continual endeavour is to be a key enabler in broadening financial inclusion. Through our strong focus on providing credit to people and enterprises in rural areas and small towns, as well as to the underserved urban target audience, we aim to deliver a far-reaching change in India.

Our commitment to serve is reflected in our customer-focussed culture, broad suite of products and growing branch network. We have also deployed technology solutions to keep pace with the changing market environment and provide efficient solutions. We continue to grow our capabilities with the objective to serve our customers better.

By advancing financial solutions for meeting unfulfilled goals, we are determined to partner India's growth story. Our determination to succeed was further bolstered during the year with the infusion of private equity funds and an upgrade in our credit ratings. Our strong capital base and the continued confidence of our lenders will enable us to scale-up our operations and reach out to those at the bottom of the pyramid.

By making financial solutions accessible to the underserved and the retail and MSME segments, we are increasing the contribution of these segments to India's overall GDP. Through our commitment to serve and our determination to succeed, we are charged to power the growth of all our stakeholders.

COMPANY SNAPSHOT

Based in Jaipur, Kogta Financial is a fast-growing Non-Banking Finance Company (NBFC) with over two decades of asset financing experience.

We specialise in financing for vehicles and loans to the Micro, Small and Medium Enterprise (MSME) segment, along with loans against property. Our financial solutions are delivered through our expanding network of branches across central and western India, underpinned by a strong commitment to customer-centricity. Backed by our business differentiators of secured retail lending, presence in high growth markets, robust IT system and collection mechanisms, and experienced leadership, we aim to grow into one of India's leading NBFCs.

INSPIRING OUR COMMITMENT AND DETERMINATION

OUR VISION

To become a **"Trusted and Innovative"** Financial Service Provider in India.

OUR MISSION

To provide financial products to more and more customers in the **"most friendly, professional manner"** and to give growth to all our stakeholders.

OUR VALUES

GREAT SERVICE
Best service for our customers.

INTEGRITY
Keep commitments and be ethical.

EXCELLENCE
Excellence in all we do.

GROWTH
Growth for all stakeholders.

INNOVATION
Seek, imagine, create.

RESPECT
Respect for all.

GREAT WORK CULTURE
We all need balance in life.

TEAMWORK
Our success depends on working together.

PROPELLING OUR SERVICE AND SUCCESS

Experienced Leadership
Management with rich domain experience and supported by professional operational teams.

Diversified product portfolio
Broad suite of products that offer high yield and low risks.

Large addressable customer base
Serving the underserved financial needs of a large customer base.

Robust credit and risk assessment framework
Lending framework based on pricing the risk as per the borrower's profile and the product.

Technology advantage
In-house developed, customised ERP platform leading to better internal controls.

Strategic expansion
Penetrating markets through contiguous expansion after understanding local dynamics.

Healthy liquidity profile
Funded by marquee private equity investors and broad base mix of lenders.

PRODUCT PORTFOLIO

- Commercial Vehicle Loan
- Car Loan
- Tractor Loan
- Two-Wheeler Loan
- MSME Loan
- Loan against Property

KEY FACTS

36,000+
Active customers

75,000+
Customers since inception

116
Branches across 8 states

1,600+
Employees
5x growth in 3 years

55%
Revenue Growth
in FY 2019-20

198%
PAT Growth
in FY 2019-20

₹1,071.58 Crores
Assets under Management
3.5x growth in 3 years

Rated CARE A- (stable)
Credit ratings upgraded from BBB+ to A-

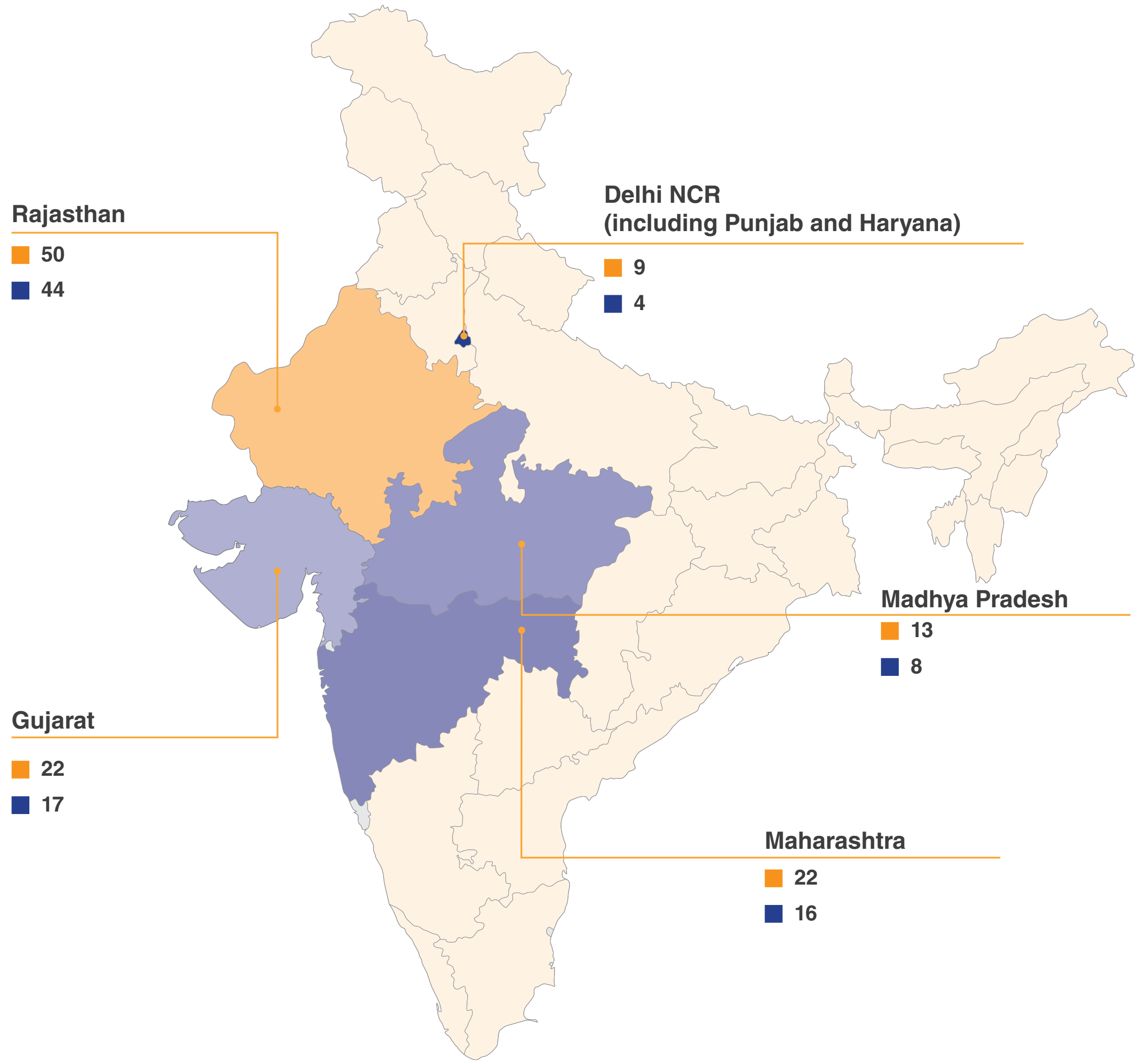
All numbers/statements are as on March 31, 2020, unless otherwise indicated

COMMITTED TO OUR CUSTOMERS

REACHING OUT TO THE UNDERSERVED

We are committed to partnering the aspirations of underserved India by enhancing the reach of our services. In line with our commitment, we forayed into the states of Punjab and Haryana while deepening our penetration in our existing markets. Our distribution strength stood at 116 branches as on March 31, 2020, up from 89 branches in the previous year. Through our fast-expanding presence in focussed geographies, we are currently serving over 36,000 active customers. Comprising largely of retail and MSME segments, our customers are the backbone of India's growth story and our continued success.

OUR GEOGRAPHIC FOOTPRINT



Map not to scale.
For illustrative purposes only.

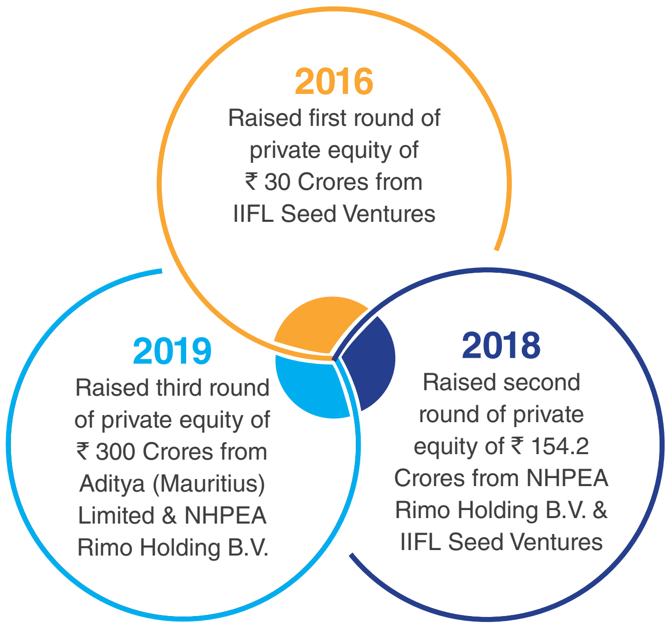
Branches as on March 31, 2020
Branches as on March 31, 2019

DETERMINED TO ACHIEVE MORE

SECURING PRIVATE FUNDING

Our sharp focus on asset quality and asset-liability management has enabled us to consistently attract private equity investments in recent years. During the year under review, we raised ₹ 300 Crores through a third round of institutional funding led by Malaysia-based private equity firm Aditya (Mauritius) Limited, (wholly-owned by Creador IV L.P.), along with NHPEA Rimo Holding B.V. (a fund managed by Morgan Stanley Private Equity Asia, who was already invested). The successful fund infusion from marquee investors endorses their confidence in our business model to capture emerging opportunities in vehicle and MSME financing. Further, the experience of our marquee investors will help us to strengthen our systems and processes as we progress towards becoming a world-class institution.

INFUSION OF FUNDS BY MARQUEE INVESTORS



UPGRADE IN RATINGS

Another significant achievement for the year was the upgrade in our investment ratings to A- from BBB+ by CARE Ratings. The revised outlook demonstrates the growing confidence in our business model, asset quality, liquidity profile, risk monitoring and appraisal systems. It also reflects factors such as continued improvement in our scale of operations, wider adoption of technology and our ability to offer seamless online loans. Moving to the 'A' band of rating will enable us to strengthen and broaden our relationships with banks and financial institutions. By penetrating deeper into the capital market and consistently adding new lenders at competitive borrowing cost, we will further expand our operations and enter into new geographies.

We have diversified our loan book across products as well as regions, which has led to robust and sustainable growth in our Assets under Management (AUM). For geographic expansion, we have adopted the prudent strategy of penetrating regions by understanding local dynamics and then expanding to nearby regions. Our focus continues on expanding our asset base to further strengthen our business model and realise consistent financial performance.

REGION-WISE BREAK-UP

Rajasthan - 39%
Gujarat - 21%
Maharashtra - 21%
Madhya Pradesh - 7%
Delhi NCR, Punjab and Haryana - 12%

As on March 31, 2020

PRODUCT-WISE BREAK-UP

Heavy Commercial Vehicles - 42%
Small Commercial Vehicles, Light Commercial Vehicles and Multi Utility Vehicles - 14%
Cars - 18%
Tractors - 8%
MSME - 18%

As on March 31, 2020

LETTER FROM THE MANAGING DIRECTOR

Dear Stakeholders,

It is with a great sense of satisfaction that we present to you our Annual Report for FY 2019-20. Despite a challenging external environment, further triggered by the COVID-19 pandemic towards the end of the financial year, we ensured impressive traction of growth while driving greater financial inclusion among the underserved populace. We also achieved new milestones in our journey, which will empower us to scale-up our operations.

The year in review witnessed a sharp slowdown in the India's GDP growth. Decline in investment and consumption growth combined with weak rural income growth and poor job prospects remain key issues impacting economic performance. In the aftermath of default in debt repayment by several financing entities, the NBFC sector had to grapple with additional challenges of liquidity crunch as banks tightened credit flows.

At Kogta Financial, our deep understanding of financial requirements of the small borrowers and strategic expansion in our branch network enabled us to deliver a commendable performance against this tough backdrop. Our disbursal stood at ₹ 748.67 Crores, which was 33% more than our previous year's disbursals. Total Assets under Management (AUM) stood at ₹ 1,071.58 Crores at the end of this fiscal, an increase of 48% over the previous year. We also displayed stellar growth in our financial performance. Net profit before tax and exceptional items stood at ₹ 32.46 Crores, reflecting a growth of 155% over the corresponding figure of ₹ 12.71 Crores for the previous year. Our sharp focus

"At Kogta Financial, our deep understanding of financial requirements of the small borrowers and strategic expansion in our branch network enabled us to deliver a commendable performance against this tough backdrop. Our disbursal stood at ₹ 748.67 Crores, which was 33% more than our previous year's disbursals.

on sound risk management practices led to robust asset quality. Our Stage III (Gross) and Stage III (Net) Non-Performing Assets (NPA) stood at ₹ 32.14 Crores (3.22% of total loan receivables) and ₹ 25.65 Crores (2.57% of total loan receivables) respectively in FY 2019-20 when compared to ₹ 19.99 Crores (2.96% of total loan receivables) and ₹ 16.00 Crores (2.37% of total loan receivables) respectively in the previous year.

An important development during the year was the infusion of ₹ 300 Crores by Malaysia-based private equity firm Aditya (Mauritius) Limited, along with NHPEA Rimo Holding B.V. This is the third round of private equity that we have successfully raised. Along with enhancing our net worth through this investment, we also stand to benefit from the deep domain knowledge of our investors. Further, we also moved up to the 'A' band of investor rating with CARE Ratings, upgrading our outlook to A- from BBB+. The revised outlook along with our strong liquidity profile will enable us to secure funds at competitive costs and accelerate credit to those who need it the most. Our Capital Adequacy Ratio stood at 58.42%, well above the statutory requirement of 15%, underpinning our strong focus on maintaining our financial health.

The nationwide lockdown following the outbreak of the pandemic is expected to have near-term impact on collections and fresh-loan disbursements of NBFCs with branch and field activities getting curtailed. In addition, with almost all sectors being impacted by the pandemic, there have been salary cuts and even job losses, which may lead to default on loan repayments by borrowers. Further, the MSME sector has been hit severely due to businesses coming to a standstill and reduced consumer spending, resulting in cash flow disruptions. MSMEs contribute to a significant share of NBFC's loan portfolio; default by borrowers may in turn impact NBFCs ability to repay their financial lenders.

Notwithstanding the economic uncertainty, the Reserve Bank of India (RBI) has announced several measures to provide relief to borrowers to tide over the immediate and near-term liquidity pressure. The RBI has introduced a six months moratorium, extending till August 31, 2020, on loan repayments for distressed bank and NBFC borrowers. Loans under the moratorium need not be classified as non-performing. Another significant measure by the Central Bank was the decision to inject ₹ 3.74 Trillion into the financial system to improve liquidity in the markets. This includes cut in cash reserve ratio (CRR) to allow banks to lend more funds and easier borrowing requirements under the marginal standing facility (MSF) window. The Central Bank has also announced a massive cut in the reverse repo rate to allow banks to use their liquidity surplus in the economy.

These policy measures are expected to help financial markets and institutions to function normally in the face of this unprecedented crisis. It will also reinforce monetary transmissions so that credit can be made available to all those who have been impacted by this pandemic. At Kogta, our continued focus on maintaining adequate liquidity levels along with the sustained measures taken by the RBI should help us to navigate the challenging times that we foresee ahead. We also stand to benefit from the way we have integrated technology into our operations, enabling us to build cost-effective, lean and robust operations and risk management capabilities.

The importance of a strong NBFC sector in a growing economy like India cannot be overemphasised. They have been successful in filling the gap in credit availability to the underserved customers and the MSME segment, thereby fostering financial inclusion and inclusive economic growth. In the current times, the role of NBFCs assume greater significance to protect MSMEs from the COVID-19 threat. At Kogta, through our deep understanding of micro markets, we remain committed to serve the financial needs of people who are underserved, especially those residing in smaller towns and rural areas.

In closing, I would like to take this opportunity to extend my gratitude to our financing partners for their constant support. With their continued trust, we are determined to expand our geographic reach to deliver greater impact. Our professional teams keep us poised to meet our customers' aspirations, and that of other stakeholders. On behalf of the Board of Directors, I express my sincere appreciation for their dedication. Kogta Financial will continue to explore new opportunities to serve and succeed.

Thank you for your investment in the Company.

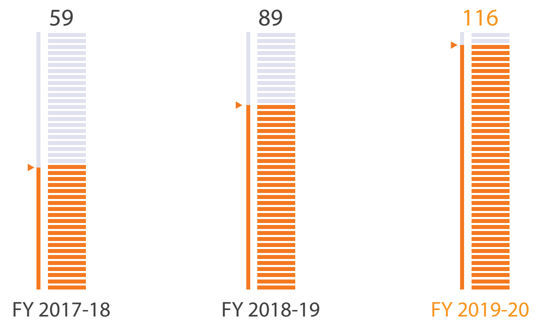
Warm regards,

Arun Kogta
MD and CEO

PERFORMANCE HIGHLIGHTS

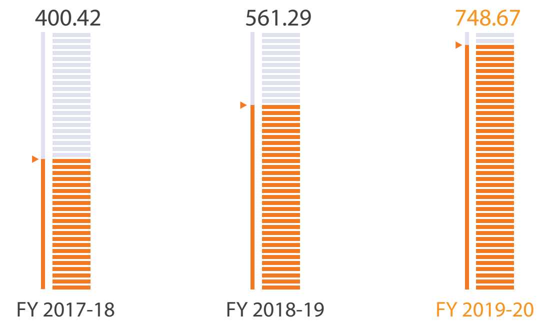
(No. of Branches)

Network Expansion



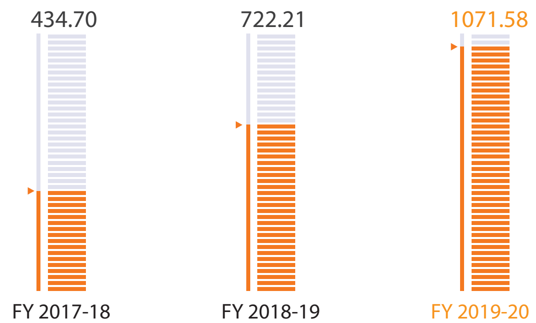
(₹ in Crores)

Total Disbursements



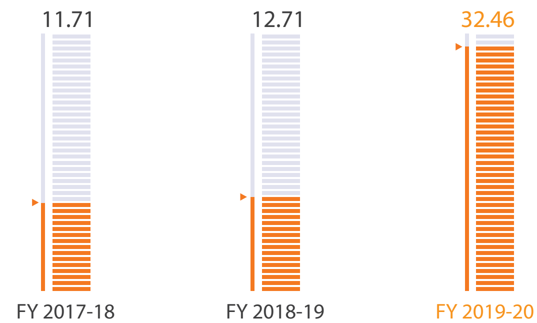
(₹ in Crores)

Total Assets Under Management



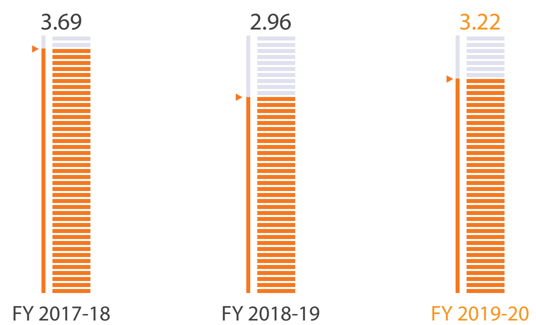
(₹ in Crores)

Net Profit Before Tax



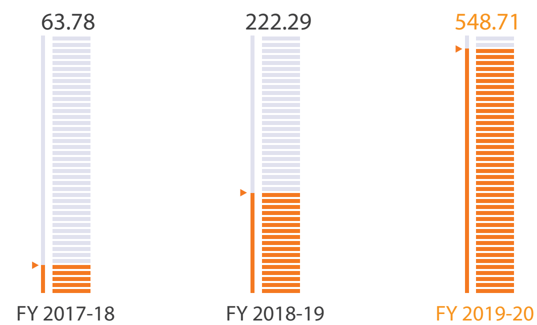
(%)

Gross Stage III



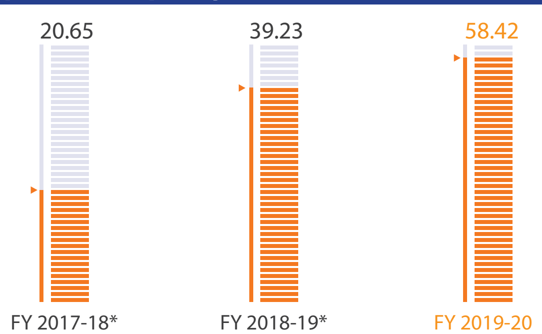
(₹ in Crores)

Net Worth



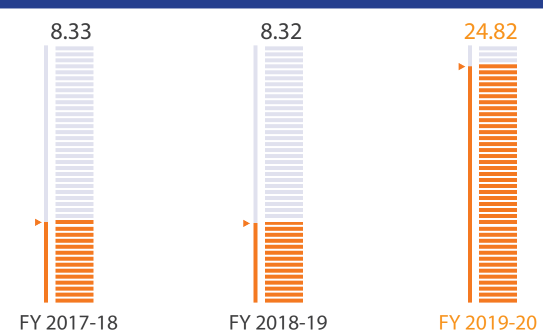
(%)

Capital Adequacy Ratio



(₹ in Crores)

Net Profit After Tax



*as per IGAAP

All figures reinstated as per Ind AS

DIVERSIFIED BASE OF LENDERS

BANKS

SMALL FINANCE BANKS

DEBT FUNDS

FINANCIAL INSTITUTIONS

COMMITTED TO SERVE COMMUNITIES

Our commitment to serve goes beyond our customers, to work for the welfare of communities where we operate. Just as we are determined to succeed in fostering financial inclusion, the same spirit of determination encourages us to drive inclusive growth and better well-being for the economically weaker sections of the society. Aligned to our endeavour to make a meaningful difference and impact lives, Education is among our prime focus areas.

EDUCATION

We extended financial assistance to Udhbhav School, location. The funds are being used to meet the school's girl child education programme – Umeed. By supporting this academic programme, we aim to provide these young girls the foundation they need to be self-reliant and successful in the future.

SPORTS

We also contributed towards the distribution of track suits in Government School at Bijainagar, Ajmer, Rajasthan. Sports and physical activity is an important aspect of life and this support towards the right attire will help the students to be more active.

ENVIRONMENT CONSERVATION

We also supported PSR Global Foundation in their tree plantation drive.

ANIMAL PROTECTION

Among our other CSR projects was the donation made to Shri Pinjarapole Gaushala to provide monetary assistance for cow fodder.

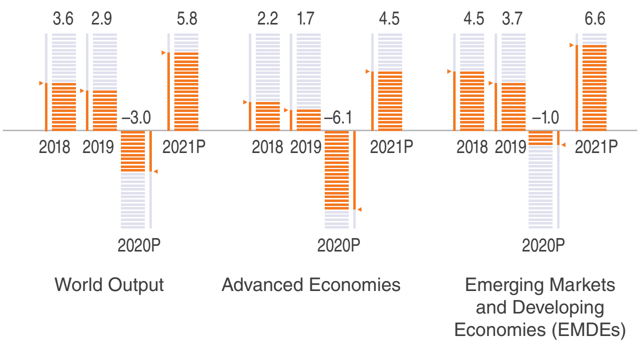
MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMIC OVERVIEW

Global Economy

The International Monetary Fund (IMF), in its World Economic Outlook, April 2020, calculated a global economic growth of 2.9% in 2019, a significant fall from 3.6% in 2018. The slow GDP growth is attributed to a fall in global manufacturing and trade, driven by negative growth in a few emerging economies and trade dispute between large economies. Brexit-related concerns and geopolitical tensions put further pressure on the global economy.

Global Economic Growth (in %)



Source:
IMF World Economic Outlook, April 2020,
P = Projections

While the industry experts were projecting a growth pickup in the next year, the global economy was confronted with an unprecedented global health crisis in the first quarter of 2020 – the outbreak of the Novel Coronavirus pandemic (COVID-19). The loss of lives across all continents and the virus containment measures like quarantines, lockdown and social-distancing measures drove a sharp drop in consumption and investment. Industry experts have signalled a recession considering the crisis over the global financial and consumer markets. Even if there is a possibility of the virus coming under control by the third quarter, the recession dynamics are likely to continue till the end of 2020. The IMF has projected the global growth rate to shrink by – 3% in 2020. However, it also projects that if the pandemic is contained by the second half of 2020; the global economy will presumably grow by 5.8% in 2021, driven by fiscal and monetary stimulus.

Source:
https://www.imf.org/en/Publications/WEO/Issues/2020/04/14/weo-april-2020
https://www.mckinsey.com/business-functions/risk/our-insights/covid-19-implications-for-business
https://hbr.org/2020/03/what-coronavirus-could-mean-for-the-global-economy

Indian Economy

Indian economy manifested the impact of the bearish global economy, some country-specific factors and the outbreak of coronavirus pandemic in FY 2019-20. The stress in financial sector, lower GST collections and strain on fiscal deficit brought down consumption, investment and trade. Rural income, which plays a major role in boosting India's spending and consumption power, declined substantially in the year under review. The agriculture and allied activities sector contributed about 14.6% of the GVA, and registered a growth of 4% in FY 2019-20. This not only decelerated the country's GDP growth but also impacted the global growth outlook. According to IMF World Economic Outlook and The National Statistical Office (NSO) latest estimate, India's GDP grew at 4.2% in FY 2019-20 compared to 6.1% in the previous year.

The Government took up monetary and fiscal stimulus over the year under review, to lift up consumption, investment and export. RBI's continuous repo rate cuts, reduced corporate tax and credit support to NBFC sector were targeted at boosting investment. Further to that, the Government amended the Insolvency and Bankruptcy Code[1] (IBC) to ease financial stress from the real estate sector. Additionally, the National Infrastructure Pipeline (NIP) with a budget of ₹ 102 Lakh Crores and the Union Budget 2020 were aimed at boosting economic growth. However, the spread of coronavirus epidemic and a sudden halt to all economic activities posed fresh challenges to the Government strategies. The virus has brought about a sharp decline in Government revenues and a fall in investor and consumer sentiment in an already dwindling economy. The Government's focus has been shifted towards surviving the crisis with a ramp-up of healthcare system and supporting the economy.

Outlook

The key to the revival of growth lies in revival of domestic private consumption, which will apparently boost private investment and the economy. With nearly 66% of population in the country living in villages, the rural economy contributes close to 46% of the total income of India. However, the rural-urban divide in India is so prominent that the rural income is less than even half of the urban counterpart at per capita net ₹ 40,925, while urban counterpart has about ₹ 98,435. Now with the bulk of population going jobless including the daily wage earners and the farmers losing income due to the supply chain disruptions caused by the pandemic and lockdown, the economy needed a targeted revival strategy.

[1] https://www.indiabudget.gov.in/economicsurvey/doc/vol2chapter/echap01_vol2.pdf

As an umbrella support to the economy battling with the pandemic outbreak and lockdown, Government announced a ₹ 20 Lakh Crores stimulus package called "Atmanirbhar Bharat". The package comprises policy and liquidity support to the cottage industry and MSMEs, labourers, middle class, urban and rural poor while targeting a self-reliant economy. The package aimed at giving support to rural economy with an allocation of ₹ 40,000 Crores to Mahatma Gandhi Employment Guarantee Act (MGNREGA). This will ensure jobs in rural areas, while creating larger number of durable and livelihood assets to boost the rural economy through higher production. Further, ₹ 1 Lakh Crore Agri Infrastructure Fund was also announced for developing farmgate infrastructure. Extensive fiscal and monetary support was provided to the MSME sector, which is a key driver of the economy.

Government support had very little impact on overall demand so far, as the country was under lockdown leaving a bulk of population jobless. Finally, to walk out of the lockdown impact, the Government has laid out a roadmap for a phased reopening of the economy, starting with Unlock 1.0. Despite the spread of virus, the industries and organisations have started reopening with strict SOPs, directed by the Government. This is expected to provide some relief to the economy which is estimated to have lost more than 120 million jobs in the month of April.

IMF still projects India's GDP growth to remain positive in FY 2020-21, at 1.9%, with a pick-up in the next fiscal at 7.4%. However, a Bloomberg survey of economists projected the country's GDP to contract by 1.9% in FY 2020-21, followed by a V-shaped recovery to a growth of 7.1% in next fiscal.

Source:
Atmanirbhar Bharat Report, https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=49581
IMF World Economic Outlook April 2020, http://ddnews.gov.in/business/rbi-reduces-reverse-repo-rate-375
http://www.mospi.gov.in/sites/default/files/press_release/PRESS%20NOTE%20PE%20and%20Q4%20estimates%20of%20GDP.pdf

INDUSTRY OVERVIEW

NBFC sector in India

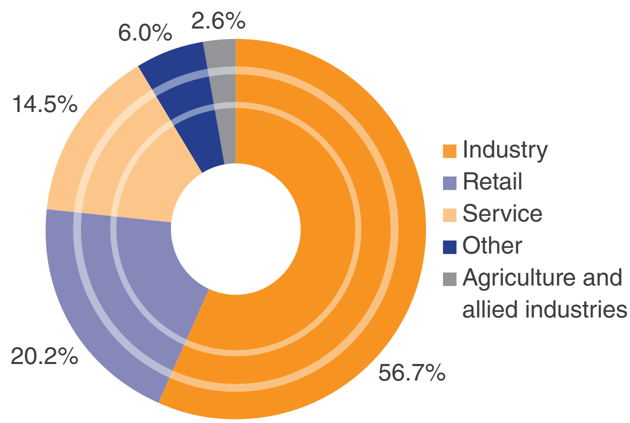
As defined by RBI, NBFIs are a group of diverse financial intermediaries which operate as an alternative channel of credit flow to the commercial sector in a bank-dominated market. Among the various NBFCs, those regulated by the RBI are all-India financial institutions (AIFIs), non-banking financial companies (NBFCs), primary dealers (PDs) and housing finance companies (HFCs).

According to RBI, the total size of the NBFC sector grew from ₹ 26.2 Lakh Crores in FY 2017-18 to ₹ 30.9 Lakh Crores in FY 2018-19. Despite the growth, the pace was lower year-on-year attributed to downgraded ratings and liquidity, stress in a few large NBFCs. In FY 2019-20 (up to September) growth in balance-sheet size of NBFCs was constrained due to a drop in credit growth. The Government of India and RBI have taken up several measures to address these challenges such as improving systemic liquidity and strengthening the governance and risk-management framework of NBFCs. Supported by Government measures, total assets of NBFCs have grown by 5.5% since March 2019 to reach ₹ 32.57 Lakh Crores at the end of September 2019. Bank borrowings have increased to ₹ 6.3 Lakh Crores. Total loans and advances increased almost 10% YoY to ₹ 23.54 Lakh Crores, while investments increased 30% to ₹ 5.87 Lakh Crores.

Contribution of NBFCs in BFSI sector

The Confederation of Indian Industry (CII) has considered the NBFCs and HFCs as important pillars in India's BSFI sector and they are likely to play a key role in leading the Indian Economy to US$ 5 trillion. They have been playing a complementary role in supplying credit to those segments that are usually deprived of commercial bank loans. RBI data suggests that for FY 2018-19, the share of credit from NBFCs & HFCs stood at 30% while banks contributed 70%. This is a significant growth from just a 13% share in FY 2012-13. NBFCs have a share of 15% in personal loans, 30% in automobile loans, while HFCs have a share of 42% in housing loans. Despite competition from public and private sector banks, NBFCs have managed to cater to the unbanked segments of the society in both rural and urban areas.

Distribution of NBFC credit (end of September 2019)



Source:
RBI Publication (https://m.rbi.org.in/Scripts/PublicationsView.aspx?id=19367)

Industry and Retail segments have been key growth areas for NBFCs. While industry segment registers a total outstanding loan of ₹ 13.3 Lakh Crores, retail segment has about ₹ 4.7 Lakh Crores.

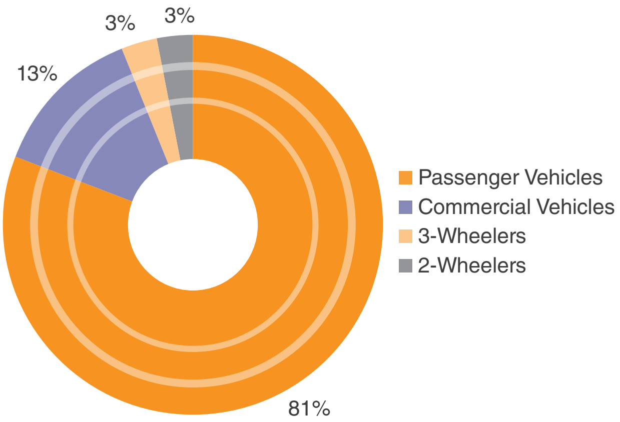
Source:
RBI report (https://m.rbi.org.in/Scripts/PublicationsView.aspx?id=19367)

Overview of industry segments

Automobile industry

The Indian automobile sector is the world's fourth largest auto market in terms of sales and production. The Gross Turnover of the Automobile Manufacturers in India stood at about US$ 70 billion in FY 2018-19. The industry growth has been driven by infrastructure development; growing middle class population with increasing income and availability of easy finance. The industry also attracts robust investment opportunities and creates jobs. The industry is comprised of passenger vehicles, commercial vehicles, three-wheelers, two-wheelers, and others.

Domestic Market Share for FY 2019-20 (In %)



Source:
http://www.siam.in/statistics.aspx?mpgid=8&pgidtrail=12

The industry had a bearish year in FY 2019-20 in terms of production and sales. India produced a total of 2,63,62,284 vehicles in FY 2019-20 as against 3,09,14,874 vehicles in FY 2018-19, registering a drop of 14.73%. Total domestic sales also dropped to 2,15,47,552 vehicles in FY 2019-20 as against 2,62,67,783 in FY 2018-19.

The lower production was attributed to falling domestic demand, driven by slump in corporate sector, financing difficulty and a negative buying sentiment. This was further worsened by BS-VI transition costs and the outbreak of COVID-19. Indian automakers import about 10% of their raw materials from the country. The industry first suffered due to the disrupted supply chain caused by closure of the factories in China after coronavirus outbreak. Following this, India's nationwide pandemic-induced lockdown in March and April brought production and sales of automobiles to a grinding halt. Revenues, fixed cost and working capital took a severe hit for the OEMs and led to a shutdown of many manufacturing units. Industry OEMs, however, expect the passenger vehicle sales in India to pick up during the second half of 2021 when economic activities are normalised. They expect the sales of tractors to pick up with good monsoon and Government support to agriculture. This will be followed by two-wheelers and entry level PVs because of the new social distancing norms.

The total NBFC credit to automobile segment stood at about ₹ 2 Lakh Crores as in September 2019. This was just 4% growth from the volume at the end of March 2019. The drop in credit deployment growth was driven by the cash crunch faced by the NBFCs as well as slower demand in automobile sector. A large number of commercial vehicles are financed by NBFCs. According to industry association Finance Industry Development Council (FIDC), NBFC loan sanctions in the commercial vehicle (CV) segment dropped by as much as 36% YoY during the September 2019 quarter. However, subdued demand for new products has given a rise to the sale of used vehicles. Many NBFCs have also started funding used cars to compensate for the lost margins.

Government's support to NBFC credit, investment in road and transportation and increased budgetary allocation on rural sector and road development are likely to create opportunities for the NBFCs in auto segment.

Source:
Society of Automobile Manufacturers (http://www.siam.in/statistics.aspx?mpgid=8&pgidtrail=12)

The Micro, Small and Medium Enterprises (MSMEs) Sector

In India, MSMEs are defined as businesses with annual revenue up to ₹ 250 Crores. MSMEs can be further broken down into smaller categories of MICRO, NANO and MINI. This sector is a significant part of Indian economy. As per National Sample Survey Office (NSSO), there are 6.34 Crores operating MSMEs in India. Again out of 6.3 Lakh MSMEs, 51.25% operated in rural area and 48.75% in urban area. The number of registered MSMEs in FY 2019-20 has increased by 18.49% to 25.13 Lakh units from 21.21 Lakh in FY 2018-19, according to Government data. The Central Statistics Office (CSO) estimates the contribution of MSME Sector in country's Gross Value Added (GVA) and GDP (at current prices) at 31.8% and 29.7% respectively. The sector also contributes 49.66% of Indian exports.

Credit to MSMEs

Although MSMEs have been growing in numbers, they lack access to timely and adequate credit to meet the working capital needs, new technologies, proper infrastructure and manpower. Surprisingly, only about 8% of the total MSMEs in the country are served by formal credit channels. External credit for the MSME segment estimated at ₹ 37,00,000 Crores, while the overall supply of finance is estimated at ₹ 14,50,000 Crores, leaving a credit gap of ₹ 20,00,000- ₹ 25,00,000 Crores. NBFCs have extended finance to SMEs by providing a range of products according to their needs. However, NBFC credit registered negative growth in FY 2018-19 and their share in total commercial loans have also come down due to liquidity crunch caused by a significant default in loan repayment by a financial lending entity. NBFC credit share to MSME sector varies between 10.4% and 14%.The total NBFC credit to MSME segment dropped 16.3% to about ₹ 77,576 Crores in FY 2018-19 from ₹ 92,766 Crores in FY 2017-18. For FY 2019-20, (up to September 2019), credit to MSME sector increased to about ₹ 79,694 Crores after Government and RBI support.

Loan against Property

The loan against property (LAP) segment has been a key growth driver for NBFCs in recent years and a large number of MSMEs have availed this mode of loans to fund their business. However, it has witnessed headwinds in the last two years because of the liquidity stress faced by the NBFC sector. The weak real estate markets in metros, poor sentiment of buyers, coupled with rising delinquencies impacted the performance of LAP sector. Delinquency indices for the LAP transactions were on the rise due to high loan-to-value and high-yield buckets. Further, the sector was further threatened by the coronavirus crisis causing a sudden halt to property transactions and construction activities. Measures including tax exemptions and deferment, extension of financial closing date, and relaxation policies are expected to work as growth stimulators for the LAP sector in mid-to-long term.

Government Support and Outlook

The Budget underlined the significant role that NBFCs play in financing MSMEs. The Government announced ₹ 3 Lakh Crore collateral-free automatic loans for businesses/MSMEs under the Aatmanirbhar package. Additionally, the Government will provide ₹ 20,000 Crores of subordinate debt to about 2 Lakh stressed MSMEs and a ₹ 50,000 Crores equity infusion. To help MSMEs further to fight unfair competition, global tenders will be banned for Government procurement up to ₹ 200 Crores. Further, NBFCs are substantially supported with funds to boost manufacturing, housing and real estate sector.

NBFCs' difference in approach to underwriting MSME credit has made them a right choice for the MSME credit. The MSME lending segment has experienced multiple disruptions through new business models such as the evolution of fintech lenders (technology-enabled lending) that use innovative approaches to credit underwriting and offer products with a lower turnaround time. These innovative lending approaches to the MSME segment help in creating greater outreach to reliable and efficient borrowers who may otherwise be excluded from the formal system. The sector is expected to be a prime business driver for NBFCs.

Source:
MSME PULSE https://sidbi.in/files/announcements/MSME%20PULSE%20OCTOBER%202019_Edition%207.pdf
https://timesofindia.indiatimes.com/business/india-business/msme-share-to-manufacturing-output-declines/articleshow/70134352.cms
https://pib.gov.in/PressReleseDetailm.aspx?PRID=1595510, https://msme.gov.in/sites/default/files/annualrprt.pdf

Challenges and opportunities

NBFCs play a significant role in promoting overall growth in the country, by including customers outside the bank segment and catering to the diverse financial needs. Being one of the key financiers to MSMEs, they also contribute to the economic growth by indirectly helping employment generation, commercial transportation, wealth creation, growing bank credit in rural segments and offering financial support to weaker segment of the society. However, the sector has faced its share of challenges. Though NBFCs saw robust growth momentum in FY 2017-18 and the first half of FY 2018-19, the growth was constrained by a series of events after that.

The liquidity crunch for the NBFCs which started in the third quarter of FY 2018-19 impacted growth in the sector. With both mutual funds and banks unwilling to lend due to fear of defaults, NBFCs' funding cost increased and liquidity dried up. However, the Government stepped up to facilitate loans to the sector. The Budget allotted ₹ 1 Lakh Crore lifeline to NBFCs with a promise to stand part guarantee on loans purchased by state-run banks for six months.

Risk aversion by commercial and national banks create growth opportunities for NBFCs to bridge the gap marginally with wide reach to the rural and socially undeserving but needy section of the society. Pickup in construction and mining activities and real estate would also continue to drive demand for NBFC credit. Higher income, lower penetration and lower cost of capital will also boost long-term demand.

Overall, the outbreak of COVID-19 remains a prime threat to the sector as economic activities have come to a halt because of the virus spread and nationwide lockdown. Automobile sectors, construction as well as other industrial sectors have registered negative growth during the lockdown period. There is also the possibility of a rising level of bad loans for the NBFCs over the period. However, there are pending demands in the market that will resume with the normalisation of economic activities. Further, NBFCs can tap the opportunities arising from the challenges. With the new norm of social distancing, consumers are expected to prefer personal vehicles rather than shared transport, even after the virus is contained. This is likely to boost demand for entry level cars and used cars. Further, with Government's extra fillip to agriculture as a way to augment consumption, the demand for tractors will remain strong in the medium and long term.

RBI support during COVID-19

- **Loan moratorium**

  Reserve Bank of India (RBI) in its COVID-19 package has allowed all commercial banks, cooperative banks and NBFCs to provide a three months' moratorium on all kinds of term loans till May 31, 2020. However, with the further expansion of the virus trajectory, RBI announced an extension of the moratorium EMIs by further three months, till August 31, 2020. This has provided a much-needed six months' moratorium on loan EMIs to individual and institutional consumers to tide over COVID-19 disruptions. In case of the moratorium, the 90-day non-performing assets (NPA) norm will exclude the moratorium extension period.

  The flipside here is that, though banks are offering moratorium on loan instalments to corporate and retail customers, they aren't offering the same to NBFCs because of the total outstanding bank loan of ₹ 8 Lakh Crores to the NBFC sector. Secondly, as lending institutions, NBFCs can offer moratorium to their customers, and hence, banks are unwilling to let them avail the same. Experts have urged NBFCs to extend dialogue with the banks and convince them against risk aversion.

- **TLTRO 2.0**

  RBI is offering liquidity support to banks on condition that they would support NBFCs through funds in investment grade corporate bonds, commercial paper and NCDs of these entities. In March, the RBI had announced special targeted long term repo operations (TLTRO) operations to ease liquidity conditions in the financial system. This will let banks borrow one to three-year funds from the central bank at the repo rate, by presenting Government securities with similar tenure as collateral. Usually, RBI offers short-term (up to 28 days) liquidity to banks. Under this, RBI has announced TLTRO 2.0 of ₹ 50,000 Crores to ensure liquidity flow to NBFCs and microfinance institutions (MFIs). The RBI chief added that at least 50% of amount availed by banks through this must go to mid and small-sized NBFCs and MFIs. This amount may go beyond ₹ 50,000 Crores depending on the severity of the situation.

- **Repo Rate**

  On the repo rate front, RBI took up a two-way measure. Since February last year, the RBI reduced the policy repo rate by a cumulative 250 bps, from 6.5% to 4% in May 2020. And there could be further scope for a rate cut if the inflation growth evolves as expected. This was intended at making loans easily available to banks and help the economy fight the COVID-19 pandemic. The reverse repo rate was reduced to 3.75%, making it less attractive for commercial banks to park cash with RBI.

- **Commercial Realty loans**

  RBI also announced that the date for commencement of commercial operations, in NBFC loans to commercial realty projects, can be extended by one year. This will give a breather to the operations and boost credit to the sector.

  The RBI measures have taken care of most of the requests made by NBFCs over more than a year giving the sector its much-needed liquidity support and an opportunity to be a game changer in India's financial market.

Source:
https://www.thehindu.com/business/Economy/rbi-cuts-repo-rate-again-down-to-4/article31652475.ece
https://www.bloombergquint.com/economy-finance/rbi-briefing-live-governor-shaktikanta-das-may-announce-additional-measures-amid-lockdown-extension
https://www.moneycontrol.com/news/business/economy/rbis-targeted-long-term-repo-operations-all-your-questions-answered-5139191.html

Industry Outlook

Credit has been one of the hard hit segments in the financial services in India during the economic slump in FY 2019-20. The big failures of some of their big entities and the resulted liquidity crunch have taught the NBFCs a lesson of survival. They are learning to judge the overall market dynamics and taking up new strategies to lend to different segments. Moreover, the RBI as well as the Government stood firmly behind the sector. Driven by the easier liquidity provisions taken up by RBI; the flow of funds to NBFCs from banks improved by over 30% in just a year. The sector is now on a firm-footing with proper regulatory provisions and liquidity windows which have allowed NBFCs to raise funds. Overall, the signs are encouraging as the asset quality for MSME lending remains stable and lower than commercial lending non-performing asset rates in India.

However, COVID-19 came as a sudden shock to the sector like any other sector in the economy. The overall performance of the sector was hampered by the nationwide lockdown and drop in private and government investment. Notwithstanding the present scenario, the Government's all-inclusive fiscal and monetary stimulus for the banking, financial, manufacturing and MSME sectors and support to middle class and the poor sections of the society will help the NBFC sector bounce back once the economic activities are normalised. The long-term outlook for the sector remains strong and positive.

ICRA expects the overall credit growth in FY 2019-20 to decelerate sharply to 6.5-7% from 13.3%, during FY 2018-19 because of the economic slump, risk aversion among lenders and the spread of coronavirus. NBFCs, however, are expected to experience steady growth with minimal instances of delinquencies with continuous flow of credit and improvement of risk mitigation mechanisms. Adoption of technology in lending process and adopting new lending strategies to find new products and market will provide support to the sector. A complete reinvention of the NBFC business model is likely to take the sector to a new height in the coming two fiscals.

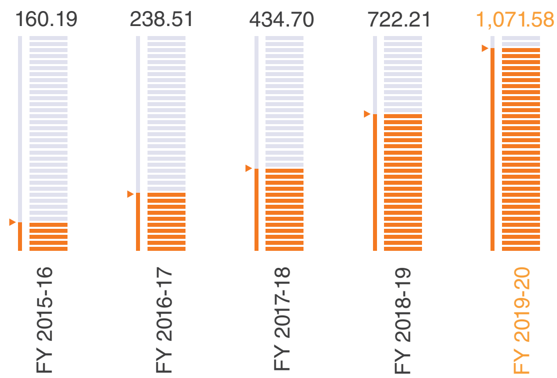
Source:
https://www.entrepreneur.com/article/344069
https://bfsi.economictimes.indiatimes.com/news/nbfc/the-story-of-new-age-nbfcs-in-2019-and-2020/73039538

Key industry growth drivers

COMPANY OVERVIEW

Kogta Financial (India) Limited (our Company) is a retail focussed NBFC registered with RBI for over two decades. We primarily cater to the financing needs of vehicles/ MSME sectors. We have a customer base of over 75,000 spread in the western and central region of India. We have presence in eight states with 116 operational branches spread across Rajasthan, Gujarat, Maharashtra, Madhya Pradesh, Delhi NCR, Punjab & Haryana. We are quickly expanding our footprint in western and central India. Our longstanding relationship with banks (including small finance banks), NBFCs and investors like Aditya (Mauritius) Limited, NHPEA Rimo Holding B.V. and IIFL have been a strong support in our growth.

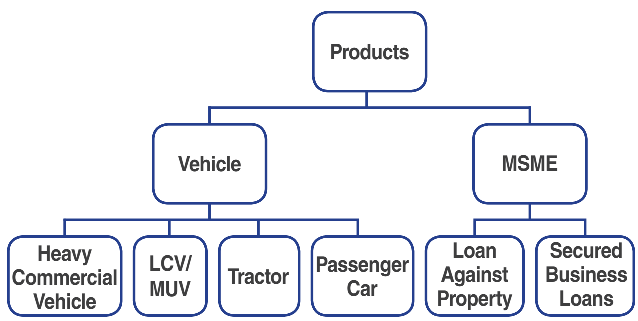
Assets under Management (AUM (In ₹ Crores))



Over the last five years, we have managed to contain net Stage III NPA levels below 3% led by our prudent business practices and controls. This high level of healthy asset quality has been achieved despite a stunning growth of 60% CAGR in AUM over the last five years. CARE ratings of the Company got improved to CARE A-/Stable from CARE BBB+/Stable in FY 2019-20, moving to 'A' band of rating was a significant development for us.

Key product offerings

We offer financing for two key sectors – Vehicles and MSMEs. We focus on financing products with high yield and low risk and design our lending framework based on customer profile and product for which lending is offered. Our financial products can be further segregated as follows:



Key Competitive Strength

- Fair business practices and safe & trusted financial policies
- Robust business model with extensive product offering and diverse customer profile
- Strong distribution network, knowledge of local market
- Wide reach to urban, semi urban & rural areas
- Simplified and prompt appraisal and disbursements supported by in-house technology
- Diverse group of investors and boast of excellent credit ratings
- In-house developed real-time online and app-based Enterprise Resource Planning (ERP) platform
- Healthy asset quality management and good diversification of AUM across products
- Diversified mix of lenders with growing exposure by banks

Business Performance

Operational Review

Our Company has a well-diversified exposure to various segments in the auto financing. AUM in FY 2019-20 stood at ₹ 1071.58 Crores as compared to ₹ 722.21 Crores in FY 2018-19, an increase of 48%. We have expanded well over the year under review and started operations in the states of Punjab & Haryana.

New Investor

We have successfully closed a ₹ 300 Crores series C fund raise, led by Aditya (Mauritius) Limited, along with existing investor NHPEA Rimo Holding B.V. in October 2019. Aditya (Mauritius) Limited is a private equity firm focussed on long-term investments in growth-oriented businesses in South Asia and Southeast Asia.

Contribution to Overall Portfolio

As on March 2020, our loan portfolio was at ₹ 1,071.58 Crores. Of this, heavy commercial vehicles accounted for 42%, LCV, SCV, MUV comprised 14% MSME comprised 18%, while cars and tractors comprised 18% and 8%, respectively. The rest comprised non-vehicle loans. Rajasthan accounted for 39% of the loan portfolio, followed by Maharashtra at 21%, Gujarat at 21%, Madhya Pradesh at 7%, Delhi at 3%, Uttar Pradesh at 5% and Punjab & Haryana at 4%.

COVID-19 Impact on the Company

Impact of COVID-19 on Company operations

The COVID-19 outbreak and the pandemic-induced lockdown had a negative impact on the industry as well as the Company as all economic activities came to a sudden halt. We followed all Government directives and protocols regarding lockdown as well as during the phased unlocking period.

In compliance with the directions issued by Central Government/State Government/Municipal Corporations with a view to prevent and contain the spread of COVID-19 pandemic, we temporarily shut down all its offices during the lockdown from March 24, 2020, in order to ensure the safety and well being of all its employees, customers and all stakeholders. According to the guidelines of Ministry of Corporate Affairs, the board of directors approved Work from Home policy for all the employees. In relation to the operations of the Company, we adopted the policy on Operational & Business Continuity. Further, we has been following all recommended precautions in its operations against the spread of COVID-19, including a prohibition on employee travel, minimised in-person contact and maximisation of video-conferencing with a continuous emphasis on sanitisation, hygiene, health, and social distancing norms across its operations.

Later on, as per the guidelines of Ministry of Home Affairs dated May 26, 2020, your Company started operating the branch offices which are out of containment zone and also resumed operations with a capacity of 33%. After the release of Unlock 1.0 guidelines from June, we started our business operations with 50% capacity of employees on a rotational basis.

Further, your Company has considered all the possible impact of known events arising out of COVID-19 pandemic in the preparation of financial results. However, the impact assessment of the pandemic is a continuing process given its nature and trajectory. We will continue to monitor any material changes to future economic conditions and perform stress testing of our books on a periodic basis implementing the updated economic scenario. Your Company is also undertaking a number of measures targeting operating cost reduction.

Product exposures and relative COVID-19 risk

The COVID-19 lockdown has not impacted your Company's ability to render services to its customers or lenders. Notwithstanding the fact that we stopped our business and collection activities during lockdown, the Business and Credit teams have been actively in touch with customers via calls, e-mails, social media, and the website.

Sr. No.	Sector Outlook	Kogta Financial Limited's Position
1	A faster recovery of the rural sector and a good Rabi harvest is expected to support tractor demand immediately with the phase out of lockdown. Clearing supply chain bottlenecks and availability of labour for OEMs will be the key to ensure supply.	More than 80% of your Company's branches are present in the rural areas, towns and semi urban areas, which gives us a clear advantage to capitalise on the rebound in rural demand.
2	Demand for light commercial vehicles is expected to be significantly lower than expected during Q1 FY 2020-21 due to drop in private consumption, reduced freight demand and lower disposable income among transporters. The segment is likely to bounce back from Q2.	Since the major portion of Q1 was spent in lockdown across different state geographies, the sales are expected to start normalising from Q2 onwards.
3	Used commercial vehicle transactions are likely to be least impacted in FY 2020-21 considering lower market prices, BS-VI transitioning and extended time gap in regularisation of the new vehicles supply chain.	Your Company's used commercial vehicle finance business is about 60% of total vehicle finance business and this segment is backed by a healthy sector outlook.
4	Recovery of heavy commercial vehicles and construction equipment segments is expected to be slow – considering the drop in overall GDP for FY 2020-21, the expected drop in Government infrastructure spend and private sector capex.	KFL's exposure to this segment has come down over the last 2 years and is below 14% at a portfolio level. We aim at further reducing exposure to this segment.
5	Passenger vehicles, including Car & MUV might see significant drop in H1 FY 2020-21 considering reduced discretionary purchases. However, preference of individual transport to shared transport because of the new social distancing norms will drive some demand in the PV space after COVID-19.	The ticket size in this segment is low and our focus is predominantly on small car owners. We expect to focus more on this segment with the rebounding of the market.
6	MSME sector is expected to be directly impacted due to lockdown and the economic uncertainties. Stress on cash flow is likely to continue in the short term even after the easing of lockdown, due to supply chain disruptions and counterparty debtor risk across the value chain.	Your Company's customer segment in MSME sector largely constitutes retail traders, shop owners and self-employed persons. The segment is likely to show early signs of revival from Q2 onwards. We will continue to focus on small ticket size MSME loans.

Management Outlook

With strong support from the Government of India and RBI and quick expansion of the MSME sector with various government schemes and packages, NBFC is on a well strategised growth trajectory. The growing focus on manufacturing and infrastructure development are expected to increase financing opportunities for the NBFCs. We are working on the lending prospects, especially in the smaller towns and rural India and confident about our ability to leverage on the industry growth prospects. We aim to increase our reach in the existing geographies leveraging our local strength and further expand to newer tier II & III cities.

The recent investment by Aditya (Mauritius) Limited and NHPEA Rimo Holding B.V. will help us expand our loan book and spread our distribution network to newer geographies. We have already expanded our operations in the states of Punjab & Haryana in FY 2019-20. We have reached 116 branches by the end of March 2020 and reached 36,000+ active customers. Bank exposure is growing steadily in our lenders mix and we are planning to have more concentration of bank credits in our future.

With the COVID-19 outbreak, operations took a sudden halt because of the shutdown of all economic activities during the pandemic-induced lockdown. However, the Government has been supporting the economy with its expansive relief package and organisations are slowly restarting operations with the initiation of Unlock 0.1 adhering to Government's strict SOPs. With strong liquidity support from RBI and the extension of moratorium on loan EMIs till August 2020, we hope to be on track in the second half of the financial year. We are offering moratorium/deferment facility on instalments due between March 01, 2020 and August 31, 2020, to all eligible borrowers as per the Company policy and permitted in the RBI guidelines. With growing participation of banks in NBFC lending and our product and operational efficiencies, we will be in a position to continue on our growth trajectory in next fiscals.

Financial Overview

During FY 2019-20, our financial growth trajectory continued to be robust registering 55% growth in revenues and healthy PAT margin at 198% We have increased the net worth to ₹ 548.71 Crores as on March 31, 2020 as compared to ₹ 222.29 Crores as on March 31, 2019.

Particulars in ₹ Crores and in %

	FY 2019-20	FY 2018-19
AUM	1071.58	722.21
Revenue	169.40	109.50
PAT	24.82	8.32
Net Worth	548.71	222.29
CRAR	58.42	39.23
ROAUM	2.77	1.44

Risk Management

Risk type	Risk definition	Mitigation measure
Liquidity risk	Lenders may tighten lending policy and/ or increase cost of capital cost because of unfavourable macro-economic environment, which may pose a significant risk to business.	We have a diversified mix of lenders including banks, NBFCs, and foreign investors that provide easy access to low cost finance. Additionally, our long-term good relation and good track record help minimise liquidity risk.
Interest rate risk	Volatility and drastic fall in interest rates for unforeseen reasons may pose risk to business operations.	We have an expert team that closely monitors interest rate fluctuations and suggests appropriate measures to shield the business from undue fluctuations.
Operational risk	Foraying into newer regions and market segments increases business operation risks because of the limited understanding of the local business environment.	We have an in-house ERP-based customised proprietary risk management and reporting software, which is designed to improve operational efficiency. Additionally, we study local business environment before entering new territories.
Credit risk	Severe liquidity crunch, bankruptcy, economic downturns, operational failure, fraud or any other reasons may lead to loan default by clients.	We follow a strong lending framework with detailed evaluation of borrower's profile and credit history to minimise default risks. We also mitigate the same through product and geographical diversification. NPA level of less than 3% for over five years, is a proof of our strong lending policies.
Competition risk	Competitive intensity is high in NBFC sector from existing players as well as new entrants. This is further intensified by entry of foreign players.	Our wide product portfolio, strong presence in the west, a diversified and longstanding lender support, healthy asset quality profile capital adequacy and our ever-evolving in-house IT system help us mitigate competition risks.
Regulatory risk	The financial sector is exposed to changes in complex regulatory frameworks. Any regulatory non-compliance poses a threat to business.	A strong internal control framework, robust IT systems and an expert team ensures strict adherence to applicable rules and regulations we respond to changes accordingly.
Human Resource risk	Human capital is a key growth indicator and high attrition rate may adversely impact the normal functioning of business operations.	We focus on a motivational and satisfactory work environment and provide periodical training and skill upgradation for growth. A proper alignment of personal and professional goals minimises attrition. We also encourage new talent acquisition to upgrade talent pool.

Human Resources

Human capital remains a key focus for us in order to continue with profitable growth and expansion. We focus on attracting, hiring and retaining skilled human capital and undertake a number of measures to boost our HR capabilities. We conduct training programmes for skill upgradation and personnel development to enhance employee productivity. There are ample opportunities for learning and growth in the organisation with deeper employee engagement. We also conduct regular employee motivation programmes to keep them engaged positively. We also make sure to arrange for proper training of front-end employees for maintaining better customer relation and customer-friendly environment. A safe, healthy and progressive work environment is at the heart of the organisation and this remains one of our prime focusses. We believe in team building and maintaining an open and transparent communication process so that employees work here with a sense of belongingness.

We have reached a number of 1,623 employees in FY 2019-20 from 974 in FY 2018-19.

Information Technology

Information technology is a critical and integral part of our operations. So as to secure our data and ensure ease of operations, we have in place the best systems across branches. In-house data centre and cloud deployments act as strong support systems for the IT infrastructure. High level of data security is achieved through firewalls, end-user device protection, and application assessments. Our in-house software "Accurate" is the backbone of our IT systems.

Internal Controls & Systems

Your Company's resilience and focus is driven to a large extent by its strong internal control systems designed keeping in view the size and nature of the business. Its internal controls help your Company ensure efficient operations, in compliance with internal policies, applicable laws and regulations, as well as the protection of resources and assets. Accurate recording and reporting of financial transactions is also integral to the internal control systems of your Company. Our internal team monitors all business operations closely and any deviations are promptly reported to the Management and Audit Committee for timely correction. We ensure sensitive data is adequately safeguarded and audit process is carried out smoothly with the help of our robust IT systems. Our audits help to establish the aptness of mitigation actions to protect the Company from various internal and external risks. Your Company is well safeguarded from uncertain events with several strategies devised as a follow-up measure.

Cautionary Statement

Certain statements in the Management Discussion and Analysis covering the Company's objectives and outlook may be "forward-looking statements" within the meaning of applicable laws and regulations. Actual results may vary significantly from the forward-looking statements contained in this document due to various external and internal risks and uncertainties. These may include the effect of economic and political conditions in India, volatility in interest rates, new regulations and Government policies that may impact the Company's business as well as its ability to implement the strategy. The Company does not undertake to update these statements.

CORPORATE INFORMATION

BOARD OF DIRECTORS

MR. RADHA KRISHAN KOGTA	CHAIRMAN
MR. ARUN KOGTA	MANAGING DIRECTOR & CEO
MR. VARUN KOGTA	WHOLE TIME DIRECTOR & CFO
MR. P R KALYANARAMAN	INDEPENDENT DIRECTOR
MR. KUMAR SHARADINDU	INDEPENDENT DIRECTOR
MRS. SHASHIKALA RAMACHANDRA	INDEPENDENT DIRECTOR
MR. AMIT MEHTA	NOMINEE DIRECTOR
MR. ARJUN SAIGAL	NON-EXECUTIVE DIRECTOR
MR. ROBIN BHANWARLAL AGARWAL	NON-EXECUTIVE DIRECTOR

AUDITORS

STATUTORY AUDITOR	M/s S.R. BATLIBOI & Co. LLP CHARTERED ACCOUNTANTS 14th Floor, The Ruby, 29, Senapati Bapat Marg, Dadar (West), Mumbai, Maharashtra - 400028
SECRETARIAL AUDITOR	M/s DEEPAK ARORA & ASSOCIATES COMPANY SECRETARIES 23 KA-4, Jyoti Nagar, Near Vidhan Sabha, Jaipur - 302005, (Raj.)
INTERNAL AUDITOR	M/s LODHA & COMPANY CHARTERED ACCOUNTANTS Karim Chambers, 40 Ambalal Doshi Marg, Fort, Mumbai, Maharashtra - 400023
REGISTERED OFFICE	"Kogta House", Azad Mohalla, Near Railway Station, Bijainagar, Ajmer - 305 624, Rajasthan
CORPORATE OFFICE	S-1, Gopal Bari, Near Ajmer Pulia, Opp. Metro Pillar No. 143, Jaipur - 302001, Rajasthan

BANKS & FINANCIAL INSTITUTIONS

BANKER & FINANCIERS	STATE BANK OF INDIA DCB BANK LIMITED HDFC BANK LIMITED ICICI BANK LIMITED LAXMI VILAS BANK LIMITED INDUSIND BANK LIMITED CATHOLIC CSB BANK LIMITED THE SOUTH INDIAN BANK LIMITED RBL BANK LIMITED FEDERAL BANK LIMITED IDFC FIRST BANK LIMITED MUDRA LIMITED AU SMALL FINANCE BANK LIMITED UTKARSH SMALL FINANCE BANK LIMITED UJJIVAN SMALL FINANCE BANK LIMITED SURYODAY SMALL FINANCE BANK LIMITED FEDBANK FINANCIAL SERVICES LIMITED NORTHERN ARC CAPITAL LIMITED HINDUJA LEYLAND FINANCE LIMITED SUNDARAM FINANCE LIMITED NORTHERN ARC INVESTMENTS POONAWALLA FINANCE PRIVATE LIMITED VOLKSWAGEN FINANCIAL SERVICES LIMITED HERO FINCORP LIMITED JM FINANCIAL PRODUCTS LIMITED MANAPPURAM FINANCE LIMITED A.K. CAPITAL FINANCE PVT. LIMITED TATA CAPITAL FINANCIAL SERVICES LIMITED MAGMA FINCORP LIMITED MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED MICROVEST SHORT DURATION FUND, LP U GRO CAPITAL LIMITED SUNDARAM ASSET MANAGEMENT COMPANY LIMITED UNIFI CAPITAL CITY UNION BANK LIMITED BAJAJ FINSERV BANK LIMITED NABSAMRUDDHI FINANCE LIMITED NABKISAN FINANCE LIMITED VIVRITI CAPITAL PRIVATE LIMITED
TRUSTEE	Catalyst Trusteeship Limited (Erstwhile GDA Trusteeship Limited) Windsor, 6th Floor, Office No. - 604, C.S.T. Road, Kalina, Santacruz (East), Mumbai - 400 098 Beacon Trusteeship Limited 4C, Siddhivinayak Chambers, Opp MIG Cricket Club, Kala Nagar, Bandra (E), Mumbai, Maharashtra 400051
REGISTRAR & SECURITIES TRANSFER AGENT	KFIN Technologies Private Limited (Formerly known as Karvy Fintech Private Limited) "Karvy Selenium, Tower-B", Plot No. 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad - 500032, Telangana

BOARD'S REPORT

To,
The Members,
KOGTA FINANCIAL (INDIA) LIMITED

The Board of Directors ("**Board**") of your Company has immense pleasure in presenting the 24th Board Report of Kogta Financial (India) Limited ("**the Company**" or "**KOGTA FINANCIAL**" or "**KFL**") covering the business and key operational highlights of your company together with Audited Financial Statements for the year ended on March 31, 2020.

1. FINANCIAL HIGHLIGHTS: -

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

For all years up to and including the year ended March 31, 2019, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP). These financial statements for the year ended March 31, 2020 are the first which has prepared in accordance with Ind AS by the Company. The financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest rupee, except when otherwise indicated.

The financial performance for FY 2019-20 and correspondingly revised figures of FY 2018-19 are summarized in the following table:

Amount (₹ in lakh except per share data)

Particulars	Year ended March 31, 2020		Year ended March 31, 2019	
Total Income		16,937.95		10,948.65
Total Expenditure		6,512.62		4,451.48
Profit Before Interest & Depreciation		**10,425.33**		**6,497.17**
Less: Interest and Finance charges	6,758.96		5,086.36	
Less: Depreciation	420.73	7,179.69	139.99	5,226.35
Profit Before Tax		**3,245.64**		**1,270.82**
Total Tax Expenses		751.64		440.61
Profit After Taxation		**2,494.00**		**830.21**
Other Comprehensive Income (Net of Tax)		**(11.70)**		**1.68**
Total Comprehensive Income for the period		**2,482.30**		**831.89**
APPROPRIATION :-				
Dividend on Equity Shares		0		0
Dividend on Preference Shares		0.03		0.04
Tax on Dividend		0.01		0.01
Transfer to General Reserve		100.00		100.00
Transfer to Statutory Reserve Fund		496.46		225.09
EPS:-				
Basic		**25.83**		**8.67**
Diluted		**10.44**		**5.26**

2. FINANCIAL PERFORMANCE: -

For the year under review: -

- Gross income rose to ₹ 16,937.95 lakh as compared to ₹ 10,948.65 lakh in the previous year showing the growth of 55%.
- The Profit before Tax for the year is ₹ 3,245.64 lakh as compared to ₹ 1,270.82 lakh in the previous year showing the growth of 155%.

3. DIVIDEND: -

Considering your Company's growth, and future strategy and plans, your Directors consider it prudent to conserve resources and despite having sufficient distributable profits, do not recommend any dividend on equity shares for the financial year under review.

At the meeting of the Board of Directors held on May 16, 2019, the Directors has recommended a final dividend of ₹ 2,614.67/-(Indian Rupees Two Thousand Six Hundred Fourteen and Six Seven Paisa only) on Pari - Passu & Pro–rata basis i.e. @ 0.01%and @0.0001% to the preference shareholders of the Company, which was approved by shareholders of the Company in the Annual General Meeting held on June 30, 2019. The tax on distributed profits paid on dividend was ₹ 539/- (INR Five Hundred Thirty Nine).

Further, Board recommended the dividend on preference shares, on Pari - Passu & Pro–rata basis, at the rate 0.0001% of face value of preference shares amounting ₹ 604.60/- (Indian Rupees Six Hundred Four and Six Zero Paisa only) in the board meeting held on June 18, 2020, which is subject to approval of the shareholders at the ensuing Annual General Meeting, which is scheduled to be held on July 30, 2020.

4. RESERVES

The Board of the company has decided/proposed to transfer the following amounts to various reserves during the financial year ended March 31, 2020.

Amount transferred to	Amount (₹ in lakh)
General Reserves	100.00
Transfer to statutory reserve fund (u/s 45IC of RBI Act)	496.46

5. OPERATIONAL HIGHLIGHTS

a) Disbursements

During the year under review, your Company has disbursed loans for ₹ 748.68 Crores as compared to ₹ 561.29 Crores in the previous year and clocked a growth of 33%.

Your company offers, different types of consumer loans i.e. Auto Loans (New & Used Car Loans, Tractor Loans, Commercial Vehicles loans and Two Wheeler Loans) and Business Loans (MSME) and Loan against property.

There is a very huge market to be served, which needs an efficient last mile delivery of credit, thus creating enormous opportunity for all the financial institutions and Non-Banking Financial Companies ("NBFC") in special. Your company continues to pursue the strategy of being multi product and multi locational. The focus across the product is of catering to the lower and the middle income segment, which is the key driver of our economy.

b) Assets Under Management (AUM)

In the year 2019-20, your company registering a robust growth of 48% in Asset Under Management (AUM) as AUM of the Company crossed ₹ 1000 Crores and stood at ₹ 1071.58 Crores for the year ended on March 31, 2020 against March 31, 2019 which stood at ₹ 722.21 Crores.

6. CREDIT RATING

The Company has been assigned following credit rating from below mentioned rating agencies during the financial year ended March 31, 2020: -

S. No.	Facilities / Instruments	Rating agency	Rating assigned	
			2019-20	2018-19
1	Long Term Bank Facilities	CARE	CARE A-; Stable	CARE BBB+; Stable
2	Non-Convertible Debentures (Secured)	CARE	CARE A-; Stable	CARE BBB+; Stable
3	Non-Convertible Debentures (Secured) (Listed)	CARE	CARE A-; Stable	-
4	Non-Convertible Debentures (Unsecured) (Listed)	ICRA	[ICRA] AA (CE) (Stable)	[ICRA] AA-(SO) (Stable)
5	Non-Convertible Debentures (Unsecured)	CARE	CARE A-; Stable	-

7. CAPITAL ADEQUACY

Your company continues its Endeavour for greater capital efficiency and shoring up its capital adequacy to enhance shareholder value. Your company is well capitalized with an overall capital adequacy ratio (CRAR) being at 58.42% at the end of the year including, well above the benchmark requirement of 15% stipulated by Reserve Bank of India (RBI).

8. BRANCH NETWORK

Your company therefore sees greater merit in a calibrated growth of its branch network through combination of advanced analytics that help in identifying high potential locations and technology tools that increase staff productivity & smaller branch formats. Your company further expanded its geographical presence by entering into semi urban areas and increased its footprint by opening some new branches and making it more accessible to its customers. Your company strengthened its presence across the 8 states with a network of 116 offices.

9. TECHNOLOGY INITIATIVES

Your company continued its endeavor to become a digital NBFC, as the technology defines one's competitive edge in the market. Your Company has been investing in technological up gradation and also fine-tuning the systems and processes to ensure that those are in sync with the technology platforms. Your Company have well qualified and experienced IT team, which is playing important role to imply/innovate new technologies, in-house softwares, systems, etc.

- **Accurate** - Your Company has in house ERP to Model–view–controller (MVC) pattern for faster development process and ability to provide multiple views, which is secure and helps business to grow. By Accurate, authorised employees can upload/ access the data, login loan files, collection data, accounting, report generation, etc.

- **Kfin** - Your Company has also taken initiative in developing mobile application called Kfin, an application designed to make easy process of employee attendance, leave mark which helps HR team and make easier and effective process of collections and field investigation, Collection monitoring, which enables our employees in the field to serve our customers at their door step.

- **Motor Gaadee** - IT team of your company has also developed a mobile application called Motor Gadee, which offers authorized users, customers, associates & brokers the real time quotations & they can online bid to purchase pre-owned personal and commercial vehicles at the best prices. Motor Gaadee is easy to use and provides tabs to search, view, share the details of vehicles with photo, location and RTO Details. Vehicles can be verified at the Parking Yards as located across the India.

In accordance to the RBI 'Master Direction - Information Technology Framework for the NBFC Sector' ("Master Directions") dated June 8, 2017, the Company, inter alia, adopted an Information Technology Policy including policy & process for Information Security, Business Continuity Plan, Social Media, and Cyber Security and also constituted IT Strategy Committee and IT Steering Committee for overall IT Governance.

10. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There were no material changes and commitments affecting the financial position of your Company, which occurred between the end of the financial year to which this financial statement relates and the date of this report.

11. INFORMATION ABOUT SUBSIDIARY/ JV/ ASSOCIATE COMPANY

Your Company does not have any Subsidiary Company, Joint venture and/or Associate Company.

12. TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

Since, there was no unpaid/unclaimed dividend outstanding last year, therefore, the provisions of Section 125 of the Companies Act, 2013 does not apply on the Company.

13. THE EXTRACT OF ANNUAL RETURN

The Extract of Annual Return as required under section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, in Form MGT-9 is annexed herewith for your kind perusal and information. (**Annexure - 1**)

14. DIRECTORS & KMP: -

I. Directors: -

Provisions of section 152(6) of the Companies Act, 2013, provide that at least two-third of our Directors shall be subject to retirement by rotation. One third of these retiring Directors must retire from office at each Annual General Meeting of the shareholders. A retiring director is eligible for re-appointment.

In accordance with the provisions of Section 152 of the Companies Act, 2013 read with the rules made there under & the Company's Articles of Association, Mr. Arun Kogta will retire by rotation at the ensuing Annual General Meeting of the Company, and being eligible, offer himself for re-appointment. The details of his re-appointment are provided in the Notice of the ensuing Annual General Meeting.

During the financial year 2019-20, the following changes have occurred in the directorship of the company:

(a) Tenure Expire / Resignation: -

- Mrs. Bhama Krishnamurthy (DIN: 02196839), resigned from the post of an Independent Director of the Company with effect from August 06, 2019.

(b) Appointment: -

- Mr. Varun Kogta (DIN: 06844307) has re-appointed as Whole Time Director for a period of 5 years with the effect from April 25, 2019 for which approval of board has been already taken in board meeting held on August 08, 2018 and same has been also approved in annual general meeting held on August 27, 2018.

- Mr. Kumar Sharadindu (DIN: 07341455) has appointed as an Additional Independent Director of the Company by passing Board resolution by circulation on August 8, 2019 and regularized as an Independent Director in the Extra-Ordinary General Meeting of the Company held on September 16, 2019.

- Mr. Robin Bhanwarlal Agarwal (DIN: 08572806) has appointed as an Additional Director of the Company by passing Board resolution by circulation on October 01, 2019 and regularized as Non-Executive Director in the Extra-Ordinary General Meeting of the Company held on November 6, 2019.

- Mrs. Shashikala Ramachandra (DIN: 08087460) has appointed as an Additional Independent Director of the Company by passing Board resolution by circulation on December 12, 2019 and regularized as an Independent Director in the Extra-Ordinary General Meeting of the Company held on January 8, 2020.

- Mr. P R Kalyanaraman (DIN: 01993027) has re-appointed as independent director of the company in the board meeting held on January 29, 2020 for a period of 5 years with the effect from March 8, 2020 and same has been approved in Extra-ordinary general meeting of the company held on March 2, 2020.

The Present Directors of the Company are as follows:

Sl. No.	Name of the Director	Designation
1.	Mr. Radha Krishan Kogta	Chairman and Whole Time Director
2.	Mr. Arun Kogta	Managing Director and Chief Executive Officer
3.	Mr. Varun Kogta	Whole Time Director and Chief Financial Officer
4.	Mr. P R Kalyanaraman	Independent Director
5.	Mr. Kumar Sharadindu	Independent Director
6.	Mrs. Shashikala Ramachandra	Independent Director
7.	Mr. Amit Mehta	Nominee Director
8.	Mr. Arjun Saigal	Non-Executive Director
9.	Mr. Robin Bhanwarlal Agarwal	Non-Executive Director

None of the Directors disqualified from being appointed as Director as specified under the Section 164(2) of the Companies Act, 2013, read with its applicable rules.

II. Key Managerial Personnel

Pursuant to the provisions of section 203 of the Companies Act, 2013 read with the rules made thereunder, the following are the key managerial personnel of the company:

Sl. No.	Name of the Director/KMP	Designation
1.	Mr. Radha Krishna Kogta	Whole time Director
2.	Mr. Arun Kogta	Managing Director and CEO
3.	Mr. Varun Kogta	Whole Time Director &CFO
4.	Mr. Rahul Agrawal	Company Secretary & Compliance Officer

III. Declaration by an Independent Director(s)

The Company has received declaration from each independent director required under Section 149(7) of the Companies Act, 2013 that she/he meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013.

IV. Board Evaluation

Pursuant to the provisions of the Companies Act, 2013, the Nomination and Remuneration Committee has specified the criteria to carry out a performance evaluation of Board, its committee and Individual Directors. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report forming part of this report as **Annexure-5**.

V. Selection Process

Pursuant to the “Fit and Proper” policy adopted by the Company under the RBI Master Directions for NBFCs, the Company has received the ‘Fit and Proper’ declarations from all the Directors for their respective appointment/re-appointment.

The selection and appointment of Directors of the Company is done in accordance with the relevant provisions of the Companies Act, 2013, the relevant Rules made thereunder and the Guidelines issued by the RBI.

15. MEETINGS OF THE BOARD OF DIRECTORS

During the Financial Year 2019-20, the Company held 6 (Six) Meetings of the Board of Directors as per section 173 of Companies Act, 2013. The provisions of Companies Act, 2013 and Secretarial Standards on meetings of board of directors issued by ICSI were adhered to while considering the time gap between two meetings. Further, the details of the Board Meeting and other related details are provided in ‘Report on Corporate Governance’ forming part of the Annual Report as **Annexure - 5**.

16. BOARD COMMITTEES

The Board places significant reliance on its committees by delegating responsibilities to assist it in carrying out its function under its supervision and stewardship. It therefore remains crucial that effective linkages are in place between the committees and the Board as a whole.

Your Company has 10 committees of Board, which are as below;

1. Audit Committee;
2. Nomination and Remuneration Committee;
3. Corporate Social Responsibility Committee;
4. Risk Management Committee;
5. Asset Liability Management Committee.
6. IT Strategy Committee.
7. IT Steering Committee;
8. Loan and Investment Committee;
9. Management Committee;
10. Compensation Committee;

Details of all the Committees along with their composition, terms of reference and meetings held during the year and attendance thereat are provided in ‘Report on Corporate Governance’ forming part of the Annual Report as **Annexure - 5**.

17. REMUNERATION POLICY

Your company has formulated and adopted policy for Director’s appointment and remuneration covering Directors, KMPs and Senior Management of the Company. The objective of the Director’s appointment and remuneration policy is to regulate the appointment and remuneration of Directors (including Independent Directors), Key Managerial Personnel (KMP), Senior Management personnel according to the criteria formulated by the Nomination and Remuneration Committee of the Board as per the provision of the Companies Act, 2013 read with applicable Rules made thereunder.

The key objectives of the Policy are to ensure that:

- the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully.
- relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- remuneration to directors, key managerial personnel and senior management involves a balance fixed pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

Further, the Nomination & Remuneration policy is enclosed herewith in **Annexure-2** and same is also available on the Company website www.kogta.in

18. INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your company has a sound Internal Control System, commensurate with the nature, size, scale and complexity of its operations which ensures that transactions are recorded, authorized and reported correctly. The Company has put in place policies and procedures for continuously monitoring and ensuring the orderly and efficient conduct of the business, including adherence to the Company's Policies, for safeguarding its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparations of reliable financial disclosures. The Audit Committee periodically reviews and evaluates the effectiveness of internal financial control system. Further, the Board of Directors has been entrusted with the responsibility of reviewing the findings and to investigate and take necessary actions, wherever required.

19. EMPLOYEE REMUNERATION

The ratio of the remuneration of each Director to the median employee's remuneration and other details in terms of sub section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, form part of this report and is annexed as **Annexure - 7** to this Report.

The statement containing particulars of employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, forms part of this report and is annexed as **Annexure -** 8 to this Report.

20. STATUTORY AUDITORS AND THEIR REPORT'S

M/s S. R. BATLIBOI & Co. LLP, Chartered Accountants, Mumbai (ICAI Firm Registration No. 301003E/E300005) were appointed as Statutory Auditor of the Company at the 21st Annual General Meeting of the company held on August 25, 2017 in terms of Section 139 of the Companies Act, 2013 for the term of five consecutive years from F.Y. 2017-18 to F.Y. 2021-22.

As per section 139 of the Companies Act, 2013, the appointment of Auditors was required to be ratified by Members at every Annual General Meeting but in accordance with the Companies Amendment Act, 2017, enforced on May 7, 2018 by the Ministry of Corporate Affairs, the appointment of Statutory Auditors is not required to be ratified at every Annual General Meeting.

There are no qualifications, reservations or adverse remarks made by M/s S. R. BATLIBOI & Co. LLP, Chartered Accountants, Statutory Auditors of the Company, in their report for the year ended March 31, 2020. There were some delays in deposition of statutory dues due to operational and technical constraints. Further, pursuant to Section 143(12) of the Companies Act, 2013, the Statutory Auditors of the Company have not reported any instances of frauds committed in the Company by its officers or employees.

21. INTERNAL AUDITOR & INTERNAL AUDIT REPORT

Pursuant to the provisions of Section 138 and all other applicable provisions, if any, of the Companies Act, 2013 and rules made there under, M/s Lodha & Company, Chartered Accountants, appointed as Internal Auditors to carry out internal audit of the company for the Financial Year 2019-20. The internal auditor provides its report on quarterly basis.

22. COST AUDIT

Pursuant to Section 148 of the Companies Act, 2013 read with The Companies (Cost Records and Audit) Amendment Rules, 2014, the cost audit records maintenance is not applicable on the company as it is carrying on business of finance.

23. SECRETARIAL AUDIT & SECRETARIAL AUDIT REPORT

In compliance with the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the board of directors had appointed M/s Deepak Arora & Associates, Practicing Company Secretaries to undertake the secretarial audit of the company for the Financial Year 2018-19 and Financial Year 2019-20.

The Secretarial Audit Report in form MR-3 is annexed herewith which forms part of this report and marked as **Annexure - 6**. There has been no qualification, reservation or adverse remark or disclaimer in their Report except the following:

1. The company has delayed by one day in giving prior intimation to stock exchange under regulation 50(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the month of May 2019.

2. The company has delayed by one day in giving intimation about the record date to stock exchange under regulation 60(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the month of June 2019.

3. The Company has delayed by one day in giving intimation to stock exchange as per the Regulation 57(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the month of May 2019 for which management has given explanation being Sunday it was delayed.

4. The Company has not submitted some of the quarterly, half-yearly and yearly RBI returns on timely basis.

Explanation and corrective steps: -

Point no. 1 & 2: -
The Company had issued and allotted listed non-convertible debentures on January 11, 2019, and the above mentioned compliance under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 were delayed due to certain operational constraints. Further, the delay does not have any impact on the financial statements or the financial position of the Company. The Company has taken appropriate internal steps and has put in appropriate internal standard-operating-procedures to ensure that the above does not recur.

Point no. 3: -
The Company had to intimate the stock exchange within two days of payment of interest on NCDs and being Sunday on 2nd day, the Company has intimated to BSE Ltd. on very next working day. Further, going forward the Company shall intimate BSE Ltd. within 2 days, irrespective of working day or non-working day.

Point no. 4: -
The Company shall endeavor to avoid this delay for future regulatory submissions.

24. RISK MANAGEMENT

Your Company has formulated and adopted a robust Risk Management Framework. Whilst the Board is responsible for framing, implementing and monitoring the Risk Management Framework, it has delegated its powers relating to monitoring and reviewing of risks associated with the business of the Company to the Risk Management Committee.

The Risk Management Committee (RMC), functions in line with the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015. Your Company has formulated and implemented Risk Management policy and this policy outlines the parameters of identification, assessment, monitoring and mitigation of various risks which are key to the business performance.

In the opinion of the Board there is no element of risk which threatens the existence of the Company.

25. DIRECTORS' RESPONSIBILITY STATEMENT:-

Pursuant to the requirements of Section 134(5) of the Companies Act, 2013, with respect to Directors' Responsibility Statement, it is hereby stated that:

a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

b) the Directors had selected such accounting policies and applied them consistently and made judgements 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 the financial year and of the profit and loss of the company for that period;

c) the Directors had 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 Directors had prepared the annual accounts on a going concern basis;

e) the Directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and

f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

26. LOANS, GUARANTEES AND INVESTMENTS

Pursuant to the clarification dated February 13, 2015 issued by Ministry of Corporate Affairs and Section 186 of the Companies Act, 2013 read with rule 11(2)of the Companies (Meetings of the board and its powers) Rule, 2014, requiring disclosure in the financial statements of the full particulars of the loan given, investment made or guarantee given or security provided and the purpose for which the loan or guarantee or security is proposed to be utilised by the recipient of the loan or guarantee or security is not applicable on Non-Banking Financial Company.

27. RELATED PARTY TRANSACTIONS

All the related party transactions are placed before the Audit Committee for approval and the Company undertakes certain transactions with related parties which are in the ordinary course of business and at Arms' Length Basis. Your Company has entered into certain Related Parties Transactions as defined under Section 188 of the Companies Act, 2013 ("Act") with related parties as defined under Section 2 (76) of the Act. The details of material related party transactions at an aggregate level for year ended March 31, 2020 are attached herewith in Form No. AOC-2 for your kind perusal and information (**Annexure- 4**) and further, details of Related Party Transactions as required to be disclosed by Indian Accounting Standard – 24 on "Related Party Disclosure" specified under Section 133 of the Act, read with rule of the Companies (Accounts) Rules, 2014, are given in the Notes to the Financial Statements.

Further During the year, the Company has not entered into any transactions with Related Parties which are not in its ordinary course of business and/or not on an arm's length basis and which require disclosure in this Report in terms of the provisions of Section 188(1) of the Act.

28. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Your company has a separate committee for monitoring Corporate Social Responsibility ("CSR") activities and programs undertaken by the company. The Composition of CSR Committee of the Board of Directors, in accordance with the provisions of Section 135 of the Companies Act, 2013, read with the Companies (Corporate Social Responsibility) Rules, 2014, as amended from time to time.

The brief outline of the CSR Policy, including overview of the programs undertaken by the Company, the composition of the CSR Committee, average net profits of the Company for the past three financial years, prescribed CSR expenditure and details of the amounts spent by the Company on CSR activities during the year under review, have been provided as **Annexure – 3** to this report.

The Company's Corporate Social Responsibility Policy has been hosted on the website of the Company at https://www.kogta.in/policy.php

29. SHARE CAPITAL

I. During the financial year 2019-20, your Company has increased its Share Capital in following manner:

	As on April 1, 2019	**Addition on September 16, 2019**	**As in March 31, 2020**
Authorized Share Capital	**₹ 65,23,85,666**	**₹ 13,33,04,560**	**₹ 78,56,90,226**
Equity	₹ 10,10,00,000 consisting of 1,01,00,000 equity shares of face value of ₹ 10/- each	₹ 40,00,000 consisting of 4,00,000 equity shares of face value of ₹ 10/- each	₹ 10,50,00,000 consisting of 1,05,00,000 equity shares of face value of ₹ 10/- each
Preference	₹ 55,13,85,666 consisting of 50,00,000 Series A Preference Shares of face value of ₹ 10/- each, and 1,01,37,308 Series B Preference Shares of face value of ₹ 10/- each and 17,74,600 Series C Preference Shares of face value of ₹ 225.41/- each.	₹ 12,93,04,560 consisting 96,99,216 Series D1 Preference Shares of face value of ₹ 10/- each and 32,31,240 Series D2 Preference Shares of face value of ₹ 10/- each.	₹ 68,06,90,226 consisting of 50,00,000 Series A Preference Shares of face value of ₹ 10/- each, and 1,01,37,308 Series B Preference Shares of face value of ₹ 10/- each and 17,74,600 Series C Preference Shares of face value of ₹ 225.41/- each and 96,99,216 Series D1 Preference Shares of face value of ₹ 10/- each and 32,31,240 Series D2 Preference Shares of face value of ₹ 10/- each.

Issued, Subscribed and Paid-Up Share Capital	**₹ 63,57,74,143.04**	**₹ 12,95,20,170**	**₹ 76,52,94,313.04**
Equity	₹ 9,60,01,100 consisting of 96,00,110 equity shares of face value of ₹ 10/- each	₹ 2,15,610 consisting of 21,561 equity shares of face value of ₹ 10/- each	₹ 9,62,16,710 consisting of 96,21,671 equity shares of face value of ₹ 10/- each
Preference	₹ 53,97,73,043.04 consisting of 38,40,000 Series A Preference Shares of face value of ₹ 10/- each and 1,01,37,308 Series B Preference Shares of face value of ₹ 10/- each and 17,74,544 Series C Preference Shares of face value of ₹ 225.41/- each.	₹ 12,93,04,560 consisting of 96,99,216 Series D1 Preference Shares of face value of ₹ 10/- each and 32,31,240 Series D2 Preference Shares of face value of ₹ 10/- each.	₹ 66,90,77,603.04 consisting of 38,40,000 Series A Preference Shares of face value of ₹ 10/- each and 1,01,37,308 Series B Preference Shares of face value of ₹ 10/- each and 17,74,544 Series C Preference Shares of face value of ₹ 225.41/- each and 96,99,216 Series D1 Preference Shares of face value of ₹ 10/- each and 32,31,240 Series D2 Preference Shares of face value of ₹ 10/- each.

II. During the financial year 2019-20, the Company has issued following Non-Convertible Debenture to the following Debenture holders: -

(i) 150 (One Hundred Fifty) rated, unsubordinated, unsecured, transferable, redeemable, Non-Convertible Debentures, bearing a face value of ₹ 10,00,000/- (Rupees Ten lakh only) each, aggregating up to ₹ 15,00,00,000/- (Rupees Fifteen Crores only) to IFMR FImpact Long Term Multi Asset Class Fund;

(ii) 2,700 (Two Thousand Seven Hundred) rated, listed, taxable, secured, senior, redeemable Non-Convertible Debentures, bearing a face value of ₹ 1,00,000/- (Rupees One Lakh only) each, aggregating up to ₹ 27,00,00,000/- (Rupees Twenty-Seven Crores only) to Unifi AIF.

III. During the financial year 2019-20, the Company has redeemed following Non-Convertible Debenture to the following Debenture holders: -

(i) 150 (One Hundred Fifty) rated, unlisted, subordinated, unsecured, redeemable, transferable, taxable non-convertible debentures of ₹ 10,00,000 (Rupees Ten Lakh only) each, aggregating up to ₹ 15,00,00,000/- (Rupees Fifteen Crores only) ("the Debentures") issued to IFMR FImpact Long Term Multi Asset Class Fund.

IV. During the Financial Year 2019-20, the company has raised private equity of around ~₹ 300 Crores (Rupees Three Hundred Crores only) from one of our existing PE investor NHPEA Rimo Holding B.V. (a fund managed by Morgan Stanley Private Equity Asia) and Aditya (Mauritius) Ltd., (wholly owned by Creador IV L.P., a closed-ended fund registered under the laws of Mauritius in July 2018). Details of shareholding pattern are given in Form No. MGT-9, which forms part of this report and marked as **Annexure –1.**

A brief profile of Private Equity partners is covered in the Management Discussion and Analysis Report and the same shall be forming the part of Board Report.

30. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

Information on conservation of Energy, Technology absorption, Foreign Exchange earnings and outgo required to be disclosed under Section 134 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 are provided hereunder:

PARTICULARS	REMARKS
A) Conservation of Energy:	
• the steps taken or impact on conservation of energy;	• Conservation of conventional lighting to LEDs in selected premises & implementation of LEDs lights in all new Branches/Offices. • Periodic Training sessions for employees on ways to conserve energy in their individual roles.
• the steps taken by the company for utilizing alternate sources of energy;	The Company in most offices uses wide glass windows to utilise maximum natural lights to conserve electricity used by the lighting system.
• the capital investment on energy conservation equipments;	NIL
B) Technology Absorption:	
• the efforts made towards technology absorption;	Technology is being used as a business enabler at your company and the Company has implemented best of the class applications to manage and automate its business processes to achieve higher efficiency, data integrity and data security.
• the benefits derived like product improvement, cost reduction, product development or import substitution;	NIL
• in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	NIL
(a) the details of technology imported;	NIL
(b) the year of import;	NIL
(c) whether the technology been fully absorbed;	NIL
(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; Not applicable since 5 years period is over	NIL
• the expenditure incurred on Research and Development	NIL
C) Foreign Exchange Earnings and Outgo:	
• the Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows	NIL

31. PARTICULARS OF DEPOSITS

Your Company is registered with Reserve Bank of India (RBI), as a non-deposit accepting NBFC under section 45-IA of the RBI Act, 1934. Your Directors hereby report that the Company has not accepted any public deposits during the year under review and it continues to be a non-deposit taking non-banking financial company inconformity with the guidelines of the RBI.

32. CORPORATE GOVERNANCE

Your company is committed to the highest standards of corporate governance, and setting industry leading benchmarks. Corporate Governance mechanism of your company is aimed at creating and nurturing a valuable bond with stakeholders to maximize stakeholders' value. Your company has conducted itself by adhering to the core values of transparency, accountability and integrity in all its business practices and management. Corporate Governance is about commitment to values, ethical business conduct and considering all stakeholder's interest in the conduct of its business. The report on corporate governance forms integral part of this annual report as **Annexure - 5**.

33. MANAGEMENT DISCUSSION & ANALYSIS REPORT

A detailed analysis of the Company's performance is discussed in the Management Discussion and Analysis Report, which is presented in a separate section forming part of the Board report.

34. SHARES

a. Buy Back of Securities

The Company has not bought back any of its securities during the year under review.

b. Sweat Equity

The Company has not issued any Sweat Equity Shares during the year under review.

c. Bonus Shares

No Bonus Shares were issued during the year under review.

d. Employees Stock Option Plan

Your Company has instituted Stock Option Schemes to attract and retain the personnel for positions of substantial responsibility and to provide additional incentive to employees. The ESOP Plan is implemented to enable the employees to share the wealth that they help to create for the company over a certain period of time.

During the Financial Year 2019-20, the company has granted 2,84,800 Employee Stock Options to its employees at a price determined by the Compensation Committee under ESOP Plan 2019. Further, the company has revoked 4,000 Employee Stock Options and granted 2,200 Employee Stock Options to its employees in FY 2018-19 and revoked 5,000 Employee Stock Options in FY 2019-20 under ESOP plan 2018 and total 6,800 Employee Stock Options added back to outstanding pool and granted under ESOP Plan 2019.

Further the Employee Stock Option Plans are administered by the Compensation Committee of the Board of the Company.

35. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS OF THE COMPANY

There are no significant and/or material orders passed by the Regulators or Courts or Tribunals impacting the going concern status of the Company.

36. PARTICULARS OF RBI COMPLIANCES: -

Being a Non-Banking Non Deposit Taking Systemically Important Asset Finance Company ("NBFC-ND-SI-AFC"), your company continues to comply with the applicable regulations and guidelines of Reserve Bank of India and provisions as prescribed in Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016("Master Directions") as amended from time to time.

Further your Company has complied with all the rules and procedure as prescribed in above mentioned master directions and any other circulars & notifications, from time to time, issued by Reserve Bank of India.

37. LISTING OF SECURITIES

During the year, the company has raised Non-Convertible Debentures through private placement which are listed on Wholesale Debt Segment Market at BSE Limited. The equity shares of the company are not listed.

38. NOTICES RECEIVED/PENALTY IMPOSED

NIL

39. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

NIL

40. VIGIL MECHANISM

Your Company has established the Vigil Mechanism to encourage employees to report suspected legal violations, fraudulent or irregular conduct of an employee or business associate of the Company. Such incidents, if not reported would breach trust and endanger the Company's reputation. Through this mechanism, the Company provides a channel to the employees and Directors to report to the management about unethical behavior, actual or suspected fraud or violation of the Codes of Conduct or legal or regulatory requirements incorrect or misrepresentation of any financial statements and reports, etc.

The Company has a Vigil Mechanism/Whistle Blower Policy ("the Policy") to deal with instances of fraud and mismanagement, if any. This Policy ensures that strict confidentiality is maintained whilst dealing with concerns and also that no discrimination will be meted out to any person for a genuinely raised concern.

During the year, no whistle blower event was reported and mechanism is functioning well. No personnel have been denied access to the Audit Committee.

41. DISCLOSURES WITH RESPECT TO DEMAT SUSPENSE ACCOUNT/UNCLAIMED SUSPENSE ACCOUNT

Your company hereby discloses that there are no shares in the demat suspense account or unclaimed suspense account.

42. SECRETARIAL STANDARDS

The Company has complied with secretarial standards issued by the Institute of Company Secretaries of India.

43. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORK PLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has zero tolerance towards sexual harassment at the workplace and has adopted a policy for prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules framed thereunder. The policy is fleshed on website of the company at https://www.kogta.in/policy.php

The Company has constituted an Internal complaint Committee as required to be formed under Section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules made thereunder.

The following is a summary of sexual harassment complaints received and disposed off during the year 2019-20:

No. of Complaints Pending at the Beginning of the year	No. of Complaints received during the year	No. of Complaints resolved during the year	No. of Complaints pending at the end of the year
NIL	One	One	NIL

44. ACKNOWLEDGEMENT

Your Directors expresses their deep sense of gratitude to the Government of India, Reserve Bank of India and other regulators for the valuable guidance and support the Company has received from them during the year. Your Directors would also like to express their sincere appreciation of the co-operation and assistance received from stakeholders, Shareholders, Bankers and other Business Constituents during the year under review. The Board places on record its appreciation of the dedicated services and contributions made by its staff for the overall performance of the Company.

For and on behalf of the Board of Directors,
For **KOGTA FINANCIAL (INDIA) LIMITED**

Sd/-
Radha Krishan Kogta
Chairman
DIN: 00197552

Date: June 18, 2020
Place: Jaipur

ANNEXURE - 1

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2020
[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:

CIN	:	U67120RJ1996PLC011406
Registration Date	:	January 15, 1996
Name of the Company	:	KOGTA FINANCIAL (INDIA) LIMITED
Category	:	Company Limited by Shares
Sub-Category of the Company	:	Indian Non-Government Company
Address of the Registered office	:	"Kogta House", Azad Mohalla, Near Railway Station, Bijainagar, Ajmer - 305624, Rajasthan
Contact details	:	0141- 6767067
Email Id	:	info@kogta.in
Whether listed company	:	No (Privately Placed NCDs are listed at BSE Ltd.)
Name, Address and Contact details of Registrar and Transfer Agent	:	KFin Technologies Private Limited (Formerly known as Karvy Fintech Private Limited (KFPL)) "Karvy Selenium, Tower-B", Plot No. 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad - 500032, Telangana

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:

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Financial Services	64920	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	NA	NA	NA	NA	NA

IV. A. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i). Category-wise Share Holding

Category of Share holders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of Change During
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	96,00,000	-	96,00,000	99.999%	96,00,000	-	96,00,000	99.775%	(0.224%)
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A)(1)	**96,00,000**	**-**	**96,00,000**	**99.999%**	**96,00,000**	**-**	**96,00,000**	**99.775%**	**(0.224%)**

Category of Share holders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of Change During
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Foreign									
a) NRIs Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-total A.(A)(2):-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	**96,00,000**	**-**	**96,00,000**	**99.999%**	**96,00,000**	**-**	**96,00,000**	**99.775%**	**(0.224%)**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Fund	100	-	100	0.001%	100	-	100	0.001%	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Trust	-	-	-	-	-	-	-	-	-
Sub-total(B)(1):-	**100**	**-**	**100**	**0.001%**	**100**	**-**	**100**	**0.001%**	**-**
2. Non Institutions									
a) Bodies Corp.									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	10	-	10	0.000%	20	-	20	0.000%	-
b) Individual									
i) Individual shareholders holding nominal share capital upto ₹ 1 Lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	-	-	-	-	21551	-	21551	0.224%	0.224%
c) Other (specify)	-	-	-	-	-	-	-	-	
Sub-total (B)(2):-	**10**	**-**	**10**	**0.000%**	**21571**	**-**	**21571**	**0.224%**	**0.224%**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**110**	**-**	**110**	**0.001%**	**21671**	**-**	**21671**	**0.225%**	**0.224%**
C. Shares held by Custodian for GDRs & ADRs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Grand Total (A+B+C)	**96,00,110**	**-**	**96,00,110**	**100%**	**96,21,671**	**-**	**96,21,671**	**100%**	**-**

ii). Shareholding of Promoters (Equity Share Capital)

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total equity shares of the company	% of shares pledged/ encumbered to total shares	No. of Shares	% of total equity shares of the company	% of shares pledged/ encumbered to total shares	
1	Radha Krishan Kogta	7,29,500	7.599%	-	7,29,500	7.582%	-	(0.017%)
2	Banwari Lal Kogta	5,49,000	5.719%	-	5,49,000	5.706%	-	(0.013%)
3	Bal Mukund Kogta	13,22,000	13.771%	-	13,22,000	13.740%	-	(0.031%)
4	Durga Devi Kogta	3,49,500	3.641%	-	3,49,500	3.632%	-	(0.008%)
5	Madhu Kogta	3,91,000	4.073%	-	3,91,000	4.064%	-	(0.009%)
6	Manju Kogta	1,99,000	2.073%	-	1,99,000	2.068%	-	(0.005%)
7	Arun Kogta	7,91,000	8.239%	-	7,91,000	8.221%	-	(0.018%)
8	Varun Kogta	6,27,000	6.531%	-	6,27,000	6.517%	-	(0.015%)
9	Aayush Kogta	2,39,000	2.490%	-	2,39,000	2.484%	-	(0.006%)
10	Nayan Kogta	5,67,000	5.906%	-	5,67,000	5.893%	-	(0.013%)
11	Neha Suryaprakash Kalya	1,72,000	1.792%	-	1,72,000	1.788%	-	(0.004%)
12	Banwari Lal Kogta HUF	5,74,500	5.984%	-	5,74,500	5.971%	-	(0.013%)
13	Varun Kogta HUF	3,04,500	3.172%	-	3,04,500	3.165%	-	(0.007%)
14	Arun Kogta HUF	5,21,500	5.432%	-	5,21,500	5.420%	-	(0.012%)
15	Prem Lal Kogta HUF	4,26,000	4.437%	-	4,26,000	4.428%	-	(0.010%)
16	Bal Mukand Kogta HUF	4,00,000	4.167%	-	4,00,000	4.157%	-	(0.009%)
17	Radha Krishan Kogta HUF	4,54,500	4.734%	-	4,54,500	4.724%	-	(0.011%)
18	Nidhi Kogta	5,80,000	6.042%	-	5,80,000	6.028%	-	(0.014%)
19	Ritu Kogta	4,03,000	4.198%	-	4,03,000	4.188%	-	(0.009%)
	Total	**96,00,000**	**99.999%**	**-**	**96,00,000**	**99.775%**	**-**	**(0.224%)**

iii). Change in Promoters' Shareholding (Equity Share Capital) (please specify, if there is no change)

Sr. No.	Particulars	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	At the beginning of the year	96,00,000	99.999%	96,00,000	99.999%
2	Increase / Decrease during the year	No Change	(0.224%) Changed due to issuance of new equity shares to others	96,00,000	99.775%
3	At the End of the year	96,00,000	99.775%	96,00,000	99.775%

iv). Shareholding Pattern (Equity Share Capital) of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No. and Shareholder's Name	Particulars	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. Mr. Prakash Chand Jain	At the beginning of the year	-	-	-	-
	Allotment on October 01, 2019	21551	0.224%	21551	0.224%
	At the End of the year	21551	0.224%	21551	0.224%
2. IIFL Seed Ventures Fund I	At the beginning of the year	100	0.001%	100	0.001%
	Increase/ Decrease during the year	No Change	-	100	0.001%
	At the End of the year	100	0.001%	100	0.001%
3. NHPEA Rimo Holding B.V.	At the beginning of the year	10	0.000%	10	0.000%
	Increase/ Decrease during the year	No Change	-	10	0.000%
	At the End of the year	10	0.000%	10	0.000%
4. Aditya (Mauritius) Ltd.	At the beginning of the year	-	-	-	-
	Allotment on October 01, 2019	10	0.000%	10	0.000%
	At the End of the year	10	0.000%	10	0.000%

v). Shareholding (Equity Share Capital) of Directors and Key Managerial Personnel:

Below is the List of Director and Key Managerial Personnel as on March 31, 2020

Sr. No. and Name of Directors/KMP	Particulars	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. Radha Krishan Kogta (Chairman)	At the beginning of the year	7,29,500	7.599%	7,29,500	7.599%
	Increase/ Decrease during the year	No Change	(0.017%) Changed due to issuance of new equity shares to others	7,29,500	7.582%
	At the end of the year	7,29,500	7.582%	7,29,500	7.582%
2. Arun Kogta (Managing Director & CEO)	At the beginning of the year	7,91,000	8.239%	7,91,000	8.239%
	Increase/ Decrease during the year	No Change	(0.018%) Changed due to issuance of new equity shares to others	7,91,000	8.221%
	At the end of the year	7,91,000	8.221%	7,91,000	8.221%
3. Varun Kogta (Whole-Time Director & CFO)	At the beginning of the year	6,27,000	6.531%	6,27,000	6.531%
	Increase/ Decrease during the year	No Change	(0.015%) Changed due to issuance of new equity shares to others	6,27,000	6.517%
	At the end of the year	6,27,000	6.517%	6,27,000	6.517%
4. Amit Mehta (Nominee Director)	At the beginning of the year	-	-	-	-
	Increase/ Decrease during the year	-	-	-	-
	At the end of the year	-	-	-	-
5. P R Kalyanaraman (Independent Director)	At the beginning of the year	-	-	-	-
	Increase/ Decrease during the year	-	-	-	-
	At the end of the year	-	-	-	-
6. Arjun Saigal (Non-Executive Director)	At the beginning of the year	-	-	-	-
	Increase/ Decrease during the year	-	-	-	-
	At the end of the year	-	-	-	-
7. Bhama Krishnamurthy (Independent Director till 06/08/2019)	At the beginning of the year	-	-	-	-
	Increase/ Decrease during the year	-	-	-	-
	At the end of the year	-	-	-	-
8. Kumar Sharadindu (Independent Director)	At the beginning of the year	-	-	-	-
	Increase/ Decrease during the year	-	-	-	-
	At the end of the year	-	-	-	-
9. Robin Bhanwarlal Agarwal (Non-Executive Director)	At the beginning of the year	-	-	-	-
	Increase/ Decrease during the year	-	-	-	-
	At the end of the year	-	-	-	-
10. Shashikala Ramachandra (Independent Director)	At the beginning of the year	-	-	-	-
	Increase/ Decrease during the year	-	-	-	-
	At the end of the year	-	-	-	-
11. Rahul Agrawal (Company Secretary & Compliance Officer)	At the beginning of the year	-	-	-	-
	Increase/ Decrease during the year	-	-	-	-
	At the end of the year	-	-	-	-

B. SHARE HOLDING PATTERN
(Preference Share Capital Breakup as percentage of Total Preference Capital)

i). Category-wise Share Holding

Category of Share holders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of Change During
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A)(1)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
(2) Foreign									
a) NRIs Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-total A.(A)(2):-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt. (s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Fund	56,14,544	-	56,14,544	35.64%	56,14,544	-	56,14,544	19.57%	(16.07%)
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Trust	-	-	-	-	-	-	-	-	-
Sub-total(B)(1):-	**56,14,544**	**-**	**56,14,544**	**35.64%**	**56,14,544**	**-**	**56,14,544**	**19.57%**	**(16.07%)**
2. Non Institutions									
a) Bodies Corp.	-	-	-	-	-	-	-	-	
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	1,01,37,308	-	1,01,37,308	64.36%	2,30,67,764	-	2,30,67,764	80.43%	16.07%
b) Individual									
i) Individual shareholders holding nominal share capital upto ₹ 1 Lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	-	-	-	-	-	-	-	-	-
c) Other (specify)	-	-	-	-	-	-	-	-	
Sub-total (B)(2):-	**1,01,37,308**	**-**	**1,01,37,308**	**64.36%**	**2,30,67,764**	**-**	**2,30,67,764**	**80.43%**	**16.07%**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**1,57,51,852**	**-**	**1,57,51,852**	**100.00%**	**2,86,82,308**	**-**	**2,86,82,308**	**100.00%**	**-**
C. Shares held by Custodian for GDRs & ADRs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Grand Total (A+B+C)	**1,57,51,852**	**-**	**1,57,51,852**	**100.00%**	**2,86,82,308**	**-**	**2,86,82,308**	**100.00%**	**-**

ii). Shareholding of Promoters (Preference Share Capital)

NIL

iii). Change in Promoters' Shareholding (Preference Share Capital) (please specify, if there is no change)

NIL

iv). Shareholding Pattern (Preference Share Capital) of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No. and Name of Shareholders	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Preference shares of the company	No. of Shares	% of total Preference shares of the company
1. IIFL Seed Ventures Fund I	At the beginning of the year	56,14,544	35.64%	56,14,544	35.64%
	Increase/ Decrease during the year	No Change	(16.07%)	56,14,544	19.57%
	At the end of the year	56,14,544	19.57%	56,14,544	19.57%
2. NHPEA Rimo Holding B.V.	At the beginning of the year	1,01,37,308	64.36%	1,01,37,308	64.36%
	Allotment on October 01, 2019	32,31,240	(17.75%)	1,33,68,548	46.61%
	At the end of the year	1,33,68,548	46.61%	1,33,68,548	46.61%
3. Aditya (Mauritius) Ltd.	At the beginning of the year	-	-	-	-
	Allotment on October 01, 2019	96,99,216	33.82%	96,99,216	33.82%
	At the end of the year	96,99,216	33.82%	96,99,216	33.82%

v). Shareholding (Preference Share Capital) of Directors and Key Managerial Personnel:

NIL

V. INDEBTEDNESS

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

(Amount in ₹)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	4,90,08,60,575	32,34,58,668	-	5,22,43,19,243
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	2,36,07,415	1,55,548	-	2,37,62,963
Total(i+ii+iii)	**4,92,44,67,990**	**32,36,14,216**	**-**	**5,24,80,82,206**
Change in Indebtedness during the financial year				
• Addition	3,39,95,30,208	45,00,00,000	-	3,84,95,30,208
• Reduction	1,96,86,39,921	32,32,98,500	-	2,29,19,38,421
Net Change	**1,43,08,90,287**	**12,67,01,500**	**-**	**1,55,75,91,787**
Indebtedness at the end of the financial year				
i) Principal Amount	6,32,90,15,960	44,98,17,766	-	6,77,88,33,726
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	2,63,42,317	4,97,951	-	2,68,40,268
Total(i+ii+iii)	**6,35,53,58,277**	**45,03,15,717**	**-**	**6,80,56,73,993**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: (Amount in ₹)

Sr. no.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		Radha Krishan Kogta (Chairman)	Arun Kogta (MD & CEO)	Varun Kogta (WTD & CFO)	
1.	**Gross salary**				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	30,00,000/-	45,00,000/-	40,00,000/-	1,15,00,000/-
	(b) Value of perquisites u/s 17 (2) Income-Tax Act, 1961.	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit - Others, specify…	-	-	-	-
5.	Others, please specify	-	-	-	-
	Total (A)	**30,00,000/-**	**45,00,000/-**	**40,00,000/-**	**1,15,00,000/-**
	Ceiling as per the Act	Within the limit of 10% of the net profits of the Company calculated as per section 198 of the Companies Act, 2013			

B. Remuneration to other directors:

(Amount in ₹)

Sl. no.	Particulars of Remuneration	Name of Directors							
		Amit Mehta (Nominee Director)	Bhama Krishnamurthy (ID)	Arjun Saigal (Non-Executive Director)	P R Kalyanaraman (ID)	Kumar Sharadindu (ID)	Robin Bhanwarlal Agarwal (Non-Executive Director)	Shashikala Ramachandra (ID)	Total Amount
1.	Independent Directors								
	• Fee for attending board committee meeting	-	21,000	-	2,09,000	1,32,000	-	30,000	3,92,000
	• Commission	-	-	-	-	-	-	-	-
	• Others, please specify (Travel Expenses)	-	2,702		16,018	8,500	-	0	27,220
	Total (1)	**-**	**23,702**	**-**	**2,25,018**	**1,40,500**	**-**	**30,000**	**4,19,220**
2.	Other Non-Executive Directors								
	• Fee for attending board committee meetings	-	-	-	-	-	-	-	-
	• Commission	-	-	-	-	-	-	-	-
	• Others, please specify	-	-	-	-	-	-	-	-
	Total (2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Total(B)=(1+2)	**-**	**23,702**	**-**	**2,25,018**	**1,40,500**	**-**	**30,000**	**4,19,220**
	Total Managerial Remuneration								
	Overall Ceiling as per the Act								Not Applicable

C. Remuneration to key managerial personnel other than MD/ Manager/ WTD. (Amount in ₹)

Sr. no.	Particulars of Remuneration	Key Managerial Personnel			Total
		Arun Kogta (CEO)	Rahul Agrawal (CS)	Varun Kogta (CFO)	
1.	**Gross salary**				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	As described Point No. A of VI	12,00,000/-	As described Point No. A of VI	12,00,000/-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17 (3) Income-tax Act,1961.	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit - Others, specify…	-	-	-	-
5.	Others, please specify (Bonus)	-	-	-	-
	Total (A)	**-**	**12,00,000/-**	**-**	**12,00,000/-**

PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment / Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give details)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

For and on behalf of the Board of Directors,
For **KOGTA FINANCIAL (INDIA) LIMITED**

Sd/-
Radha Krishan Kogta
Chairman
DIN: 00197552

Date: June 18, 2020
Place: Jaipur

ANNEXURE - 2

NOMINATION AND REMUNERATION POLICY

1. INTRODUCTION

Kogta Financial (India) Limited ('the Company') is a Non-Banking Financial Company ('NBFC') having valid Certificate of Registration with Reserve Bank of India ('RBI') vide registration no. B.10.00086 dated May 27, 2016 under current RBI classification as NBFC- Investment and Credit Company (NBFC-ICC) – Non Deposit taking Systemically Important ('ICC-ND-SI') with more than 20 years of experience in asset finance business.

It is focused on offering financing of all kind of commercial vehicles (HCV, LCV, MUV, SCV), Cars, Tractors, Two-wheelers and MSME & Loan against property segment.

2. REGULATORY REQUIREMENT

The Nomination and Remuneration Policy is being formulated in compliance with Section 178 of Companies Act 2013 read along with the applicable rules thereto, as amended from time to time. This policy on nomination and remuneration of Directors, Key Managerial Personnel (KMP) of Kogta Financial (India) Limited has been approved by the Board of Directors.

This policy shall act as guidelines on matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors, Key Managerial Personnel and Senior Management.

3. OBJECTIVE

This objective of the policy is to ensure that: -

i. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors to run the company successfully.

ii. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

iii. Remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

4. CONSTITUTION OF THE NOMINATION AND REMUNERATION COMMITTEE

The Board has the power to constitute/reconstitute the Committee from time to time in order to make it consistent with company's policies and applicable statutory requirements. As per Companies Act, 2013 Nomination and Remuneration Committee shall consist three or more non-executive directors out of which not less than one-half shall be independent directors. Further details of members of the Committee shall be disclosed in the Board Report.

5. ROLE OF THE COMMITTEE

The Nomination and Remuneration Committee shall: -

i. Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down;

ii. Recommend to the Board their appointment and removal;

iii. Carry out evaluation of every director's performance;

iv. Formulate the criteria for determining qualifications, positive attributes and independence of a director;

v. Recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

vi. Carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.

6. MEETINGS OF THE COMMITTEE

The meeting of the Committee shall be held at regular intervals as deemed fit and appropriate. The Company Secretary of the Company shall act as the Secretary of the Committee. The Chairman of the Committee or in his absence any other member of the Committee authorized by him on his behalf shall attend general meetings of the Company.

A member of the Committee is not entitled to participate in the discussions when his/her remuneration is discussed at a meeting or when his/her performance is being evaluated and the Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

7. POLICY FOR REMUNERATION TO DIRECTORS/KMP/SENIOR MANAGEMENT PERSONNEL

1. Remuneration to Managing Director / Whole-time Directors

a) The Remuneration/ Commission etc. To be paid to Managing Director / Whole-time Directors, etc. Shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force and the approvals obtained from the Members of the Company.

b) The Nomination and Remuneration Committee shall make such recommendations to the Board of Directors, as it may consider appropriate with regard to remuneration to Managing Director / Whole-time Directors.

2. Remuneration to Non-Executive & Independent Directors: -

a) Sitting Fees:
The Non-Executive Directors and Independent Directors of the Company are entitled to sitting fees as determined by Board from time to time for attending Board / Committee meetings thereof in accordance with the provisions of the Companies Act, 2013 and rules made thereunder.

b) Commission: -
The profit-linked commission shall be paid within the monetary limit approved by the shareholders of the Company.

c) An Independent Director shall not be eligible to get Stock Options and also shall not be eligible to participate in any share based payment schemes of the Company.

d) Any remuneration paid to Non-Executive / Independent Directors for services rendered which are of professional in nature shall not be considered as part of the remuneration, and following conditions shall be satisfied:

i. The Services are rendered by such Director in his capacity as the professional; and

ii. In the opinion of the Committee, the director possesses the requisite qualification for the practice of that profession.

3. Remuneration to Key Managerial Personnel and Senior Management

a) The remuneration to Key Managerial Personnel and Senior Management shall consist of fixed pay and incentive pay, in compliance with the provisions of the Companies Act, 2013 and in accordance with the Company's Policy.

b) The Fixed pay shall include monthly remuneration, employer's contribution to Provident Fund, contribution to pension fund, pension schemes, etc. as decided from time to time, by the Managing Director of the Company as per the Company's Policy.

c) The Incentive pay shall be decided based on the balance between performance of the Company and performance of the Key Managerial Personnel and Senior Management, to be decided annually or at such intervals as may be considered appropriate.

* The expression "senior management" means personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

8. TERMS AND TENURE

1. Managing Director / Whole-time Director / Manager (Managerial Person): -

The Company shall appoint or re-appoint any person as its Managerial Person for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

2. Independent Director: -

An Independent Director may hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

9. PERFORMANCE EVALUATION

The Nomination and Remuneration Committee ("NRC") shall specify the manner for effective evaluation of performance of Board, its committees and individual directors of the Company.

The Board of Directors shall carry out the performance evaluation of every individual director except the director being evaluated, along with its various Board Committees and Board as whole.

Evaluation performance should be carried out at least once in a year accordance with the above manner.

10. REMOVAL

The Director, KMP and Senior Management shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

11. REVIEW

The Company's CEO, CFO and COO have been entrusted with the responsibility of enforcement of this policy. They are hereby given absolute power to jointly or severely, make necessary changes, amendments or additions or removals for the operational aspect of the policy within the overall spirit and guidance from time to time for reasons like technology or process upgradation, regulatory changes, maintaining competitive edge or responding to changes in market or risk environment, etc. This is required to ensure full operational freedom to the senior management and make the management team more adaptive to rapid changing external environment. All changes so made shall be noted to the policy approving authority during the next policy review.

The CEO, CFO and COO can decide on delegation of authority and can design / redesign MIS systems and reporting as they see fit to improve the responsibility and accountability within the team hierarchy.

ANNEXURE - 3

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR)

[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

1. A BRIEF OUTLINE OF THE COMPANY'S CSR POLICY, INCLUDING OVERVIEW OF PROJECTS OR PROGRAMMES PROPOSED TO BE UNDERTAKEN AND A REFERENCE TO THE WEB-LINK TO THE CSR POLICY AND PROJECTS OR PROGRAMMES.

The Corporate Social Responsibility Policy (CSR Policy) of the Company establishes a framework for compliance with CSR provisions covering social projects and ensuring the implementation of CSR initiatives in letter and spirit as specified in Schedule VII of the Companies Act, 2013 and with the guidelines issued by the Ministry of Corporate Affairs of the Government of India. CSR Policy is available on the website of the Company i.e. https://www.kogta.in/policy.php.

Your Company continues to focus on undertaking social welfare and sustainable development programmes that has widespread positive impact on the larger section of society for achieving gradual upliftment of deprived underprivileged communities in rural, semi-urban and local areas where operations of the Bank are carried out.

2. THE COMPOSITION OF THE CSR COMMITTEE:

The Board of Directors have constituted a CSR Committee in accordance with the requirements of Section 135(1) of the Companies Act 2013 ("Act"). The composition of the CSR Committee as at March 31, 2020 was as under: -

Name of the Director	Position held in the Committee	Category of the Director
Mr. Radha Krishan Kogta	Chairman	Chairman & WTD
Mr. Varun Kogta	Member	Whole Time Director & CFO
Mr. P R Kalyanaraman	Member	Independent Director

3. AVERAGE NET PROFIT OF THE COMPANY FOR LAST THREE FINANCIAL YEARS AS PER SECTION 198 OF THE ACT:

Average net profit: ₹ 10,48,61,260/-

4. PRESCRIBED CSR EXPENDITURE (TWO PER CENT OF THE AMOUNT AS IN ITEM 3 ABOVE):

The company was required to spent ₹ 20,97,225/-

5. DETAILS OF CSR SPENT/UNSPENT DURING THE FINANCIAL YEAR 2019-20:

S. No.	Particulars	Amount
1.	Opening balance as on April 1, 2019	₹ 9,48,324
2.	Total amount to be spent for the financial year	₹ 20,97,225
3.	Amount spent during the year	₹ 11,47,000
4.	Total cumulative unspent upto March 31, 2020	₹ 18,98,549

(e) Manner in which the amount spent during the financial year is detailed below:

(1) S. No	(2) CSR project or activity identified	(3) Sector in which the Project is covered	(4) State and district where projects or programs was undertaken	(5) Amount outlay (budget) for F.Y. 2019-20 (Amount in ₹)	(6) Amount spent on the projects in F.Y. 2019-20 (Amount in ₹)	(7) Cumulative expenditure upto March 31, 2020 (Amount in ₹)	(8) Amount spent Direct or through implementing agency
1	Water Drinking Place at Government Senior Secondary School, Bijainagar, Rajasthan	Eradicating hunger, poverty and malnutrition, sanitation and making available safe drinking water	Bijainagar, Rajasthan	5,97,225	1,50,000	3,42,500	Direct
2	Donation to Udhbav School to support Girl Child Education.	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects	Hyderabad	5,00,000	2,00,000	5,00,000	Direct
3	-	Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups	-	1,00,000	-	-	-
4	Shri Pinjarapole Gaushala for animal welfare	Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water	Jaipur, Rajasthan	5,00,000	6,61,000	13,41,000	Direct
	PSR Global Foundation – Support provided for Tree distribution drive		Jaipur, Rajasthan		10,000		Direct
5	Distribution of 200 Track Suits in Government School, Ajmer	Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports	Ajmer, Rajasthan	4,00,000	1,26,000	3,06,540	Direct
			Total	**20,97,225**	**11,47,000**	**24,90,040**	

- **Udhbav School**

  Udhbav School was started in 2014 as humble initiative. Their vision is to transform the lives of at least 10,000 underprivileged children and their family. Their mission is to create an environment and provide the resources to produce thinking children with work and life skills, who can compete in the real world and achieve their highest potential. In India, close to 53% of girls in the age group of 5 to 12 are illiterate because they dropout of schools. It is either due to lack of finance or lack of basic opportunities. So, Udhbav School raises funds to support Girl Child Education.

  Udhbav School was started with a belief that all children should have the chance to shape their future destiny that all children should have the same opportunity and that education holds the key. Udhbav represents the commitment of the Hyderabad Alumni of IIM Ahmadabad to make a long term impact on society by enabling young children from economically disadvantaged backgrounds to realize their potential.

- **PSR Global Foundation**

  PSR Global Foundation was incorporated on July 09, 2019. It is a non-government company registered as Private Company and having its registered office at Jaipur, Rajasthan. PSR Global Foundation works to raise awareness about the importance of environment protection and associating yourself to a green initiative that can be one of the many ways in which one could positively impact the environment.

- **Shri Pinjarapole Gaushala**

  Shri Pinjarapole Gaushala has its principal office at Gaushala Bhawan, Gopal Ji Ka Rasta, Jaipur, Rajasthan. It is registered under Section 80G of Income Tax Act, 1961. Shri Pinjarapole Gaushala works for welfare of Cows. Shri Pinjarapole Gaushala helps to prevent unproductive cows being sent to the abattoir. It provides shelter home facilities to cows and works towards their betterment.

6. REASON FOR NOT SPENDING THE AMOUNT MENTIONED AT POINT 5(C):

The Company has been very selective in identifying appropriate projects/areas for spending the required CSR amount and ensures that the projects funded were well within the prescribed CSR activities of the Company. During the FY 2019-20, the Company had not spent the required amount on CSR activities due to un- identification of activity / field where CSR can be done. Further, Company will continue to spend on CSR activities as per CSR Policy of the Company.

7. It is hereby confirmed that the implementation and monitoring of the CSR Policy, is in compliance with CSR objectives and policy of the Company and will be reviewed by CSR Committee and the Board at periodic levels.

ANNEXURE - 4

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 third proviso thereto:

1. DETAILS OF CONTRACTS OR ARRANGEMENTS OR TRANSACTIONS NOT AT ARM'S LENGTH BASIS

The Company has not entered into any contracts/ arrangements/ transactions with related party at non arm's length basis i.e. all the contracts/ arrangements/ transactions have been done by the Company at Arm's length basis.

2. DETAILS OF MATERIAL CONTRACTS OR ARRANGEMENT OR TRANSACTIONS AT ARM'S LENGTH BASIS

Sr. No.	Nature of Contracts/ transaction	Name of the related party	Nature of relationship	Duration of contracts	Salient terms of contracts / transactions	Amount in Rupees
1.	Leasing of property/ Renting of property by KFL.	Mrs. Manju Kogta	Relative of Chairman of KFL.	5 Years	Rent at market rate	4,80,000
		Mrs. Ritu Kogta	Relative of Director of KFL.	5 Years	Rent at market rate	9,02,815
		Mr. Varun Kogta	Whole Time Director & CFO of KFL	5 Years	Rent at market rate	2,40,000
		Kogta Housing Development Pvt. Ltd.	Director of KFL is also Director in the said Company.	5 Years	Rent at market rate	6,80,785
2.	Loan and advances given by KFL.	M/s Matangi Stonex LLP	Partner of firm is a relative of Chairman of KFL.	Various maturities	Advances / Loan facility at contractual interest rate	56,15,200
		Jaipur Promotors Private Limited	Chairman of KFL is also Director in the said Company.	Various maturities	Advances / Loan facility at contractual interest rate	1,46,240
		Mr. Radha Krishan Kogta	Chairman of KFL	Various maturities	Advances / Loan facility at contractual interest rate	1,84,056
		Mr. Ayush Kogta	Relative of Chairman of KFL.	Various maturities	Advances / Loan facility at contractual interest rate	2,50,000
		Mrs. Manju Kogta	Relative of Chairman of KFL.	Various maturities	Advances / Loan facility at contractual interest rate	25,000
		Mr. Varun Kogta	Whole Time Director & CFO of KFL	Various maturities	Advances / Loan facility at contractual interest rate	19,00,000
		Mrs. Ritu Kogta	Relative of Director of KFL.	Various maturities	Advances / Loan facility at contractual interest rate	26,000
3.	Loan and advances recovered by KFL.	M/s Matangi Stonex LLP	Partner of firm is a relative of Chairman of KFL.	Various maturities	Advances / Loan facility at contractual interest rate	17,54,200
		Jaipur Promotors Private Limited	Chairman of KFL is also Director in the said Company.	Various maturities	Advances / Loan facility at contractual interest rate	17,96,240
		M/s Giriraj Construction	Proprietor of firm is a relative of Director of KFL.	Various maturities	Advances / Loan facility at contractual interest rate	18,312
		Mr. Radha Krishan Kogta	Chairman of KFL	Various maturities	Advances / Loan facility at contractual interest rate	1,84,056
		Mr. Ayush Kogta	Relative of Chairman of KFL.	Various maturities	Advances / Loan facility at contractual interest rate	2,50,000

Sr. No.	Nature of Contracts/ transaction	Name of the related party	Nature of relationship	Duration of contracts	Salient terms of contracts / transactions	Amount in Rupees
		Mrs. Manju Kogta	Relative of Chairman of KFL.	Various maturities	Advances / Loan facility at contractual interest rate	25,000
		Mrs. Ritu Kogta	Relative of Director of KFL.	Various maturities	Advances / Loan facility at contractual interest rate	26,000
		Kogta Housing Development Private Limited	Chairman of KFL is also Director in the said Company.	-	Interest on loans and advances at applicable rates.	1,12,981
4.	Loan and advances received by KFL.	Mr. Ayush Kogta	Relative of Chairman of KFL.	Various maturities	Interest at market rate.	6,07,000
		Mr. Varun Kogta	Whole Time Director & CFO of KFL	Various maturities	Interest at market rate.	1,34,278
		Kogta Housing Development Private Limited	Chairman of KFL is also Director in the said Company.	Various maturities	Interest at market rate.	2,03,48,317
5.	Loan and advances repaid by KFL.	Mr. Ayush Kogta	Relative of Chairman of KFL.	Various maturities	Interest at market rate.	6,07,000
		Mr. Varun Kogta	Whole Time Director & CFO of KFL	Various maturities	Interest at market rate.	1,34,278
		Kogta Housing Development Private Limited	Chairman of KFL is also Director in the said Company.	Various maturities	Interest at market rate.	2,11,07,640
6.	Interest Expenses paid by KFL.	Kogta Housing Development Private Limited	Chairman of KFL is also Director in the said Company.	Various maturities	Interest on borrowing/ loan at applicable rates.	6,80,400
7.	Commission paid by KFL.	M/s Easy Recovery Solutions	Proprietor of Firm is a relative of Chairman of KFL	5 Years	Commission for Recovery Agent services	21,05,808
8.	Processing Fees Income	M/s Matangi Stonex LLP	Partner of firm is a relative of Chairman of KFL.	-	Processing Fees Income	32,800

For and on behalf of the Board of Directors,

For **KOGTA FINANCIAL (INDIA) LIMITED**

Sd/-
Mr. Radha Krishan Kogta
Chairman
DIN: 00197552

ANNEXURE - 5

CORPORATE GOVERNANCE REPORT

1. OUR PHILOSOPHY CORPORATE GOVERNANCE

Your Company believes in nurturing long-term relationships and encouraging an open dialog with all its key constituents and build the governance structure based on trust for becoming an admired institution. Your Company's philosophy of corporate governance is always aimed at value creation, ensuring integrity and transparency in its operations, keeping the interest of all stakeholders protected in the most inclusive way. The organisation believes that timely and accurate communication with stakeholders enables it to build an environment where confidence, trust and mutual respect is continuously enhanced.

Your Company endeavours to adopt the best practices and the highest standards of corporate governance through transparency in business ethics, accountability to its customers, Government and Stakeholders. The Company's activities are carried out in accordance with good corporate practices and the Company is constantly striving to better these practices by adopting best practices.

Your Company understands and respects its fiduciary role and responsibility to enhance the long-term interest of its shareholders, customers, employees and other stakeholders, to provide good management, to adopt prudent risk management structure and comply with required standards of capital adequacy, thereby safeguarding the interest of all stakeholders. We continuously focus on upgrading Company's governance practices and systems to effectively address the challenges that are faced by Company under ever-evolving regulatory environment.

Some of the important best practices of Corporate Governance are as follow-

- Composition of Board of Directors and committee thereof, experience and commitment to discharge their responsibilities and duties, with transparency and independence in the functions of the Board.
- Flow of information within the stipulated and sufficient time gaps to the Board and its Committees to enable them to discharge their functions effectively.
- Transparent and independent verification and assured integrity of financial reporting.
- Disclosure of all material information concerning the Company to all stakeholders for protection of their rights and interests.
- Controlling with application of risk management, internal control, anti-bribery and anti-corruption business practices.
- Compliance with all applicable laws, rules and regulations within prescribed time and spirit.

2. BOARD OF DIRECTORS:

i. Composition

The composition of the Board of Directors of the Company is in accordance with the provisions of the Companies Act, 2013 and rules made there under, and it consist of eminent individuals possessing professionalism, knowledge and experience in the various fields of the banking industry.

The Board of Directors of the Company has an optimum combination of Independent, Non-executive and Executive Directors. As on March 31, 2020, the Board of Directors comprises Nine (9) Directors, out of which three (3) are Executive Directors, six (6) are Non-Executive Directors including three (3) Independent Directors.

The composition and category of Directors as on the March 31, 2020 is as follows:

Sl. No.	Name of the Director	Category	Designation
1.	Mr. Radha Krishan Kogta	Promoter & Executive Director	Chairman and WTD
2.	Mr. Arun Kogta	Promoter & Executive Director	Managing Director & CEO
3.	Mr. Varun Kogta	Promoter & Executive Director	Whole Time Director& CFO
4.	Mr. P R Kalyanaraman	Non-Executive Director	Independent Director
5.	*Mr. Kumar Sharadindu	Non-Executive Director	Independent Director
6.	#Mrs. Shashikala Ramachandra	Non-Executive Director	Independent Director
7.	Mr. Amit Mehta	Non-Executive Director	Nominee Director representing IIFL Seed Ventures Fund I (Investor)
8.	Mr. Arjun Saigal	Non-Executive Director	Non-Executive Director representing NHPEA Rimo Holding B.V. (Investor)
9.	^Mr. Robin Bhanwarlal Agarwal	Non-Executive Director	Non-Executive Director representing Aditya (Mauritius) Limited(Investor)

*Mr. Kumar Sharadindu appointed as an Independent Director of the Company w.e.f. August 8, 2019.

#Mrs. Shashikala Ramachandra appointed as an Independent Director of the Company w.e.f. December 12, 2019.

^ Mr. Robin Bhanwarlal Agarwal appointed as Non-Executive Director of the Company w.e.f. October 1, 2019.

- Disclosure of Relationships between directors inter-se;

Sl. No.	Name of the Director	Relationship
1.	Mr. Arun Kogta	Brother of Mr. Varun Kogta
2.	Mr. Varun Kogta	Brother of Mr. Arun Kogta

ii. Board Meetings

All Board meetings were held and convened by giving proper notices and within the stipulated timelines as provided under the Companies Act, 2013, Secretarial Standard and other regulatory requirements. All the Board Meetings are convened to address the specific requirements of the Company. Urgent matters are also approved by the Board by meetings on shorter notice or by passing resolutions through circulation. Every Director on the Board is free to suggest any item for inclusion in the agenda for the consideration of the Board. During the year company's board met 6 times on May 16, 2019, August 01, 2019, September 13, 2019, October 09, 2019, December 05, 2019 and January 29, 2020.

Besides, the Board has passed various resolution by circulation on June 27, 2019; August 08, 2019; August 22, 2019; October 01, 2019; December 12, 2019; December 24, 2019; December 31, 2019; January 16, 2020 and January 28, 2020.

Attendance of each Director at the Board of Directors' Meetings held during the year and the last Annual General Meeting and the number of other Directorship as on March 31, 2020 are as follows:

Name of Director	Board Meeting entitled to attend during FY 2019-20	No. of Board Meetings attended during the FY 2019-20	Attendance at Last AGM	No. of Directorship in Boards (Excluding Kogta Financial (India) Limited)		No. of equity shares held in Kogta Financial (India) Limited as on March 31, 2020
				Public	Private	
Mr. Radha Krishan Kogta	6	5	Yes	-	3	729500
Mr. Arun Kogta	6	5	Yes	-	-	791000
Mr. Varun Kogta	6	6	Yes	-	-	627000
Mr. P R Kalyanaraman	6	6	Yes	3	2	NIL
Mr. Amit Mehta	6	3	No	1	-	NIL
Mr. Arjun Saigal	6	4	No	2	2	NIL
@Mrs. Bhama Krishnamurthy	2	1	No	7	-	NIL
* Mr. Kumar Sharadindu	4	4	N/A	1	0	NIL
^ Mr. Robin Bhanwarlal Agarwal	3	3	N/A	-	-	NIL
# Mrs. Shashikala Ramachandra	1	1	N/A	-	-	NIL

@ Mrs. Bhama Krishnamurthy, Independent Director resigned from the directorship of the Company w.e.f. August 6, 2019 due to personal reasons and preoccupancy.

* Mr. Kumar Sharadindu appointed as an Independent Director of the Company w.e.f. August 8, 2019.

^ Mr. Robin Bhanwarlal Agarwal appointed as Non-Executive Director of the Company w.e.f. October 1, 2019.

Mrs. Shashikala Ramachandra, appointed as an Independent Director of the Company w.e.f. December 12, 2019.

Further Non-Executive Directors of the company does not hold shares & securities in the company.

Details of directorship in other Listed Entities of Director(s) as on March 31, 2020

Name of Director	Name of Listed Entity	Category
Mr. Radha Krishan Kogta	Nil	N/A
Mr. Arun Kogta	Nil	N/A
Mr. Varun Kogta	Nil	N/A
Mr. P R Kalyanaraman	Coastal Corporation Limited	Independent Director
Mr. Amit Mehta	Nil	N/A
Mr. Arjun Saigal	Nil	N/A
Mr. Kumar Sharadindu	Nil	N/A
Mr. Robin Bhanwarlal Agarwal	Nil	N/A
Mrs. Shashikala Ramachandra	Nil	N/A

iii. Remuneration of Directors

The Company has adopted a Remuneration Policy for Directors, Key Managerial Personnel and other Employees, regulated by the Nomination and Remuneration Committee of the Board. The Non-Executive Directors are entitled to sitting fees for attending Meeting of the Board and its Committees. The remuneration to the Managing Director and Whole-Time Director was paid on the scale determined by the Nomination and Remuneration Committee/Board of Directors and approved by the shareholders. Details of the remuneration paid to executive directors and Key Managerial Personnel are stated in Form No. MGT-9, which form part of this report as **Annexure –1**.

iv. List of Core Skills/Expertise/Competencies identified by the Board of Directors for efficient functioning of the Company:

Your Board members possess requisite skills for carrying out their duties effectively for the business of the Company:

- Understanding of Business/Industry;
- Strategy and Strategic Planning;
- Critical and Innovative;
- Financial Understanding;
- Market Understanding;
- Risk and Compliance oversight.

3. COMMITTEES OF THE BOARD

The Board has constituted Committees with specific terms of reference / scope to focus effectively on issues and ensure expedient resolution of diverse matters. These are the Audit Committee, Nomination and Remuneration Committee, Asset Liability Management Committee, Risk Management Committee, Corporate Social Responsibility Committee, Loan & Investment Committee, Compensation Committee, Management Committee, IT Strategy Committee and IT Steering Committee. The Company Secretary is the Secretary of all the aforementioned Committees. The Committees has taken decisions by circular resolutions which are noted by respective Committees at their next meetings. The minutes of the meetings of all Committees of the Board are circulated to the Board of Directors, for their noting.

The Board has constituted above mentioned Committees to monitor the activities in accordance with Board-approved terms of reference. The Board Committees focus on specific areas and take informed decisions on the specific businesses assigned to them in the best interest of the Company. The Committees also make specific recommendations to the Board on various matters whenever required. All observations, recommendations and decisions of the Committees are placed before the Board for information or for approval.

The Company has ten Board Committees as on March 31, 2020, which are described below:

(a) Audit Committee

The Audit Committee has been constituted by the Company in terms of provisions of Section 177 of the Companies Act, 2013. As on March 31, 2020 audit committee comprised Four (4) Directors as its members, all of them being financially literate and of which three (3) are Independent Directors i.e. Mr. P R Kalyanaraman, Independent Director as Chairman, Mr. Varun Kogta, Whole Time Director & CFO as member, Mrs. Shashikala Ramachandra, Independent Director as member, Mr. Kumar Sharadindu, Independent Director as members of the committee. The composition of the Committee is in adherence to provisions of Companies Act, 2013.

Mr. Kumar Sharadindu, Independent Director and Mrs. Shashikala Ramachandra, Independent Director were inducted as member of the committee with effect from August 08, 2019 and January 29, 2020 respectively. Therefore, committee is being re-constituted.

The Board has adopted an Audit Committee Charter which defines the composition of the Audit Committee, its authority, role, responsibilities and powers and reporting functions in accordance with the Act and Guidelines issued by the RBI. The Charter is reviewed from time to time.

The core function area of Audit Committee is as follow:

- The recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- To recommend the appointment including terms of appointment and removal of statutory, internal and Secretarial Auditors, fixation of audit fees and also to approve payment for other services
- Examination of the financial statement and the auditors' report thereon;
- Approval or any subsequent modification of transactions of the company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Monitoring the end use of funds raised through public offers and related matters.

All committee meetings were held and convened by giving proper notices and within the stipulated timelines as provided under the Companies Act, 2013 and other regulatory requirements. The Audit Committee met 4 (Four) times on May 16, 2019, August 01, 2019, December 05, 2019 and January 29, 2020.

The composition of audit committee and the details of meetings attended by its members are given below:

Name of the Member	Category	No. of Meetings in which Member is entitled to attend	
		Held	Attended
Mr. P R Kalyanaraman	Independent Director as Chairman	4	4
Mr. Varun Kogta	Whole Time Director & CFO as Member	4	4
*Mr. Kumar Sharadindu	Independent Director as Member	2	2
**Mrs. Shashikala Ramachandra	Independent Director as Member	0	0
***Mrs. Bhama Krishnamurthy	Independent Director as Member	2	0

*Mr. Kumar Sharadindu appointed as member w.e.f. August 8, 2019.

**Mrs. Shashikala Ramachandra appointed as member w.e.f. January 29, 2020.

***Mrs. Bhama Krishnamurthy has resigned from the post of member of the committee w.e.f. August 6, 2019

The Board has accepted all the recommendations made by the Audit Committee during the year. Besides the Members of the Committee, meetings of the Audit Committee can be attended by the Invitees, the Company Secretary, the Statutory Auditors and Internal Auditor & Secretarial Auditor.

(b) Nomination and Remuneration Committee (NRC)

The NRC has been constituted by the Company in terms of Provisions of Section 178 of the Companies Act, 2013 and is chaired by Independent director. As on March 31, 2020, the NRC comprised three (3) Directors i.e. Mr. P R Kalyanaraman, Independent Director as Chairman, Mr. Amit Mehta, Nominee Director as member and Mr. Kumar Sharadindu, Independent Director as member of the Committee, all of them being Non-Executive Directors. The composition of the Committee is in adherence to provisions of Companies Act, 2013.

The Board of Directors has formed and approved a charter for the NRC setting out the roles, responsibilities and functioning of the Committee and approved the manner and criteria of performance evaluation of Board, its Committees and Individual Director of the Company. In addition to adherence to the provisions of the Companies Act, 2013, the terms of reference of NRC is covered by its Charter and its functioning broadly inter alia includes the following:

- To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down;
- Recommend to the Board their appointment and removal;
- To specify the manner and criteria of evaluation of every individual director, board committee and Board as whole performance;
- To formulate the criteria for determining qualifications, positive attributes and independence of a director;
- To recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.

Further the Board of Directors shall do the performance evaluation of every director except the director being evaluated and along with its various Board Committees and Board (as whole), during the year together with suggestions for improvement thereon, pursuant to the performance objectives.

Mrs. Bhama Krishnamurthy ceased to be a member with effect from – August 06, 2019 and Mr. Kumar Sharadindu, Independent Director was inducted as member of the committee with effect from August 08, 2019. Therefore, committee is being re-constituted.

During the year committee met 3 times on May 16, 2019, December 05, 2019 and January 29, 2020.

Besides, members of the Nomination & Remuneration Committee have passed various resolution by circulation on August 08, 2019, October 01, 2019 and December 12, 2019.

The composition of Nomination & Remuneration committee and the details of meetings attended by its members are given below:

Name of the Member	Category	No. of Meetings in which Member is entitled to attend	
		Held	Attended
Mr. P R Kalyanaraman	Independent Director as Chairman	3	3
Mr. Amit Mehta	Nominee Director as Member	3	1
*Mrs. Bhama Krishnamurthy	Independent Director as Member	1	1
**Mr. Kumar Sharadindu	Independent Director as Member	2	2

*Mrs. Bhama Krishnamurthy has resigned from the post of member of the committee w.e.f. August 6, 2019

**Mr. Kumar Sharadindu appointed as member of the committee w.e.f. August 8, 2019.

(c) Corporate Social Responsibility Committee

Pursuant to the provisions of Section 135 of the Companies Act, 2013 Corporate Social Responsibility (CSR) Committee was constituted and the Board has approved the Charter of the CSR Committee setting out the responsibilities, roles of the Committee.

As on March 31, 2020 CSR committee comprised three (3) Directors as its members i.e. Mr. Radha Krishan Kogta, Chairman & Whole Time Director as Chairman, Mr. P R Kalyanaraman, Independent Director as Member and Mr. Varun Kogta, Whole Time Director & CFO as member. The composition of the Committee is in adherence to provisions of Companies Act, 2013.

The terms of reference of the CSR Committee are as follows:

- Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013.
- Recommend the amount of expenditure to be incurred on CSR activities.
- Monitor the CSR activities of the Company from time to time.
- Such other activities as may be determined by the Board of Directors from time to time.

During the year committee met 2 (two) times on May 16, 2019 and December 05, 2019.

The particulars of members of the Committee, number of meetings attended/held during the tenure of a particular member, attendance of the members at the meetings are mentioned hereunder:

Name of the Member	Category	No. of Meetings in which Member is entitled to attend	
		Held	Attended
Mr. Radha Krishan Kogta	Whole Time Director as Chairman	2	2
Mr. Varun Kogta	Whole Time Director and CFO as Member	2	2
Mr. P R Kalyanaraman	Independent Director as Member	2	2

(d) Loan and Investment Committee

According to Section 179(3) of the Companies Act, 2013, the Board of Directors of the company at their meeting held on May 16, 2019 re-constituted Loan & Investment Committee to delegate its powers, to borrow money and to invest the funds of the Company, to the Committee and appointed Mr. Shobhit Nawal and Mr. Nayan Kogta as members of the committee.

As on March 31, 2020, the Loan and Investment Committee comprised five (5) members i.e. Mr. Varun Kogta as Chairman and Mr. Amit Mehta, Mr. Arun Kogta, Mr. Nayan Kogta, Mr. Shobhit Nawal as members of the Committee.

The Committee functions according to the role and the power given to the committee, including borrowing limits depending on cost of funds and quantum of liabilities raised by the Company and investment in mutual funds, Fixed Deposits, etc.

During the year committee met 31 (Thirty One) times on April 17, 2019, April 29, 2019, May 10, 2019, May 20, 2019, May 22, 2019, May 29, 2019, June 01, 2019, June 06, 2019, June 20, 2019, June 25, 2019, July 22, 2019, August 01, 2019, August 13, 2019, August 17, 2019, August 21, 2019, September 13, 2019, September 20, 2019, September 25, 2019, September 26, 2019, October 03, 2019, November 06, 2019, November 12, 2019, November 25, 2019, December 17, 2019, December 24, 2019, December 27, 2019, January 13, 2020, February 21, 2020, February 25, 2020, February 26, 2020 and March 31, 2020.

The particulars of members of the Committee, number of meetings attended/held during the tenure of a particular Member, attendance of the members at the meetings are mentioned hereunder:

Name of the Member	Category	No. of Meetings in which Director/ Member is entitled to attend	
		Held	Attended
Mr. Varun Kogta	Whole Time Director & CFO as Chairman	31	27
Mr. Arun Kogta	Managing Director & CEO as Member	31	10
*Mr. Nayan Kogta	Chief Operating Officer as Member	28	26
Mr. Amit Mehta	Nominee Director as Member	31	1
**Mr. Shobhit Nawal	VP (Finance & Accounts) as Member	28	27

*Mr. Nayan Kogta was appointed to be a member w.e.f. May 16, 2019.

**Mr. Shobhit Nawal was appointed to be a member w.e.f. May 16, 2019.

(e) Management Committee

The Management Committee functions according to the role and the power given to it, including to authorize any person and to get registration(s) of the Branch offices of the Company under the Shop and Establishment Act, 1958 and other powers according to charter of the Committee. As on March 31, 2020, the Management Committee comprised four (4) members i.e. Mr. Varun Kogta as Chairman and Mr. Rahul Agrawal, Mr. Manoj Sharda, Mr. Vijendra Singh as members of the Committee. During the year committee did not hold any meeting.

(f) Risk Management Committee (RMC)

The Company has formed Risk Management Committee of the Board for assisting the Board to establish a risk culture and risk governance framework in the organisation. The function of the Committee is to identify management of risk inherent in all the products and services across the Company and to ensure that the established risk culture is adopted across all levels.

The object of Risk Management Committee is to monitor and review the risk management plans for the Company including identification therein of elements of risks if any, which may threaten the existence of the Company and such other functions. The Board of Directors on the recommendation of the Risk Management Committee has approved the Risk Management Policy for the Company in accordance with the provisions of the Companies Act, 2013.

The Risk Management Policy document has in its scope, the establishment of a process for risk assessment, identification of risks both internal and external and a detailed process for evaluation and treatment of risks. The risks identified and the steps taken to mitigate risks shall be reviewed by the Risk Management Committee and shall be placed before the Board.

As on March 31, 2020, composition of the Risk Management Committee comprised five (5) members i.e. Mr. Arun Kogta as Chairman and Mrs. Shashikala Ramachandra, Mr. Varun Kogta, Mr. Nayan Kogta, Mr. Shobhit Nawal as members of the Committee, who have very rich experience in the industry and have put in place preventive mechanisms to contain various risks.

During the year, the RMC committee met 4 (Four) times on May 16, 2019, August 01, 2019, December 05, 2019 and January 29, 2020.

The particulars of members of the Committee, number of meetings attended/held during the year are mentioned hereunder:

Name of the Member	Category	No. of Meetings in which Member is entitled to attend	
		Held	Attended
Mr. Arun Kogta	Managing Director & CEO as Chairman	4	4
Mr. Varun Kogta	Whole Time Director & CFO as Member	4	4
Mr. Nayan Kogta	Chief Operating Officer as Member	4	4
Mr. Shobhit Nawal	Finance Controller as Member	4	4
*Mrs. Shashikala Ramachandra	Independent Director as Member	0	0

*Mrs. Shashikala Ramachandra has been appointed as member of Risk Management Committee w.e.f. January 29, 2020.

(g) Compensation Committee

The Compensation Committee functions according to the role and the power given to it, including to consider, discuss and approve the ESOP schemes of the Company and to identify the eligible employees to whom ESOPs will be given.

As on March 31, 2020, composition of the Compensation Committee comprised three (3) members i.e. Mr. Arun Kogta as Chairman and Mr. Varun Kogta, Mr. Nayan Kogta, as members of the Committee.

During the year, the committee met 2 (Two) time on May 16, 2019 and December 04, 2019.

The particulars of members of the Committee, number of meetings attended/held during the year are mentioned hereunder:

Name of the Member	Category	No. of Meetings in which Member is entitled to attend	
		Held	Attended
Mr. Arun Kogta	Managing Director & CEO as Chairman	2	2
Mr. Varun Kogta	Whole Time Director & CFO as Member	2	2
Mr. Nayan Kogta	Chief Operating Officer as Member	2	2

(h) Asset Liability Management Committee

The Asset Liability Management Committee ("ALCO") reviews the assets and liabilities position of the Company and gives directions to the finance teams in managing the same. Under the Schedule III of Companies Act, 2013, the classification of assets and liabilities into current and non-current is based on their contracted maturities. The classification of assets and liabilities by the Company into various maturity buckets reflects adjustments for prepayments and renewals in accordance with the guidelines issued by Reserve Bank of India.

The duties of the ALCO shall be:

- To review Asset Liability Mismatch with regard to ALM Statement.
- To monitor the asset liability gap and strategize action to mitigate the risk associated.
- Review of the lending facilities and their outstanding status & review of cost of borrowing

As on March 31, 2020, composition of the ALCO comprised three (3) members i.e. Mr. Arun Kogta as Chairman and Mr. Varun Kogta, Mr. Shobhit Nawal as members of the Committee.

During the year, the ALCO met 4 (Four) times on May 16, 2019, August 01, 2019, December 05, 2019 and January 29, 2020.

The particulars of members of the Committee, number of meetings attended/held during the year are mentioned hereunder:

Name of the Member	Category	No. of Meetings in which Member is entitled to attend	
		Held	Attended
Mr. Arun Kogta	Managing Director & CEO as Chairman	4	4
Mr. Varun Kogta	Whole Time Director & CFO as Member	4	4
Mr. Shobhit Nawal	Finance Controller as Member	4	4

(i) IT Strategy Committee Meeting

IT Strategy Committee was formed by the Board of Directors of the Company for facilitating and building an effective IT infrastructure, governance framework and periodically review the Company's IT policy. The Committee further identifies the risks affecting operations of the Company and managing it through internal controls and ensuring that the management has sufficient resources for mitigation of IT and security related risks.

As on March 31, 2020 Composition of IT Strategy Committee comprised four (4) members i.e. Mr. P R Kalyanaraman as Chairman and Mr. Arun Kogta, Mr. Varun Kogta, Mr. Vinod Maheshwari as members of the committee.

The terms of reference of the IT Strategy Committee are guided by the prescriptions of the Master Direction - Information Technology Framework for the NBFC Sector issued by the Reserve Bank of India which inter-alia includes: to approve and monitor information technology ("IT") strategy and policy documents, monitor processes and practices to ensure IT delivers value to business, ensure that IT investments represent a balance of risks and benefits, determine the IT resources required to achieve strategic goals, providing high-level direction for sourcing and use of IT resources and managing IT related risks.

Roles and responsibilities of IT Strategy Committee:

- Approving IT strategy and policy documents and reviewing the same from time to time;
- Ensuring that the management has put an effective strategic planning process in place;
- Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;
- Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
- Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;
- Ensuring proper balance of IT investments for sustaining the Company's growth;
- Becoming aware about exposure towards IT risks and controls and evaluating effectiveness of management's monitoring of IT risks through oversight over the proceedings of the Information Steering Committee.

During the year under review, the IT Strategy Committee met 1 (One) time on December 05, 2019.

The particulars of members of the IT Strategy Committee, number of meetings attended/held during the year are mentioned hereunder:

Name of the Member	Category	No. of Meetings in which Member is entitled to attend	
		Held	Attended
Mr. P. R. Kalyanaraman	Independent Director as Chairman	1	1
Mr. Arun Kogta	Managing Director & CEO as Member	1	1
Mr. Varun Kogta	Chief Information Officer (CIO) as Member	1	1
Mr. Vinod Maheshwari	Chief Technology Officer (CTO) as Member	1	1

(j) IT Steering Committee

The IT Steering Committee comprises Mr. Varun Kogta, Whole Time Director & CFO as Chairman of committee, Mr. Vinod Maheshwari, Chief Technology Officer (CTO) as member of committee, Mr. Durgesh Mali as member of committee and Mr. Deepak Patil as member of committee.

Roles and responsibilities of IT Steering Committee:

- Operating at an executive level and focusing on priority setting, resource allocation and project tracking;
- To provide oversight and monitoring of the progress of the project, including deliverables to be realized at each phase of the project and milestones to be reached according to the project timetable.

During the year under review, the IT Steering Committee met 2 (Two) times on October 21, 2019 and March 16, 2020.

The particulars of members of the IT Steering Committee, number of meetings attended/held during the year are mentioned hereunder:

Name of the Member	Category	No. of Meetings in which Director/ Member is entitled to attend	
		Held	Attended
Mr. Varun Kogta	Whole Time Director & CFO as Chairman	2	2
Mr. Vinod Maheshwari	Chief Technology Officer (CTO) as Member	2	2
Mr. Durgesh Mali	Member	2	2
Mr. Deepak Patil	Member	2	2

4. MEETING OF INDEPENDENT DIRECTORS

The Independent Directors of the company met 1 (One) time on May 16, 2019, all independent directors attended the meeting without the presence of any Non-Independent Directors inter-alia to consider the following: -

- Review of performance of non-independent directors and board as a whole;
- Review of the performance of the chairman taking into account the views of executive and non-executive directors;
- Assessment of the quality, quantity and timeliness of flow of information between the management and the board.

All Independent Directors were present in the meeting held during the period under the review.

5. SHAREHOLDERS GENERAL MEETINGS: -

- The details of the location and time of the last three annual general meetings are given below: -

Financial Year	Date	Time	Venue	Special Resolution Passed
2019-20	June 30, 2019	1.00 P.M.	"Kogta House", Azad Mohalla, Near Railway Station, Bijainagar, Ajmer – 305624, Rajasthan	• Increase in remuneration of Radha Krishan Kogta, whole time Director of the Company. • Increase in remuneration of Mr. Arun Kogta, Managing Director & Chief Executive Officer of the Company • Increase in remuneration of Mr. Varun Kogta, whole time Director & Chief Financial Officer of the Company
2018-19	August 27, 2018	1.00 P.M.	"Kogta House", Azad Mohalla, Near Railway Station, Bijainagar, Ajmer – 305624, Rajasthan	• Authority to accept borrowings upto an aggregate value not exceeding to ₹ 2000 Crores; • authority to create mortgage, charge etc. to secure borrowings upto an aggregate value not exceeding ₹ 2000 Crores; • private placement of non-convertible debentures.
2017-18	August 25, 2017	1.00 P.M.	"Kogta House", Azad Mohalla, Near Railway Station, Bijainagar, Ajmer – 305624, Rajasthan	• Authority to accept borrowings upto an aggregate value not exceeding to ₹ 500 Crores; • Authority to create mortgage, charge etc. to secure borrowings upto an aggregate value not exceeding ₹ 500 Crores; • Private placement of non-convertible debentures.

- The details of the location and time of the extra ordinary general meetings held in Financial Year 2019-20 are given below: -

Financial Year	Date	Time	Venue	Special Resolution Passed
2019-20	September 16, 2019	1.00 P.M.	"Kogta House", Azad Mohalla, Near Railway Station, Bijainagar, Ajmer – 305624, Rajasthan	• Approval of the share subscription agreement amended and restated shareholder's agreement and other transaction documents. • Approval of the issuance and preferential allotment of equity share and compulsorily convertible preference shares on a private placement basis, recordal of the name of the offerees of equity share and compulsorily convertible preference share in the register of members and register of beneficial owners and approval of the draft private placement offer cum application letter. • To consider and approve the appointment of Mr. Kumar Sharadindu as an independent director of the company • To vary and adopt the terms of the series A compulsorily convertible preference shares. • To vary and adopt the terms of the series B compulsorily convertible preference shares. • To vary and adopt the terms of the series C compulsorily convertible preference share.
	November 06, 2019	1.00 P.M.	"Kogta House", Azad Mohalla, Near Railway Station, Bijainagar, Ajmer – 305624, Rajasthan	• To consider, approve and adopt the draft restated Articles of Association of the company amended pursuant to provision of the amended and restated shareholder's agreement dated September 20, 2019. • To consider, review and approve the increase in employee stock option pool of the Company. • To consider, review and approve issuance of convertible warrants to promoter management of the company on preferential basis. • Approval to authorize the board to grant loans advances, provide guarantee, security and make investment in terms of section 186 of The Companies Act, 2013.
	January 08, 2020	1.00 P.M.	S-1, Gopal Bari, Near Ajmer Pulia, Opposite Metro Pillar No. 143, Jaipur - 302001, Rajasthan	• To consider and approve the amendment in the Kogta Financial Employee Stock Option Scheme of the Company.
	March 02, 2020	1.00 P.M	S-1, Gopal Bari, Near Ajmer Pulia, Opposite Metro Pillar No. 143, Jaipur - 302001, Rajasthan	• To consider and approve the Re-Appointment of Mr. Pandithacholanaloor Ramaswamy Kalyanaraman (DIN: 01993027) As an Independent Director of the Company.

- **Postal Ballot**

  During the Financial Year, no resolutions has been passed through postal Ballot.

6. ANNUAL GENERAL MEETING INFORMATION: -

AGM Date, Time And Venue	July 30, 2020 at 1:00 P.M. at "Kogta House", Azad Mohalla, Near Railway Station, Bijainagar, – 305624
Financial Year	April 1, 2019 to March 31, 2020
Dividend Payment Date	Within 30 days from declaration of dividend
Registrar And Share Transfer Agent	KFIN Technologies Private Limited (Formerly known as Karvy Fintech Private Limited) "Karvy Selenium, Tower-B", Plot No. 31 & 32, Gachibowli,Financial District, Nanakramguda, Serilingampally, Hyderabad - 500032, Telangana
Debenture Trustees	CATALYST TRUSTEESHIP LIMITED (Erstwhile GDA Trusteeship Limited) Catalyst Trusteeship Limited Windsor, 6th Floor, Office No - 604, C.S.T. Road, Kalina, Santacruz (East), Mumbai – 400 098
Address For Correspondences	The Company Secretary & Compliance Officer, Kogta Financial (India) Limited Registered Office: "Kogta House", Azad Mohalla Near Railway Station, Bijainagar, Ajmer – 305 624, Rajasthan Ph. +91 141 - 6767067 Telefax: +91 141 - 3013098 Email: Info@Kogta.In
Listing On Stock Exchange(S)	Privately Placed Debentures are Listed on BSE Limited 25th Floor, P J Towers, Dalal Street, Fort, Mumbai – 400 001 Annual Listing Fees to the stock exchange have been paid for the financial year ended March 31, 2020
Scrip Code / ISIN	Scrip Code: 958545 ISIN: INE192U08036 Scrip Code: 959221 ISIN: INE192U07038
Share Transfer System	100% of the Securities of the Company are in Electronic Form. Transfers of these shares are done through the depositories with no involvement of the company.

Shareholding as on March 31, 2020 (On fully diluted basis and does not include ESOP and Warrants to be allotted.)

a. Distribution of shareholding as on March 31, 2020

Category (Nominal value of Shares)	No. of Shareholders	% of total	Total shares	% of total share amount
1 - 200000	3	13.04	392551	1.47
200001 - 500000	8	34.78	2967500	11.09
500001 - 1000000	8	34.78	4939500	18.45
1000001 - 5000000	2	8.70	6171618	23.05
5000001 & above	2	8.70	12298928	45.94
Total	**23**	**100**	**26770097**	**100**

b. Categories of Shareholders as on March 31, 2020 on fully diluted basis: -

Category	No. of Shares	Percentage of Holding
Promoters	9600000	35.86
Public	21551	0.08
Other Institutions / FI	5614644	20.97
Foreign Corporates / FI	11533902	43.09
Total	**26770097**	**100**

c. **Top ten shareholders of the Company as on March 31, 2020 on fully diluted basis: -**

Sr. No.	Name	No. of Shares	% of holding
Promoter Group Shareholding			
1	Bal Mukund Kogta	1322000	4.94%
2	Arun Kogta	791000	2.95%
3	Radha Krishan Kogta	729500	2.73%
4	Varun Kogta	627000	2.34%
5	Nidhi Kogta	580000	2.17%
6	Banwari Lal Kogta HUF	574500	2.15%
7	Nayan Kogta	567000	2.12%
Investor's Shareholding			
8	Aditya (Mauritius) Ltd.	4849618	18.12%
9	IIFL Seed Ventures Fund I	5614644	20.97%
10	NHPEA Rimo Holding B. V.	6684284	24.97%

OTHER DISCLOSURES

1. Related Party Transactions

All transactions entered into with Related Parties as defined under the Companies Act, 2013 during the financial year were in the ordinary course of business and/or on arm's length pricing basis. There were no materially significant transactions with related parties during the financial year which conflicted with the interest of the Company. Suitable disclosure as required by the Indian Accounting Standards (IND AS-24) has been made in the notes to the Financial Statements and also at in separate annexure of Board Report. The details of the transactions with related parties, if any, are placed before the Audit Committee from time to time.

Further, the Board of Directors has formulated a policy on Related Party Transactions and materiality for dealing with Related Party Transactions pursuant to the provisions of the Companies Act, 2013. The same is displayed on the website of the company at https://www.kogta.in/policy.php

2. Code of Conduct

A Code of Conduct stating framework of Directors and senior management personnel is adopted by the Board of Directors. For the year under review, all the Directors and senior management personnel have affirmed compliance with the provisions of the said Code. The code is available on the website of the Company at https://www.kogta.in/policy.php

3. Vigil Mechanism / Whistle Blower Policy

The Whistle Blower Policy has been formulated as part of corporate governance norms and transparency where the employees, customers, stakeholders are encouraged to refer any Protected Disclosures which have not been resolved or satisfactorily resolved within the usual applicable protocols. The employees may refer any Protected Disclosures covering areas such as corruption, misuse of office, unethical behavior, criminal offences, suspected/actual fraud, failure to comply with existing rules and regulations and acts resulting in financial loss/ operational risk, loss of reputation etc. detrimental to customers' interest/ public interest. During the year, no person was denied access to the audit committee or its chairman to raise his/her concern under vigil mechanism.

A whistle-blowing or reporting mechanism, as set out in the Policy, invites all employees to act responsibly to uphold the reputation of the Company. The Policy aims to ensure that serious concerns are properly raised and addressed and are recognized as an enabling factor in administering good governance practices. The details of the Whistle Blower Policy are available on the website of the Company at https://www.kogta.in/policy.php

4. Fair Practice Code

The Company adheres to the Fair Practices Code (FPC) recommended by sector regulator, the Reserve Bank of India seek to promote good and fair practices by setting minimum standards in dealing with customers while doing lending business. Moreover, the comprehensive Know Your Customer (KYC) Guidelines and Anti Money Laundering Standards, issued by the RBI, in the context of recommendations made by the Financial Intelligence Unit on Reporting Standards. The details of the Fair Practice Code are available on the website of the Company at https://www.kogta.in/policy.php

5. ALM Policy

The company has adopted ALM Policy as per RBI Guidelines and may amend from time to time.

6. Accounting Treatment

Your company has adopted accounting policies which are in line with the Accounting Standards and Financials statements are prepared in adherence to the accounting policies, Accounting Standards and applicable provisions of Companies Act, 2013.

7. Declaration of Independence

The company has received necessary declarations from each Independent Director under Section 149(7) of the Companies Act, 2013 and affirming that they meet the criteria of 'Independence' as stipulated under provisions of Section 149 (6) of Companies Act, 2013. The Terms and Conditions of appointment of Independent Directors have been hosted on the Company's website in Nomination & Remuneration Policy and can be accessed through link at https://www.kogta.in/policy.php

8. Means of Communication

The Company's website keeps the investors updated on material developments in the Company by providing key and timely information such as Financial Results, Annual Reports, etc.

- The half-yearly Financial Results of the Company will be submitted to the Stock Exchanges in accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and will be published in at least one English national daily newspaper circulating in the whole or substantially the whole of India and will also communicated to the Debenture holders every six months through a half-yearly communication. Official news releases, including the half-yearly results, will also be posted on the Company's website http://kogta.in (If Required);

- For Share transfers, dividend payments and all other investor related activities are attended to and processed at the office of our Registrars & Share Transfer Agents, i.e. KFIN Technologies Private Limited (Formerly known as Karvy Fintech Private Limited), contact details of the agents are as specified above.

9. Dematerialization of shares

All Shares of the company are held in Dematerialization form.

10. Outstanding global depository receipts or American depository receipts or warrants or any convertible instruments, conversion date and likely impact on equity.

During the financial year 2019-20, there were no outstanding GDRs/ADRs/Warrants and there were no CCPS, outstanding to be converted in Financial Year 2019-20 and which would have an impact on the equity of the Company. Further, the company has issued Compulsory Convertible Preference Shares ("CCPS") to the shareholders, which shall be converted on or before 20 years from the date of allotment and on the request of the shareholders.

Further, the Company has issued warrants to the Promoter Management, which shall be converted as per the terms and conditions of warrants specified in Articles of Association.

11. Penalties

No penalties, strictures have been imposed on the company by the Stock Exchange(s)/SEBI or any other statutory authorities on matters relating to capital market during the last three years.

12. Status of Compliance of Discretionary Requirements

a. A half-yearly declaration of financial performance including summary of the significant events in the last six months may be sent to each household of shareholders.

Half-yearly financial results will be published in the newspapers, displayed on the website of the Company as well as will be disseminated to the Stock Exchanges after Board approval for information of Shareholders and other Stakeholders.

b. The Company may appoint separate persons to the post of Chairperson and MD & CEO

The company has separate positions of a Chairman and MD & CEO.

c. The Internal auditor may report directly to the Audit Committee.

The internal auditor reports directly to the Audit Committee.

13. Subsidiary Companies

During the period under review the company does not have any Subsidiary Companies.

ANNEXURE - 6

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020
[Pursuant to section 204(1) of the Companies Act 2013 and Rule No. 9 of the Companies Appointment and Remuneration of Managerial Personnel Rules, 2014]

To,
The Members,
Kogta Financial (India) Ltd
'Kogta House' Azad Mohalla,
Near Rly. Station,
Bijainagar 305624- Rajasthan

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **KOGTA FINANCIAL (INDIA) LTD** (hereinafter called **"the Company"**). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2020 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2020 according to the provisions of:

(i) The Companies Act, 2013 ('the Act') and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): -

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **(Not applicable to the Company during the Audit Period)**

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **(Not applicable to the Company during the Audit Period)**

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **(Not applicable to the Company during the Audit Period)**

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Company during the Audit Period)**

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not applicable as the Company has not bought back/proposed to buy-back any of its securities during the financial year under review.); and**

(i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(vi) As confirmed following other laws are specifically applicable to the company for which the Management has confirmed that the company has devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively:

a) The Reserve Bank of India Act, 1934 read with all applicable guidelines, circulars, notifications etc.

b) Master Direction - Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

c) Master Direction - Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016.

d) Raising Money through Private Placement of Non-Convertible Debentures (NCDs) by NBFCs - RBI Guidelines.

e) Master Circular– "Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015"

f) Master Direction – Information Technology Framework for the NBFC Sector;

g) Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016; and

h) Miscellaneous Non- Banking Companies (Reserve Bank) Directions, 2016.

We have also examined compliance with the applicable provisions of the following:

i. Secretarial Standards with regard to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India;

ii. The Listing Agreement entered into by the Company with BSE Limited and SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except to the extent as mentioned below: -

i. The company has delayed by one day in giving prior intimation to stock exchange under regulation 50(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the month of May 2019.

ii. The company has delayed by one day to notify to the stock exchange intimation about the record date on time as per the regulation 60(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for month of June 2019.

iii. The Company has delayed by one day in giving intimation to stock exchange as per the Regulation 57(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the month of May 2019 for which management has given explanation being Sunday it was delayed.

iv. The Company has not submitted quarterly, half-yearly and yearly RBI returns on timely basis.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Woman Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance as required, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions of Board and Committee meetings were carried with requisite majority.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period some major events were taken in Company having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc of which some areas are under: -

i. During the year company has made the redemption of 150 (One Hundred Fifty) rated, unlisted, subordinated, unsecured, redeemable, transferable, taxable non-convertible debentures of ₹ 10,00,000/- (Rupees Ten Lakh only) each, aggregating up to ₹15,00,00,000/- (Rupees Fifteen Crores only) on June 27, 2019.

ii. During the year company has made the allotment of 150 (One Hundred Fifty) Rated, Unsubordinated, Unsecured, Transferable, Redeemable, Non-convertible Debentures bearing a face value of ₹10,00,000/- (Rupees Ten lakh only) each, aggregating up to ₹15,00,00,000/- (Rupees Fifteen Crores only) on private placement basis on dated August 22, 2019.

iii. During the year company has made the allotment of 10 Equity shares having the face value of ₹10 each at premium of ₹454.02, allotment of 21,551 Equity shares having face value of ₹10 each at premium of ₹454.02, allotment of 9,699,216 series D1 compulsorily convertible preference shares having face value of ₹10 each at premium of ₹222.01, allotment of 3,231,240 series D2 compulsorily convertible preference shares having face value of ₹10 each at premium of ₹222.01 on October 01, 2019.

iv. During the year company has made the allotment of 803,103 convertible warrants at issue price of ₹464.02 to the promoter management of the company on December 24, 2019.

v. During the year company has made the allotment of 2,700 (Two Thousand Seven Hundred) Rated, Listed, Taxable, Secured, Senior, Redeemable Non-Convertible Debentures in dematerialized form bearing a face value of ₹1,00,000/- (Rupees One lakh only) each, aggregating up to ₹27,00,00,000/- (Rupees Twenty-Seven Crores only) on private placement basis on January 28, 2020.

vi. During the audit period the Company has obtained shareholder's approval in the General Meeting held for the following items:

a) Increase in remuneration of Radha Krishan Kogta, whole time Director, Mr. Arun Kogta Managing Director & Chief Executive Officer, Mr. Varun Kogta, whole time Director & Chief Financial Officer of the Company.

b) Altered Memorandum and Articles of Association of the Company.

c) Increase in Authorized Capital of the Company from ₹65,23,85,666 (Rupees sixty-five Crores twenty-three Lakh eighty-five thousand six hundred and sixty-six only) to ₹78,56,90,226 (Rupees seventy-eight Crores fifty-six lakh ninety thousand two hundred and twenty-six only).

d) Approval of the share subscription agreement amended and restated shareholders' agreement and other transaction documents.

e) Approval of the issuance and preferential allotment of equity share and compulsorily convertible preference shares on a private placement basis.

f) Approval for the appointment of Mr. Kumar Sharadindu as an independent director of the company.

g) Approval for variation in the terms of the series A, series B and series C compulsorily convertible preference shares.

h) Approval for the appointment of Mr. Robin Bhanwarlal Agarwal as a non-executive director of the company

i) Approval for the increase in employee stock option pool of the company.

j) Approval for the issuance of convertible warrants to promoter management of the company on preferential basis.

k) Approval to increase in investment limit upto ₹500 Crores under section 186(2) of the companies act 2013.

l) Approval for the appointment of Mrs. Shashikala Ramachandra as an independent director of the company.

m) Approval for amendment in ESOP Scheme of the Company.

n) Approval for the Re-Appointment of Mr. Pandithacholanaloor Ramaswamy Kalyanaraman (DIN: 01993027) As an Independent Director of the Company

This report is to be read with our letter of even date which is annexed as **Annexure- A** and forms an integral part of this report.

For **Deepak Arora & Associates**
Company Secretaries
ICSI Unique Code
P2001RJ080000

Sd/-
Deepak Arora
Partner
FCS No. 5104
Cop No. 3641
UDIN: F005104B000348876

Place: Jaipur
Date: June 17, 2020

AnnexureA

To,
The Members,
Kogta Financial (India) Ltd
'Kogta House' Azad Mohalla,
Near Rly. Station,
Bijainagar 305624- Rajasthan

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For **Deepak Arora & Associates**
Company Secretaries
ICSI Unique Code
P2001RJ080000

Sd/-
Deepak Arora
Partner
FCS No. 5104
Cop No. 3641
UDIN: F005104B000348876

Place: Jaipur
Date: June 17, 2020

ANNEXURE - 7

DISCLOSURES ON MANAGERIAL REMUNERATION

Information as per Rule 5 (1) of Chapter XIII, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (As Amended) is provided below:

i). Ratio of the Remuneration of each director to the median employees' remuneration (times) for F.Y. 2019-20:

Name	Designation	Remuneration of Directors' to median employees, remuneration (times)
Mr. Radha Krishan Kogta	Chairman	13x
Mr. Arun Kogta	Managing Director & CEO	20x
Mr. Varun Kogta	Whole Time Director & CFO	18x

ii). Percentage increase in the remuneration of each director and key managerial personnel in F.Y. 2019-20 is given below. Further details are given in MGT-9.

Name	Designation	Increase in Remuneration
Mr. Radha Krishan Kogta	Chairman	67%
Mr. Arun Kogta	Managing Director & CEO	45%
Mr. Varun Kogta	Whole Time Director & CFO	29%
Mr. Rahul Agrawal	Company Secretary & Compliance Officer	25%

iii). The percentage increase in the median remuneration of employees in F.Y. 2019-20 stood at 3.99%.

iv). No of permanent employees on the rolls of the Company: 1623

v). Average percentile increase already made in salaries of employees other than managerial personnel in last financial year and its comparison with the percentile increase in managerial remuneration.

The average increase in the remuneration of all employees other than key managerial personnel was 7.01% for the F.Y. 2019-20. The average increase in remuneration of the Key managerial personnel was 42%.

The average increase in the remuneration of both, the managerial and non-managerial personnel was determined based on the overall performance of the Employee and the Company.

Further, the criteria for remuneration of non-managerial personnel is based on an internal evaluation of performance on key responsibility areas (KRAs), while the remuneration of the managerial personnel is based on the remuneration policy as recommended by the Nomination & Remuneration Committee and approved by the board of directors.

There were no exceptional circumstances which warranted an increase in managerial remuneration which was not justified by the overall performance of the Company.

vi). Affirmation that the remuneration is as per the remuneration policy of the company.

The Company affirms that the remuneration is as per the Human Resource policy of the Company.

ANNEXURE - 8

DISCLOSURES ON REMUNERATION

Information as per Rule 5 (2) and Rule 5(3) of Chapter XIII, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (As Amended) is provided below:

i). If employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than One Crore and two lakh rupees: **Not Applicable**

ii). If employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than Eight lakh and fifty thousand rupees per month: **Not Applicable**

iii). If employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company: **Not Applicable**

Top 10 Employees in terms of Remuneration drawn during the year:

Sr. No.	Employee Name	Designation	Date of Joining of Company	Educational Qualification	Age	Experience (In years)	Remuneration (Per Annum in INR)	Last Employment
1	Arun Kogta	MD & CEO	01/04/2013	MBA – Finance	38	13	45,00,000	N/A
2	Varun Kogta	WTD & CFO	01/04/2014	Chartered Accountant	35	11	40,00,000	ICICI Bank Ltd.
3	Nayan Kogta	Chief Operating Officer	01/04/2013	Chartered Accountant and Company Secretary	29	7	35,00,000	N/A
4	Radha Krishan Kogta	Chairman & WTO	01/04/2013	B.Com	55	36	30,00,000	N/A
5	Rakshit Garg	National Collection Manager	27/08/2018	MBA - Marketing & Finance	41	18	29,29,241	India Infoline Finance Limited
6	Vikram Goyal	National Credit Manager	11/03/2019	Chartered Accountant	38	16	25,58,859	Ujjivan Small Finance Bank
7	Sanjay Salim Khan	National Sales Manager	03/03/2018	MBA – Marketing	43	20	23,66,966	Ujjivan Small Finance Bank
8	Sanjay Bhatnagar	National Sales Manager	08/08/2018	MBA – Marketing	54	31	23,41,875	IKF Finance Ltd.
9	Alok Tiwari	Zonal Manager	11/07/2018	PGDBM – Marketing	45	20	20,77,221	DJT Financial Services Private Limited
10	Ravindra Singh Rajawat	National Legal Manager	24/09/2018	B.Com, L.LB.	40	18	18,72,363	Bajaj Allianz Life Insurance Co. Ltd

- All abovementioned employees are in permanent employment.
- None of the employees listed above except directors is a relative of any director of the company.
- None of the employees listed above except directors hold 2% or more of the paid-up share capital of the Company as at March 31, 2020.

INDEPENDENT AUDITOR'S REPORT

To the Members of Kogta Financial (India) Limited

REPORT ON THE AUDIT OF THE INDIAN ACCOUNTING STANDARD ("IND AS") FINANCIAL STATEMENTS

Opinion

We have audited the accompanying Ind AS financial statements of Kogta Financial (India) Limited ("the Company"), which comprises the Balance sheet as at March 31, 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Ind AS 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 Ind AS 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, 2020, its profit including other comprehensive income its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Ind AS 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 Ind AS 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 Ind AS financial statements.

Emphasis of Matter - Assessment of COVID-19 Impact

We draw attention to Note 40.1 (G) to the financial statements, which describes the uncertainties arising from COVID-19 pandemic and impacting the Company's operations and estimates related to impairment of assets, which are dependent on future developments regarding the severity and duration of the pandemic.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
(a) Transition to Ind AS accounting framework *(as described in note 33 of the Ind AS financial statements)*	
In accordance with the roadmap for implementation of Ind AS for non-banking financial companies, as announced by the Ministry of Corporate Affairs, the Company has adopted Ind AS from April 1, 2019 with an effective date of April 1, 2018 for such transition. For periods up to and including the year ended March 31, 2019, the Company had prepared and presented its financial statements in accordance with the erstwhile generally accepted accounting principles in India (Indian GAAP). In order to give effect of the transition to Ind AS these financial statements for the year ended March 31, 2020, together with the comparative financial information for the previous year ended March 31, 2019 and the transition date balance sheet as at April 1, 2018 have been prepared under Ind AS. The transition has involved significant change in the Company's policies and processes relating to financial reporting, including generation of reliable and supportable information. Further, the management has exercised significant judgement for giving an appropriate effect of principles of First-time Adoption of Indian Accounting Standards (Ind AS 101), as at transition date and to determine the impact of the new accounting framework on certain accounting and disclosure requirements prescribed under extant Reserve Bank of India ('RBI') directions.	• Read the Ind AS impact assessment performed by the management to identify areas impacted on account of Ind AS transition and the resultant changes made to the accounting policies considering the requirements of the new framework. • Understood the financial statement closure process (including disclosures in notes to accounts) and the additional controls established by the Company for transition to Ind AS. We tested the design and operating effectiveness of key controls for processes identified by the Company for impact assessment. • Assessed the judgement applied by the management in applying the first-time adoption principles of Ind AS 101. • Performed test of details on the accounting adjustments posted as at the transition date and in respect of the previous year to convert the financial information reported under erstwhile Indian GAAP to Ind AS. • Assessed the disclosures prescribed under Ind AS.
(b) Impairment of financial instruments (expected credit losses) *(as described in 1.17 of the standalone Ind AS financial statements)*	
Ind AS 109: Financial Instruments ("Ind AS 109") requires the Company to provide for impairment of its Loans & Advances ("Financial Instruments") using the Expected Credit Losses ("ECL") approach. ECL involves an estimation of probability-weighted loss on Financial Instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit quality of the Company's loans and advances. In the process, a significant degree of judgement has been applied by the management for: a) Defining qualitative/ quantitative thresholds for 'significant increase in credit risk' ("SICR") and 'default.'	• Our audit procedures included considering the Company's accounting policies for impairment of Financial Instruments and assessing compliance with the policies in terms of Ind AS 109: Financial Instruments. • Read the Company's policy with respect to moratorium pursuant to the RBI Circular and tested the implementation of such policy on a sample basis. • Evaluated the reasonableness of the management estimates by understanding the process of ECL estimation and related assumptions and tested the controls around data extraction and validation.

Key audit matters	How our audit addressed the key audit matter
b) Determining effect of less frequent past events on future probability of default. c) Grouping of borrowers based on homogeneity by using appropriate statistical techniques; d) Determining macro-economic factors impacting credit quality of receivables; Additional consideration on account of COVID-19 The spread of COVID-19 has severely impacted many economies around the globe. Businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses, resulting in an economic slowdown and economic uncertainties. Measures have also been taken by the Government and the Reserve Bank to ease the burden on businesses from hardship. Pursuant to the Reserve Bank of India circular dated March 27, 2020 and May 23, 2020 ("RBI Circulars") allowing lending institutions to offer moratorium to borrowers on payment of instalments falling due between March 1, 2020 and August 31, 2020, the Company has extended moratorium to its borrowers in accordance with its Board approved policy as described in Note 40.1 (G). In management's view and considering the guidance provided by the Institute of Chartered Accountants of India ('ICAI'), providing moratorium to borrowers at a mass scale, based on RBI directives, by itself is not considered to result in a SICR for such borrowers. The Company has recorded a management overlay as part of its ECL, to reflect among other things an increased risk of deterioration in macro-economic factors caused by COVID-19 pandemic. Given the unique nature and scale of the economic impact of this pandemic, its timing being close to the year-end, and no reliable data being available regarding the impact of various regulatory packages, the macroeconomic overlay estimate is based on various highly uncertain and unobservable factors. In accordance with the guidance in Ind AS 109, the macroeconomic overlay estimate takes into account reasonably and supportable information without incurring significant cost. The actual credit losses could be significantly different than the ECL estimates prepared by the Company depending upon the impact and duration of the pandemic and various regulatory and policy measures announced by the Government. In view of the high degree of management's judgement involved in estimation of ECL, accentuated by the COVID-19 pandemic, it is a key audit matter.	• Assessed the criteria for staging of loans based on their past-due status to check compliance with requirement of Ind AS 109. Tested a sample of performing (stage 1) loans to assess whether any SICR or loss indicators were present requiring them to be classified under stage 2 or 3. • Assessed the additional considerations applied by the management for staging of loans as SICR or default categories in view of Company's policy on moratorium. • Tested the ECL model, including assumptions and underlying computation. Tested the input data used for determining the PD and LGD rates and agreed the data with the underlying books of accounts and records. • Tested the arithmetical accuracy of computation of ECL provision performed by the Company. • Performed inquiries with the Company's management and its risk management function to assess the impact of lock-down on the business activities of the Company. • Tested assumptions used by the management in determining the overlay for macro-economic factors (including COVID-19 pandemic) pursuant to Reserve Bank of India guidelines issued on March 13, 2020. • Read and assessed the disclosures included in the Ind AS financial statements in respect of expected credit losses with the requirements of Ind AS 107 and 109. Reviewed specific disclosures made in the Ind AS financial statements with regards to the impact of CoVID-19 on ECL estimation.

Key audit matters	How our audit addressed the key audit matter
(c) IT systems and controls	
The financial accounting and reporting systems of the Company are fundamentally reliant on IT systems and IT controls to process significant transaction volumes. Automated accounting procedures and IT environment controls, which include IT governance, general IT controls over program development and changes, access to programs and data and IT operations, are required to be designed and to operate effectively to ensure accurate financial reporting. Therefore, due to the pervasive nature and complexity of the IT environment, the assessment of the general IT controls and the application controls specific to the accounting and preparation of the financial information is considered to be a key audit matter.	We performed the following procedures, assisted by specialized IT auditors on the IT infrastructure and applications relevant to financial reporting: • Tested the design and operating effectiveness of IT access controls over the information systems that are critical to financial reporting. • Tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorized. • Tested the Company's periodic review of access rights. We inspected requests of changes to systems for appropriate approval and authorization. • In addition to the above, we tested the design and operating effectiveness of certain automated and IT dependent manual controls that were considered as key internal controls over financial reporting. • Where deficiencies were identified, we tested compensating controls or performed alternate procedures.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors Report but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS 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 Ind AS 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.

Responsibilities of Management for the Ind AS 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 standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS 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 Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS 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 Ind AS 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 Ind AS 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 with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures 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 Ind AS financial statements, including the disclosures, and whether the Ind AS 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 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 including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 Ind AS 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, 2020 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

Sd/-
per **Shrawan Jalan**
Partner
Membership Number: 102102
UDIN: 20102102AAAAGK5863

Place: Mumbai
Date: June 18, 2020

ANNEXURE 1 REFERRED TO UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE

Re: Kogta Financial (India) Limited ("the Company")

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and location of fixed assets.

(i) (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.

(i) (c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment/ fixed assets are held in the name of 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) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanation given to us, there are no loans, investments, guarantees and securities granted 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 Company is not in the business of sale of any goods. Therefore, in our opinion, the provisions of clause 3(vi) of the Order are not applicable to the Company.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, goods and service tax, cess and other statutory dues applicable to it, have generally been regularly deposited with the appropriate authorities though there have been delays in few cases. The provisions relating to duty of customs, duty of excise, value added tax and cess are not applicable to the Company.

(vii) (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 services tax and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The provisions relating to, duty of customs, duty of excise, value added tax and cess are not applicable to the Company.

(vii) (c) According to the information and explanations given to us, there are no dues of income-tax, employee's state insurance, goods and service tax, service tax, value added tax and cess which have not been deposited on account of dispute. The provision relating to sales tax, custom duty, excise duty and value added tax 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 government or dues to debenture holders.

(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. Further, money raised by the Company by way of non-convertible debentures 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 purposes 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 explanation given by the management, the managerial remuneration has been paid in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a Nidhi company. Therefore, the provisions of clause 3(xi) 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 Companies Act, 2013 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 fully or partly convertible debentures during the year under review. However, the Company has made private placement of 0.0001% Compulsory Convertible Preference Shares. The requirements of Section 42 of the Companies Act, 2013 have been complied with and the amount raised has been used for the purpose for which the fund was raised.

(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

Sd/-
per **Shrawan Jalan**
Partner
Membership Number: 102102
UDIN: 20102102AAAAGK5863

Place: Mumbai
Date: June 18, 2020

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF KOGTA FINANCIAL (INDIA) LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Kogta Financial (India) Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone 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 Companies Act, 2013.

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 Companies Act, 2013, 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, 2020, 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

Sd/-
per **Shrawan Jalan**
Partner
Membership Number: 102102
UDIN: 20102102AAAAGK5863

Place: Mumbai
Date: June 18, 2020

BALANCE SHEET

as at March 31, 2020

(All amounts in lakhs, except as stated otherwise)

(Amount in lakh)

Particulars	Notes	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
ASSETS				
Financial Assets				
Cash and cash equivalents	2	671.04	1,149.78	1,404.15
Bank Balances other than cash and cash equivalents	3	19,751.98	6,612.32	859.99
Loans	4	98,055.45	65,851.60	39,043.48
Other Financial Assets	5	3,308.54	503.66	424.48
Sub-total-Financial assets		**1,21,787.01**	**74,117.36**	**41,732.10**
Non-Financial Assets				
Deferred Tax Assets (net)		527.71	339.28	216.33
Property, plant and equipment	6	639.74	431.06	236.23
Right of Use Assets	7	875.12	-	-
Other Intangible Assets	8	79.70	70.58	49.28
Other non-financial assets	9	1,724.31	674.76	428.71
Sub-total-Non-financial assets		**3,846.58**	**1,515.68**	**930.55**
Total - Assets		**1,25,633.59**	**75,633.04**	**42,662.65**
LIABILITIES AND EQUITY				
LIABILITIES				
Financial Liabilities				
Trade Payables	10	195.42	154.51	37.46
Debt securities	11	8,592.78	6,101.36	3,837.91
Borrowings (Other than debt securities)	12	59,463.96	44,881.30	30,345.00
Subordinated Liabilities	13	-	1,498.16	1,497.56
Lease Liability	14	928.02	-	-
Other financial liabilities	15	609.71	547.11	359.47
Sub-total-Financial liabilities		**69,789.89**	**53,182.44**	**36,077.40**
Non-Financial liabilities				
Current tax liabilities (net)				
Provisions	16	855.47	140.56	129.07
Other non-financial liabilities	17	117.38	80.91	78.54
Sub-total-Non-financial liabilities		**972.85**	**221.47**	**207.61**
EQUITY				
Equity share capital	18	7,652.94	6,357.74	1,344.01
Other equity	19	47,217.91	15,871.39	5,033.63
Sub total - Equity		**54,870.85**	**22,229.13**	**6,377.64**
Total - Liabilities and Equity		**1,25,633.59**	**75,633.04**	**42,662.65**
Summary of significant accounting policies	1			

The accompanying notes are forming part of financial statements

As per our attached report of even date

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Reg. No. : 301003E/E300005

Sd/-
per **Shrawan Jalan**
Partner
Membership No.: 102102

Place: Mumbai
Date: June 18, 2020

For and on behalf of the Board of Directors
of **Kogta Financial (India) Limited**

Sd/-
R. K. Kogta
(Chairman)
DIN 00197552

Sd/-
Arun Kogta
(Managing Director & CEO)
DIN 05109722

Sd/-
Varun Kogta
(Executive Director & CFO)
DIN 06844307

Sd/-
Rahul Agrawal
(Company Secretary)
Membership No. A34034

Place: Jaipur
Date: June 18, 2020

STATEMENT OF PROFIT AND LOSS

for the year ended on March 31, 2020

(All amounts in lakhs, except per share data and as stated otherwise)

(Amount in lakh)

Particulars	Notes	For the period ended March 31, 2020	For the period ended March 31, 2019
Revenue from operations			
Interest Income	20	15,879.32	9,819.67
Fee and Commission Income	21	986.50	1,063.94
Net gain on fair value changes	22	65.18	8.29
Total Revenue from operations		**16,931.00**	**10,891.90**
Other Income	23	6.95	56.75
Total income		**16,937.95**	**10,948.65**
Expenses			
Finance Costs	24	6,758.96	5,086.36
Impairment on financial instruments	25	814.87	1,047.35
Employee Benefits Expenses	26	4,271.00	2,407.23
Depreciation, amortization and impairment	27	420.73	139.99
Others expenses	28	1,426.75	996.90
Total expenses		**13,692.31**	**9,677.83**
Profit before exceptional items and tax		**3,245.64**	**1,270.82**
Exceptional Items		-	-
Profit before taxes		**3,245.64**	**1,270.82**
Tax expenses			
- Current Taxes		940.06	563.58
- Deferred Taxes		(188.42)	(122.97)
Profit for the period		**2,494.00**	**830.21**
Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss			
(a) Re-measurements of net defined benefit plans		(15.63)	2.38
(ii) Income tax relating to items that will not be reclassified to profit or loss		(3.93)	0.70
Sub-total (A)		**(11.70)**	**1.68**
B (i) Items that will be reclassified to profit or loss		-	-
Sub-total (B)		**-**	**-**
Other Comprehensive Income (A+B)		**(11.70)**	**1.68**
Total Comprehensive Income for the period		**2,482.30**	**831.89**
Earning per equity share	29		
Basic		25.83	8.67
Diluted		10.44	5.26
Nominal value per share		10/-	10/-

The accompanying notes are forming part of financial statements

As per our attached report of even date

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Reg. No. : 301003E/E300005

Sd/-
per **Shrawan Jalan**
Partner
Membership No.: 102102

Place: Mumbai
Date: June 18, 2020

For and on behalf of the Board of Directors
of **Kogta Financial (India) Limited**

Sd/-
R. K. Kogta
(Chairman)
DIN 00197552

Sd/-
Arun Kogta
(Managing Director & CEO)
DIN 05109722

Sd/-
Varun Kogta
(Executive Director & CFO)
DIN 06844307

Sd/-
Rahul Agrawal
(Company Secretary)
Membership No. A34034

Place: Jaipur
Date: June 18, 2020

CASH FLOW STATEMENT

for the year ended on March 31, 2020

(All amounts in lakhs, except as stated otherwise)

(Amount in lakh)

	Particulars	Year ended March 31, 2020	Year ended March 31, 2019
A	**Cash flow from operating activities:**		
	Net profit before tax as per statement of profit and loss	**3,245.64**	**1,270.82**
	Adjustments to reconcile profit before tax to net cash flows:		
	Depreciation and amortisation of PPE, ROU and other intangible assets	420.73	139.99
	Loans & advances written off	514.03	255.96
	Amortization of ancillary cost	124.05	103.84
	Reversal of provision for expected credit loss (ECL)	(15.27)	562.47
	EIS receivable on assignment transactions	24.44	(37.12)
	Provision for employee benefits	16.70	(2.75)
	Loss/(Profit) on sale of property, plant and equipment	(0.20)	(51.04)
	Net (gain)/ loss on sale of current investments	(65.18)	(8.29)
	ESOP Expenses	125.90	14.52
	Interest expenses on vehicle loans	13.27	8.84
	Rental income	(4.52)	(4.52)
	Operating profit before working capital changes	**4,399.60**	**2,252.72**
	Changes in working capital		
	(Increase)/decrease in Loans	(32,911.98)	(27,794.67)
	(Increase)/decrease in bank deposits	(15,204.37)	(5,752.33)
	Increase in financial and other assets	(1,886.51)	(234.79)
	Increase/(decrease) in financial and other liabilities	790.45	307.06
	Total of changes in working capital	**(49,212.41)**	**(33,474.73)**
	Direct taxes paid	904.01	547.64
	Net cash flow used in operating activities (A)	**(45,716.82)**	**(31,769.65)**
B	**Cash flow from investing activities:**		
	Inflow (outflow) on account of :		
	Purchase of Property, plant and equipment (including capital work-in-progress)/ intangible assets	(497.15)	(393.20)
	Sale of Property, plant and equipment (including capital work-in- progress)	25.30	88.12
	Purchase of current investments	(3,500.00)	(3,000.00)
	Proceeds from sale/maturity of current investments	3,565.18	3,008.29
	Rental income	4.52	4.52
	Net cash flow used in investing activities (B)	**(402.15)**	**(292.27)**

CASH FLOW STATEMENT (CONTD.)

for the year ended on March 31, 2020

(Amount in lakh)

	Particulars	Year ended March 31, 2020	Year ended March 31, 2019
C	**Cash flow from financing activities:**		
	Issue of equity shares (including share premium)	30,100.00	15,425.28
	Share / debenture issue expenses	(66.44)	(420.14)
	Dividend paid on preference shares	(0.03)	(0.04)
	Tax on preference dividend paid	(0.01)	(0.01)
	Interest paid on vehicle loan	(13.27)	(8.84)
	Proceeds from borrowings	38,495.30	22,587.38
	Repayments of borrowings	(22,875.31)	(5,776.07)
	Net Cash flow from financing activities (C)	**45,640.24**	**31,807.55**
	Net decrease in cash and cash equivalents (A+B+C)	**(478.74)**	**(254.37)**

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Cash and cash equivalents as at the beginning of the year	1,149.78	1,404.15
Cash and cash equivalents at the end of the year	671.04	1,149.78
Components of cash and cash equivalents		
Cash on hand	89.66	511.63
Balance in franking machine*	-	-
Balance with banks	-	-
In current accounts	81.31	638.15
In cash credit	-	-
In deposit account	500.07	-
Total cash and cash equivalents	**671.04**	**1,149.78**
Operational Cash Flow from Interest		
Interest Received	14,828.06	9,246.98
Interest Paid	6,728.19	5,016.80

The accompanying notes are forming part of financial statements
As per our attached report of even date

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Reg. No. : 301003E/E300005

Sd/-
per **Shrawan Jalan**
Partner
Membership No.: 102102

Place: Mumbai
Date: June 18, 2020

For and on behalf of the Board of Directors
of **Kogta Financial (India) Limited**

Sd/-
R. K. Kogta
(Chairman)
DIN 00197552

Sd/-
Arun Kogta
(Managing Director & CEO)
DIN 05109722

Sd/-
Varun Kogta
(Executive Director & CFO)
DIN 06844307

Sd/-
Rahul Agrawal
(Company Secretary)
Membership No. A34034

Place: Jaipur
Date: June 18, 2020

SIGNIFICANT ACCOUNTING POLICIES

for the year ended on March 31, 2020

A. CORPORATE INFORMATION

Kogta Financial (India) Limited ('the Company') is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is holding a certificate of registration as Non Deposit taking Asset Finance Company ('AFC-ND'), with Reserve Bank of India ('RBI') under section 45-IA of Reserve Bank of India Act, 1934 vide certificate of registration no B.10.00086.

The Company is primarily engaged in lending activities to the retail customers under various product lines.

B. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

a) Basis of preparation

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and notified under section 133 of the Companies Act, 2013 (the Act) along with other relevant provisions of the Act and the Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (‘the NBFC Master Directions’) issued by RBI. The financial statements have been prepared on a going concern basis.

The Company uses accrual basis of accounting except in case of significant uncertainties. For all periods up to and including the year ended March 31, 2019, the Company had prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 and the NBFC Master Directions (hereinafter referred as ‘Previous GAAP’). These financial statements for the year ended March 31, 2020 are the first the Company has prepared in accordance with Ind AS. The Company has applied Ind AS 101 ‘First-time Adoption of Indian Accounting Standards’, for transition from previous GAAP to Ind AS. An explanation of how transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in note no. 33.

The financial statements are presented in Indian Rupees (INR) and all values are rounded to the lakhs, except when otherwise indicated.

The regulatory disclosures as required by Master Directions for Non-Banking Financial Company - Systemically Important Non-Deposit taking Company Directions, 2016 issued by the RBI (‘RBI Master Directions’) to be included as a part of the Notes to Accounts are also prepared as per the Ind AS financial statements.

b) Basis of measurement

The financial statements have been prepared on an accrual basis as a going concern and under the historical cost convention, except for, derivative financial instruments and other financial assets held for trading and foreign currency borrowings denominated in INR which have been measured at fair value at the end of each reporting date as required under relevant Ind AS.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 Use of estimates

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting year. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised. 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 years.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

1.1.1 Business Model Assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company considers the frequency, volume and timing of disbursements in prior years, the reason for

SIGNIFICANT ACCOUNTING POLICIES

for the year ended on March 31, 2020

such disbursement, and its expectations about future business activity. However, information about business activity is not considered in isolation, but as part of an holistic assessment of how company's stated objective for managing the financial assets is achieved and how cash flows are realised. Therefore, the Company considers information about past disbursements in the context of the reasons for those disbursements, and the conditions that existed at that time as compared to current conditions.

Based on this assessment and future business plans of the Company, the management has measured its financial assets at amortised cost as the asset is held within a business model whose objective is to collect contractual cash flows, and the contractual terms of the financial asset give rise to cash flows that are solely payments of principle and interest ('the 'SPPI criterion').

1.1.2 Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

1.1.3 Impairment losses on financial assets

The measurement of impairment losses across all categories of financial assets except assets valued at Fair value through P&L (FVTPL), requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Company's Expected credit loss (ECL) calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Company's model, which assigns Probability of default (PD)s
- The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a Lifetime expected credit loss (LTECL) basis
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, and the effect on PDs, Exposure at default (EAD)s and Loss given default (LGD)s

1.1.4 Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

1.1.5 Fair value measurement:

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

1.1.6 Effective Interest rate method

The Company's EIR methodology, recognises interest income using a internal rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans and other characteristics of the product life cycle (including prepayments). This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well other fee income/expense that are integral parts of the instruments.

SIGNIFICANT ACCOUNTING POLICIES

for the year ended on March 31, 2020

1.2 Cash and cash equivalents

Cash and cash equivalent comprises cash in hand, demand deposits & time deposits and short term investments with original maturity of less than three months.

1.3 Revenue recognition

1.3.1 Interest and similar income

Interest income, for all financial instruments measured either at amortised cost or at fair value through other comprehensive income, is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter year, where appropriate, to the gross carrying amount of the financial asset. The calculation of the effective interest rate takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes transaction costs and fees that are an integral part of the contract but not future credit losses. Transaction costs include incremental costs that are directly attributable to the acquisition of financial asset.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is recorded as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the Statement of profit and loss.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets. other than credit-impaired assets. When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Company calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

1.3.2 Fee and commission income

All other financial charges pertaining to loan agreement are recognized only on receipt basis. The Company has changed its accounting policy for accounting of cheque bounce charges from accrual basis to realization basis. As a result of such change in the recognition of cheque bounce charges and reimbursement of expenses, the profit for the current period is lower by ₹ 486.70 lakh.

Commission Income is booked on accrual basis.

1.3.3 Other income

Rental income is recognized on accrual basis of accounting.

Income on units of mutual funds is recognized on receipt basis as and when redeemed in cash based on the NAV of redemption date.

1.4 Property, plant and equipment (PPE) and other Intangible assets

PPE and Capital work in progress are stated at acquisition cost (including incidental expenses directly attributable to bringing the asset to its working condition for its intended use) less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price, non-refundable taxes or levies, borrowing costs if capitalization criteria are met and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure related to PPE is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of item can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

Intangible assets

Intangible Assets are recognized only if it is probable that the future economic benefits that are attributable to assets will flow to the enterprise and the cost of the assets can be measured reliably.

Computer software which is not an integral part of the related hardware is classified as an intangible asset. Intangible assets are measured and recorded at cost and carried at cost less accumulated amortization and accumulated impairment losses, if any.

Intangible assets are amortized on a straight line basis over the estimated useful economic life as determined by management.

SIGNIFICANT ACCOUNTING POLICIES

for the year ended on March 31, 2020

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

1.5 Operating Leases

1.5.1 Company as a lessee:

The Company's lease asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset
- The Company has substantially all the economic benefits from use of the asset through the period of the lease and
- The Company has the right to direct the use of the asset

Measurement and recognition

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist. At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

Short term lease

The Company has elected not to recognise right of use asset and lease liabilities for short term leases of property that has lease term of less than 12 months or where the lease security deposit is less than 50,000/. The Company recognises lease payment associated with these leases as an expense on a straight-line basis over lease term.

Under Ind AS 17: In the comparative period, as a lessee the Company classified leases that transfer substantially all the risk and reward of ownership as finance leases. Assets held under other leases are classified as operating lease and were not recognised in Company Balance sheet. Payment made under operating lease were recognised in profit and loss on a straight-line basis over the term of lease.

1.5.2 Company as lessor

The Company's accounting policy under Ind AS 116 has not changed from the comparative period. As a lessor the Company classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

Transition

Effective April 1, 2019, the Company has adopted Ind AS 116 "Leases" and applied the standard to all long-term lease contracts existing on April 1, 2019 using modified retrospective method. The Company recorded the lease liability and the right of use assets at the present value of the lease payments discounted at the incremental borrowing rate at the date of initial application.

SIGNIFICANT ACCOUNTING POLICIES

for the year ended on March 31, 2020

Comparatives as at end for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported as per accounting policies included as part of our financial statement for the year ended March 31, 2019.

The Company has given impact analysis of Lease on financial results in note no 37 "Transition to Ind AS 116 on Lease".

1.6 Depreciation and Amortization

Depreciation on property, plant and equipment is calculated on Written Down Value Method (W.D.V.) at the rates calculated with reference to the estimated useful life of assets prescribed in Schedule II to the Companies Act, 2013 or actual useful life of assets whichever is lower. Depreciation is recognized on a pro-rata basis to the Statement of Profit and Loss on the assets acquired, sold or disposed off during the year till the date of acquisition, sale or disposition.

Asset	Useful Life (years)
Property, Plant and Equipment	
Buildings	60
Furniture & fixtures	10
Computer & data processing units	
a) Server & networks	6
b) End user device	3
Office equipment	5
Air conditioner & DG set	15
Vehicles	
a) Two wheelers	10
b) Four wheelers	8
c) Four wheelers (given under car policy to specified employees)	4

All fixed assets individually costing ₹ 5,000/- or less are fully depreciated in the year of installation/purchase.

Amortization

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The Company estimates the useful life of an intangible asset will not exceed five years from the date when the asset is available for use. If the persuasive evidence exists to the affect that useful life of an intangible asset exceeds five years, the Company amortizes the intangible asset over the best estimate of its useful life.

1.7 Impairment of non-financial assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. 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 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.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

1.8 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a 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. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

1.9 Contingent liabilities and assets

The Company does not recognize a contingent liability but discloses its existence in the financial statements Contingent liability is disclosed in the case of:

- A present obligation arising from past events, when it is not probable that an outflow of resources will not be required to settle the obligation.
- A present obligation arising from past events, when no reliable estimate is possible.
- A possible obligation arising from past events, unless the probability of outflow of resources is remote.

SIGNIFICANT ACCOUNTING POLICIES

for the year ended on March 31, 2020

Contingent liabilities are reviewed at each balance sheet date. Contingent assets are not recognised. A contingent asset is disclosed, as required by Ind AS 37, where an inflow of economic benefits is probable.

1.10 Retirement and other employee benefits

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 an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated years mentioned under 'The Payment of Gratuity Act, 1972'. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation at each Balance Sheet date using the Projected Unit Credit Method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the year in which they occur. Remeasurements are not reclassified to profit or loss in subsequent years.

Past service costs are recognised in Profit or Loss on the earlier of: The date of the plan amendment or curtailment, and The date that the Company recognises related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and Net interest expense or income.

Earned leave is granted at the start of the financial year and lapsed at the end of the year therefore, the company is not required to provide for the leave encashment.

1.11 Taxes

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. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

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 recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized 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 realized.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

SIGNIFICANT ACCOUNTING POLICIES

for the year ended on March 31, 2020

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, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain, as the case may be, that sufficient future taxable income will be available

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

1.12 Earning per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) 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 period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

1.13 Share based payments

Equity-settled share based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share based payments transactions are set out in Note 31.

The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight line basis over the vesting year, based on the Company`s estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting year, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in Statement of Profit and Loss such that the cumulative expenses reflects the revised estimate, with a corresponding adjustment to the Share Based Payments Reserve.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

1.14 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

1.14 Financial Assets

1.14.1 Initial recognition and measurement

The financial asset is held within a business model with the objective to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Financial assets, with the exception of loans and advances to customers, are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. Loans and advances to customers are recognised when funds are disbursed. The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention when acquiring them. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Accordingly, the Company measures Bank balances, Loans & advances, Trade receivables and other financial instruments at amortised cost.

1.14.2 Classification and Subsequent measurement

Financial assets at amortised cost are subsequently measured at amortised cost using effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in Statement of profit and loss. Any gain and loss on derecognition is recognised in Statement of profit and loss.

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)

SIGNIFICANT ACCOUNTING POLICIES

for the year ended on March 31, 2020

- Debt instruments and equity instruments at fair value through profit or loss (FVTPL)

1.14.2.1 Debt instruments at amortised costs

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit and loss

1.14.2.2 Debt instruments at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

1.14.2.3 Debt instruments at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

1.15 Financial Liabilities

1.15.1 Initial recognition and measurement

Financial liabilities are classified and measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for trading or it is designated as on initial recognition. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense are recognised in Statement of profit and loss. Any gain or loss on derecognition is also recognised in Statement of profit and loss.

The Company's financial liabilities include loans and borrowings including bank overdrafts and trade & other payables.

1.15.2 Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

1.15.3 Reclassification of financial assets and liabilities

The Company doesn't reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Company did not reclassify any of its financial assets or liabilities in 2019-20 and 2018-19.

SIGNIFICANT ACCOUNTING POLICIES

for the year ended on March 31, 2020

1.16 De-recognition of financial assets and liabilities

1.16.1 Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is de-recognised when the rights to receive cash flows from the financial asset have expired. The Company also de-recognised the financial asset if it has transferred the financial asset and the transfer qualifies for de recognition.

The Company has transferred the financial asset if, and only if, either:

- It has transferred its contractual rights to receive cash flows from the financial asset or
- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

Pass-through arrangements are transactions whereby the Company retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities ('eventual recipients'), when all of the following three conditions are met:

- The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates.
- The Company cannot sell or pledge the original asset other than as security to the eventual recipients.
- The Company has to remit any cash flows it collects on behalf of the eventual recipients without material delay.

In addition, the Company is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the year between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Company has transferred substantially all the risks and rewards of the asset or
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Company could be required to pay.

If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the Company would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

In case where transfer of a part of financial assets qualifies for de-recognition, any difference between the proceeds received on such sale and the carrying value of the transferred asset is recognised as gain or loss on de-recognition of such financial asset previously carried under amortisation cost category. The resulting interest only strip initially is recognised at FVTPL.

1.16.2 Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

SIGNIFICANT ACCOUNTING POLICIES

for the year ended on March 31, 2020

Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

1.17 Impairment of financial assets

1.17.1 Overview of the ECL principles

The Company records allowance for expected credit losses for all loans and other debt financial assets not held at FVTPL, (in this section all referred to as 'financial instruments'). Equity instruments are not subject to impairment under Ind AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL) as outlined further in notes.

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on individual basis, depending on the nature of the underlying portfolio of financial instruments.

The company has established a policy to perform an assessment, at the end of each reporting period, whether credit risk of a financial asset has increased significantly since initial recognition and while determining this & estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available with the company. This includes both quantitative and qualitative information and analysis, including on historical experience and forward-looking information.

Based on the above process, the Company group its loans into Stage 1, Stage 2, Stage 3, as described below:

Stage 1: When loans are first recognised, the group recognises an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2 or Stage 3.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the company records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

Stage 3: Loans considered credit-impaired. The company records an allowance for the LTECLs.

1.17.2 The calculation of ECLs

The Company calculates ECLs based on a probability-weighted scenarios and historical data to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The key elements of the ECL calculations are as follows:

- PD - The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed year, if the facility has not been previously derecognised and is still in the portfolio.
- EAD - The Exposure at Default is the current exposure as on the reporting date.
- LGD - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on actual cash flows received from the financial asset, including from the realisation of any collateral and discounted by EIR. It is usually expressed as a percentage of the EAD.

The maximum year for which the credit losses are determined is the expected life of a financial instrument.

The mechanics of the ECL method are summarised below:

Stage 1: The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The

SIGNIFICANT ACCOUNTING POLICIES

for the year ended on March 31, 2020

Company calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to an EAD and multiplied by the expected LGD.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument.

Stage 3: For loans considered credit-impaired, the Company recognizes the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

1.17.3 Definition of Default

The Company considers a financial instrument as defaulted and considered it as Stage 3 (credit-impaired) for ECL calculations in all cases, when the borrower becomes more than 90 days past due on its contractual payments.

1.17.4 Significant increase in credit risk

The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. The Company considers an exposure to have significantly increased in credit risk when contractual payments are more than 30 days past due.

1.17.5 Forward looking information

While estimating the expected credit losses, the Company reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Company analyses if there is any relationship between key economic trends like GDP, Consumer Price Index, Unemployment rates, inflation etc. with the estimate of PD, LGD determined by the Company based on its internal data. While the internal estimates of PD, LGD rates by the Company may not be always reflective of such relationships, temporary overlays are embedded in the methodology to reflect such macro-economic trends reasonably.

1.17.6 Collateral repossessed

Based on operational requirements, the Company's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category for capitalisation at their fair market value. The Company generally does not use the assets repossessed for the internal operations.

These repossessed assets which are intended to be realised by way of sale are considered equivalent to Stage 3 assets and the ECL allowance is determined based on the estimated net realisable value of the repossessed asset. The Company resorts to regular repossession of collateral provided against vehicle loans.

1.17.7 Write-offs

Financial assets are written off either partially or in their entirety only when the Company has no reasonable expectation of recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference recorded as an expense in the period of write off. Any subsequent recoveries are credited to impairment on financial instrument on statement of profit and loss.

1.18 Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date using valuation techniques.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

In the principal market for the asset or liability, or

In the absence of a principal market, in the most advantageous market for the asset or liability The principal or the most advantageous market must be accessible by the Company.

SIGNIFICANT ACCOUNTING POLICIES

for the year ended on March 31, 2020

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting year.

NOTES

on Financial Statements for the year ended March 31, 2020

A. EQUITY SHARE CAPITAL

Particulars	(Amount in lakh)
Balance as at April 1, 2018	1,344.01
Shares issued during the year ended March 31, 2019	5,013.73
Balance as at March 31, 2019	**6,357.74**
Shares issued during the year ended March 31, 2020	1,295.20
Balance as at March 31, 2020	**7,652.94**

B. OTHER EQUITY

(Amount in lakh)

Equity Component of compounded financial instruments	Reserves and surplus						Total
	Statutory reserves as per Section 45-IC of the RBI Act, 1934	Capital reserves	Securities premium	General Reserves	Stock option outstanding account	Retained earnings	
Balance as at April 1, 2018	564.72	40.00	3,104.17	800.00	-	524.75	5,033.63
Profit for the year (A)	-	-	-	-	-	830.21	830.21
Other comprehensive income for the year (B)	-	-	-	-	-	1.68	1.68
Total comprehensive income for the year (A+B)	**-**	**-**	**-**	**-**	**-**	**831.88**	**831.88**
Additions during the year	225.09	-	-	100.00	14.52	-	339.61
Transfer to reserve from retained earnings during the period	-	-	-	-	-	(325.09)	(325.09)
Issue of share capital	-	-	10,411.54	-	-	-	10,411.54
Transaction cost	-	-	(420.14)	-	-	-	(420.14)
Dividend paid (including DDT)	-	-	-	-	-	(0.04)	(0.04)
Balance as at March 31, 2019	**789.81**	**40.00**	**13,095.57**	**900.00**	**14.52**	**1,031.50**	**15,871.39**
Profit for the year (C)	-	-	-	-	-	2,494.01	2,494.01
Other comprehensive income for the year (D)	-	-	-	-	-	(11.70)	(11.70)
Total comprehensive income for the year (C+D)	**-**	**-**	**-**	**-**	**-**	**2,482.31**	**2,482.31**
Additions during the year	496.46	-	-	100.00	125.90	-	722.36
Transfer to reserve from retained earnings during the period	-	-	-	-	-	(596.46)	(596.46)
Issue of share capital	-	-	28,804.79	-	-	-	28,804.79
Transaction cost	-	-	(66.44)	-	-	-	(66.44)
Dividend paid (including DDT)						(0.03)	(0.03)
Balance as at March 31, 2020	**1,286.27**	**40.00**	**41,833.92**	**1,000.00**	**140.42**	**2,917.32**	**47,217.91**

The accompanying notes are forming part of financial statements

As per our attached report of even date

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Reg. No. : 301003E/E300005

Sd/-
per **Shrawan Jalan**
Partner
Membership No.: 102102

Place: Mumbai
Date: June 18, 2020

For and on behalf of the Board of Directors
of **Kogta Financial (India) Limited**

Sd/-
R. K. Kogta
(Chairman)
DIN 00197552

Sd/-
Arun Kogta
(Managing Director & CEO)
DIN 05109722

Sd/-
Varun Kogta
(Executive Director & CFO)
DIN 06844307

Sd/-
Rahul Agrawal
(Company Secretary)
Membership No. A34034

Place: Jaipur
Date: June 18, 2020

NOTES

on Financial Statements for the year ended March 31, 2020

2. CASH AND CASH EQUIVALENTS

(Amount in lakh)

Particulars	March 31, 2020	March 31, 2019	April 1, 2018
Cash on hand	89.66	511.63	233.56
Balances with banks			
(a) In current accounts	81.31	638.15	869.41
(b) In cash credit or overdraft accounts	-	-	0.83
(c) In deposits where original maturity is less than three months	500.07	-	300.35
Total	**671.04**	**1,149.78**	**1,404.15**

3. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(Amount in lakh)

Particulars	March 31, 2020	March 31, 2019	April 1, 2018
In deposits where original maturity is more than three months but less than twelve months	17,881.70	5,386.47	72.22
In deposits where original maturity is more than twelve months	1,870.28	1,225.85	787.77
Total	**19,751.98**	**6,612.32**	**859.99**

Other bank balance in deposit accounts include deposits under lien aggregating to ₹ 1,733.93 lakhs (P.Y. ₹ 1,030.10 lakhs) towards the credit enhancement provided by the company under the securitization agreements.

4. LOANS (AT AMORTISED COST)

(Amount in lakh)

Particulars	March 31, 2020	March 31, 2019	April 1, 2018
Term loans	99,742.90	67,580.14	40,222.98
Total Gross	99,742.90	67,580.14	40,222.98
Less: Impairment loss allowances	1,687.45	1,728.54	1,179.50
Total Net	**98,055.45**	**65,851.60**	**39,043.48**
Secured by tangible assets (Vehicles, PPE including land & building)	99,419.00	67,162.01	39,235.89
Unsecured	323.90	418.13	987.09
Total Gross	**99,742.90**	**67,580.14**	**40,222.98**
Less: Impairment loss allowances	1,687.45	1,728.54	1,179.50
Total Net	**98,055.45**	**65,851.60**	**39,043.48**
Loans in India			
Public sector	-	-	-
Others	99,742.90	67,580.14	40,222.98
Total Gross	**99,742.90**	**67,580.14**	**40,222.98**
Less: Impairment loss allowances	1,687.45	1,728.54	1,179.50
Total Net	**98,055.45**	**65,851.60**	**39,043.48**

4.1 Loans granted by the Company are secured by equitable mortgage/registered mortgage of the property and hypothecation of vehicles.

4.2 Loans includes unsecured loans to employees and related parties aggregating to ₹ 100.57 lakhs (P.Y. 44.13 lakhs).

4.3 Impairment loss allowance includes ₹ 160.74 lakhs on account of COVID-19 collective provision overlay.

NOTES

on Financial Statements for the year ended March 31, 2020

4.4 The Company has assigned a pool of certain loans amounting to ₹ 7,079.97 lakhs (P.Y. ₹ 4,460.48 lakhs) by way of a direct assignment transaction. These loan assets have been de-recognised from the loan portfolio of the Company as the sale of loan assets is an absolute assignment and transfer on a 'no-recourse' basis. The Company continues to act as a servicer to the assignment transaction on behalf of assignee. In terms of the assignment agreement, the Company pays to assignee, on a monthly basis, the pro-rata collection amounts.

4.5 The Company has given impairment assessment and measurement approach in note no. 1.17 of the Summary of significant accounting policies.

4.6 The Company has defined risk assessment model in note no. 40.

4.7 Grouping financial assets measured on a collective basis

The Company has divided loan portfolio on the basis of the risk characteristics of the borrowers / products for the purpose of Ind AS 109 calculation. The Company calculates ECLs on collective basis on following sub categories:

a) Vehicle

b) LAP & MSME

The purpose of this bifurcation is to estimate some of the risk parameters specifically for each of these sub-categories, so that better risk differentiation can be achieved and appropriate ECL calculation can be undertaken.

An analysis of changes in the gross carrying amount and the corresponding ECL allowances with respect to all asset classes have been explained below:

4.7.1 VEHICLE

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to the Vehicle loans is, as follows:

(Amount in lakh)

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at April 1, 2018	**29,734.62**	**4,747.95**	**1,419.14**	**35,901.70**
New assets originated	38,949.33	-	-	38,949.33
increase in existing assets	1,240.94	-	-	1,240.94
Assets derecognised or repaid	(12,456.05)	(2,731.00)	(527.61)	(15,714.67)
Transfers from Stage 1	(7,160.57)	6,196.70	963.87	-
Transfers from Stage 2	376.56	(1,002.59)	626.04	-
Transfers from Stage 3	19.48	17.06	(36.54)	-
Net remeasurement of ECL arising from transfer of stage	-	-	-	-
Write offs	(12.28)	-	(617.98)	(630.26)
As at March 31, 2019	**50,692.02**	**7,228.11**	**1,826.91**	**59,747.04**

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at April 1, 2019	**50,692.02**	**7,228.11**	**1,826.91**	**59,747.04**
New assets originated	48,907.79	-	-	48,907.79
increase in existing assets	(1,005.55)	-	-	(1,005.55)
Assets derecognised or repaid	(22,874.99)	(3,112.87)	(495.12)	(26,482.98)
Transfers from Stage 1	(6,371.34)	4,996.95	1,374.39	-
Transfers from Stage 2	682.41	(1,751.58)	1,069.17	-
Transfers from Stage 3	15.06	23.39	(38.45)	-
Net remeasurement of ECL arising from transfer of stage	-	-	-	-
Write offs	(11.49)	(2.97)	(991.07)	(1,005.52)
As at March 31, 2020	**70,033.91**	**7,381.03**	**2,745.83**	**80,160.77**

NOTES
on Financial Statements for the year ended March 31, 2020

(Amount in lakh)

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at April 1, 2018	**666.22**	**160.86**	**281.19**	**1,108.27**
New assets originated	714.81	-	-	714.81
increase in existing assets	2.98	-	-	2.98
Assets derecognised or repaid	(324.14)	(83.27)	(94.96)	(502.36)
Transfers from Stage 1	(136.83)	117.19	19.63	-
Transfers from Stage 2	28.33	(52.14)	23.81	-
Transfers from Stage 3	13.64	6.46	(20.10)	-
Net remeasurement of ECL arising from transfer of stage	(34.72)	65.58	273.04	303.89
Write offs	(0.27)	-	(119.62)	(119.89)
As at March 31, 2019	**930.02**	**214.68**	**362.99**	**1,507.70**

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at April 1, 2019	**930.02**	**214.68**	**362.99**	**1,507.70**
New assets originated	400.19	-	-	400.19
increase in existing assets	(0.48)	-	-	(0.48)
Assets derecognised or repaid	(570.17)	(104.60)	(101.14)	(775.91)
Transfers from Stage 1	(136.92)	109.95	26.97	-
Transfers from Stage 2	43.40	(85.76)	42.36	-
Transfers from Stage 3	12.54	9.33	(21.86)	-
Net remeasurement of ECL arising from transfer of stage	(41.89)	80.71	438.42	477.25
Write offs	(0.21)	(0.05)	(191.83)	(192.09)
As at March 31, 2020	**636.48**	**224.25**	**555.92**	**1,416.65**

4.7.2 MSME

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to the MSME loans is, as follows:

(Amount in lakh)

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at April 1, 2018	**4,100.77**	**153.69**	**66.82**	**4,321.28**
New assets originated	5,359.81	-	-	5,359.81
increase in existing assets	129.64	-	-	129.64
Assets derecognised or repaid	(1,855.26)	(107.69)	(7.36)	(1,970.31)
Transfers from Stage 1	(793.03)	708.47	84.57	-
Transfers from Stage 2	2.47	(37.71)	35.23	-
Transfers from Stage 3	-	-	-	-
Net remeasurement of ECL arising from transfer of stage	-	-	-	-
Write offs	-	-	(7.32)	(7.32)
As at March 31, 2019	**6,944.40**	**716.77**	**171.94**	**7,833.10**

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at April 1, 2019	**6,944.40**	**716.77**	**171.94**	**7,833.10**
New assets originated	13,690.93	-	-	13,690.93
increase in existing assets	338.65	-	-	338.65
Assets derecognised or repaid	(2,089.07)	(75.14)	(10.25)	(2,174.45)
Transfers from Stage 1	(629.18)	430.02	199.16	-
Transfers from Stage 2	138.34	(356.85)	218.50	-
Transfers from Stage 3	5.12	16.00	(21.12)	-
Net remeasurement of ECL arising from transfer of stage	-	-	-	-
Write offs	(15.92)	-	(90.19)	(106.11)
As at March 31, 2020	**18,383.27**	**730.81**	**468.05**	**19,582.12**

NOTES
on Financial Statements for the year ended March 31, 2020

(Amount in lakh)

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at April 1, 2018	**54.43**	**3.47**	**13.33**	**71.23**
New assets originated	127.19	-	-	127.19
increase in existing assets	3.59	-	-	3.59
Assets derecognised or repaid	(16.10)	(2.00)	(1.31)	(19.41)
Transfers from Stage 1	(14.45)	12.64	1.81	-
Transfers from Stage 2	0.18	(1.12)	0.94	-
Transfers from Stage 3	-	-	-	-
Net remeasurement of ECL arising from transfer of stage	(0.12)	17.16	22.60	39.64
Write offs	-	-	(1.38)	(1.38)
As at March 31, 2019	**154.72**	**30.15**	**35.98**	**220.85**

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at April 1, 2019	**154.72**	**30.15**	**35.98**	**220.85**
New assets originated	89.78	-	-	89.78
increase in existing assets	(5.41)	-	-	(5.41)
Assets derecognised or repaid	(101.87)	2.84	(2.27)	(101.30)
Transfers from Stage 1	(15.11)	10.79	4.32	-
Transfers from Stage 2	10.04	(19.72)	9.68	-
Transfers from Stage 3	0.98	4.01	(4.98)	-
Net remeasurement of ECL arising from transfer of stage	(8.45)	25.20	69.20	85.96
Write offs	(0.37)	-	(18.71)	(19.08)
As at March 31, 2020	**124.31**	**53.27**	**93.22**	**270.79**

5. OTHER FINANCIAL ASSETS

(Amount in lakh)

Particulars	March 31, 2020	March 31, 2019	April 1, 2018
Security Deposit	91.04	71.49	44.66
Advance Recoverable in cash or value to be received	85.42	85.79	19.37
EIS Receivable	306.70	346.38	360.45
Fixed deposit with financial institution	2,064.71	-	-
Other receivables	760.67	-	-
Total	**3,308.54**	**503.66**	**424.48**

Under Ind AS, with respect to Assignment deals, the Company has created an Excess Interest Spread (EIS) receivable, with corresponding credit to Statement of Profit and loss for the year, which has been computed by discounting EIS to present value.

NOTES

on Financial Statements for the year ended March 31, 2020

6. PROPERTY, PLANT AND EQUIPMENT

(Amount in lakh)

Particulars	Computers	Air conditioner & DG set	Office equipment	Furniture & fixtures	Vehicles	Land and Building	Total
Cost:							
As at April 1, 2018	**22.68**	**5.10**	**11.09**	**41.44**	**103.65**	**52.25**	**236.22**
Additions	66.01	3.22	9.68	59.83	151.64	5.94	296.33
Disposals	-	-	-	-	11.38	25.70	37.09
As at March 31, 2019	**88.69**	**8.32**	**20.77**	**101.27**	**243.91**	**32.50**	**495.47**
Additions	92.37	47.02	66.68	225.96	88.79	-	520.82
Disposals	-	0.83	0.52	4.77	13.35	-	19.47
As at March 31, 2020	**181.06**	**54.51**	**86.93**	**322.46**	**319.36**	**32.50**	**996.81**
Depreciation and impairment:							
As at April 1, 2018	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Disposals	-	-	-	-	-	-	-
Charge for the year	32.62	1.28	8.54	19.37	63.57	1.38	126.75
As at March 31, 2019	**32.62**	**1.28**	**8.54**	**19.37**	**63.57**	**1.38**	**126.75**
Disposals	-	-	-	-	-	-	-
Charge for the year	55.01	7.12	23.35	57.81	85.71	1.31	230.32
As at March 31, 2020	**87.63**	**8.40**	**31.89**	**77.18**	**149.28**	**2.68**	**357.07**
Capital workin progress:							
At April 1, 2018							-
At March 31, 2019							62.35
As at March 31, 2020							-
Net book value:							
At April 1, 2018	**22.68**	**5.10**	**11.09**	**41.44**	**103.65**	**52.25**	**236.22**
At March 31, 2019	**56.07**	**7.05**	**12.23**	**81.90**	**180.34**	**31.12**	**431.06**
As at March 31, 2020	**93.43**	**46.12**	**55.03**	**245.27**	**170.08**	**29.81**	**639.74**

7. RIGHT OF USE ASSETS

(Amount in lakh)

Particulars	March 31, 2020	March 31, 2019	April 1, 2018
Right of Use Assets	875.12	-	-
Total	**875.12**	**-**	**-**

NOTES

on Financial Statements for the year ended March 31, 2020

8. OTHER INTANGIBLE ASSETS

(Amount in lakh)

Particulars	Trademark	Software	Total
Cost:			
As at April 1, 2018	**-**	**49.28**	**49.28**
Additions	3.39	5.45	8.84
Disposals	-	-	-
As at March 31, 2019	**3.39**	**54.73**	**58.12**
Additions	-	58.74	58.74
Disposals	-	-	-
As at March 31, 2020	**3.39**	**113.47**	**116.86**
Accumulative amortisation and impairment:			
As at April 1, 2018	**-**	**-**	**-**
Disposals	-	-	-
Amortisation charge for the year	0.25	12.99	13.23
As at March 31, 2019	**0.25**	**12.99**	**13.23**
Disposals	-	-	-
Amortisation charge for the year	0.68	23.25	23.93
As at March 31, 2020	**0.93**	**36.24**	**37.16**
Net book value Softwares:			
As at April 1, 2018	-	49.28	49.28
As at March 31, 2019	3.14	41.75	44.89
As at March 31, 2020	**2.46**	**77.23**	**79.70**
Other intangible assets under development			
As at April 1, 2018	-	-	-
As at March 31, 2019	-	25.69	25.69
As at March 31, 2020	**-**	**-**	**-**
Other Intangible assets			
As at April 1, 2018	-	49.28	49.28
As at March 31, 2019	3.14	67.43	70.58
As at March 31, 2020	**2.46**	**77.23**	**79.70**

The company has elected to continue with the carrying value for all of its intangible assets as recognized in the financial statements as at the date of transition to Ind As i.e. April 1, 2018 measured as per the previous IGAAP and use that as its deemed cost at the date if transition.

9. OTHER NON-FINANCIAL ASSETS

(Amount in lakh)

Particulars	March 31, 2020	March 31, 2019	April 1, 2018
Repossessed Assets (net of impairment allowance)	1,571.71	568.48	397.13
Prepaid expenses	126.13	84.90	31.57
Deferred lease expense	26.47	21.38	-
Total	**1,724.31**	**674.76**	**428.70**

NOTES

on Financial Statements for the year ended March 31, 2020

10. TRADE PAYABLES

(Amount in lakh)

Particulars	March 31, 2020	March 31, 2019	April 1, 2018
Total outstanding dues of creditors other than Micro enterprises and Small enterprises	195.42	154.51	37.45
Total outstanding dues of Micro enterprises and Small enterprises	-	-	-
Total	**195.42**	**154.51**	**37.45**

11. DEBT SECURITIES (AT AMORTISED COST)

(Amount in lakh)

Particulars	March 31, 2020	March 31, 2019	April 1, 2018
Secured			
Non Convertible Debentures	7,093.18	6,101.36	3,837.91
Unsecured			
Non Convertible Debentures*	1,499.60	-	-
Total	**8,592.78**	**6,101.36**	**3,837.91**
Debt securities in India	8,592.78	6,101.36	3,837.91
Debt securities in outside India	-	-	-
Total	**8,592.78**	**6,101.36**	**3,837.91**

* Non Convertible Debentures are partially secured by way of pari passu charge and equitable mortgage of the immovable property (land) owned by the company amounting to ₹ 5.46 lakhs.

11.1 DETAIL OF REDEEMABLE NON-CONVERTIBLE DEBENTURES

(Amount in lakh)

Sr. No	ISIN No.	Date of allotment	Date of redemption	Total number of debentures	Rate of Interest p.a.	Face value	As at March 31, 2020	As at March 31, 2019	Secured/ Unsecured
1	INE192U08010	1/28/2016	8/22/2019	150	15.90%	10,00,000	-	1,498.16	Unsecured
2	INE192U07012	4/13/2017	4/13/2020	3,807	12.23%	51,273	1,951.97	1,951.34	Secured
3	INE192U07020	6/30/2017	6/30/2020	3,807	12.23%	50,192	1,910.81	1,898.36	Secured
4	INE192U08044	8/22/2019	4/15/2022	150	15.90%	9,99,730	1,499.60	-	Unsecured
5	INE192U08036	1/11/2019	5/17/2022	500	11.25%	1,40,957	704.78	2,251.67	Secured
6	INE192U07038	1/28/2020	1/27/2023	2,700	12.36%	93,541	2,525.61	-	Secured
	Total						**8,592.78**	**7,599.53**	

11.2 Non convertible debentures are redeemable at par.

NOTES

on Financial Statements for the year ended March 31, 2020

12. BORROWINGS OTHER THAN DEBT SECURITIES (AT AMORTISED COST)

(Amount in lakh)

Particulars	March 31, 2020	March 31, 2019	April 1, 2018
Secured			
Term loans			
From Banks	17,861.65	4,994.22	5,849.11
From Others	14,302.96	15,927.50	15,032.85
Others			
Cash Credit from Banks	4,067.26	7,121.39	3,150.52
Overdraft Credit from Banks	8,242.25	811.40	-
Working capital demand loan facility	504.40	2,494.27	1,512.29
Securitization	11,481.88	11,794.54	4,742.03
Unsecured			
Term loans			
From Banks	-	-	-
From Others	2,983.83	1,710.02	-
Inter Corporate Deposits	19.73	27.96	58.20
Total	**59,463.96**	**44,881.30**	**30,345.00**
Borrowings in India	59,463.96	44,881.30	30,345.00
Borrowings outside India	-	-	-
Total	**59,463.96**	**44,881.30**	**30,345.00**

12.1 Secured term loans from banks amounting to ₹ 17,861.65 lakhs carry rate of interest in the range of 8.50% to 12.75% p.a. The loans are having tenure of 2 to 5 years from the date of disbursement and are repayable in both monthly & quarterly instalments. These loans are secured by hypothecation (exclusive charge) of the loans given by the Company.

12.2 Secured term loans from financial institutions amounting to ₹ 14,807.36 lakhs carry rate of interest in the range of 9.75% to 12.50% p.a. The loans are having tenure of 2 to 6 years from the date of disbursement and are repayable in both monthly & quarterly instalments. These loans are secured by hypothecation (exclusive charge) of the loans given by the Company. Loans from financial institutions to the extent of ₹ 1,422.44 lakhs (P.Y. ₹ 1,655.83 lakhs) have been guaranteed by corporate guarantee of Northern Arc Capital Limited.

12.3 Cash credit borrowings from bank are secured against hypothecation of receivables given by the company, are repayable on demand and carry interest rates ranging from 10.65% to 12.75%.

12.4 Overdraft borrowings from bank are secured against fixed deposits placed by the company, are repayable on demand and carry interest rates ranging from 5.25% to 8.50%.

12.5 Other borrowings includes associated liabilities to securitized asset that has been re-recognised due to non fulfilment of derecognition criteria as per Ind AS.

12.6 Unsecured term loans from financial institutions amounting to ₹ 2,983.83 lakhs carry rate of interest in the range of 12.25% to 14.80% p.a. The loans are having tenure of 2 to 3 years from the date of disbursement and are repayable in both monthly & quarterly instalments.

12.7 Inter corporate deposits from companies are unsecured and repayable within one year and carries interest rate ranging from 12.00% to 15.00%.

12.8 The company has not defaulted in the repayment of dues to its lenders

NOTES

on Financial Statements for the year ended March 31, 2020

12.9 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

(Amount in lakh)

Particulars	March 31, 2019	Cash flows	Other*	March 31, 2020
Debt securities	6,101.36	2,501.19	(9.78)	8,592.78
Borrowings	44,881.30	14,618.80	(36.13)	59,463.96
Subordinate liabilities	1,498.16	(1,500.00)	1.84	(0.00)
Total	**52,480.82**	**15,620.00**	**(44.08)**	**68,056.74**

(Amount in lakh)

Particulars	March 31, 2018	Cash flows	Other*	March 31, 2019
Debt securities	3,837.91	2,262.35	1.10	6,101.36
Borrowings	30,345.00	14,548.95	(12.66)	44,881.30
Subordinate liabilities	1,497.56	-	0.60	1,498.16
Total	**35,680.47**	**16,811.31**	**(10.96)**	**52,480.82**

*Other column includes amortisation of transaction cost.

12.10 TERMS OF REPAYMENT OF LONG TERM BORROWINGS OUTSTANDING AS AT MARCH 31, 2020

(Amount in lakh)

Particulars	Interest rate range	No. of installments	March 31, 2020	March 31, 2019
Monthly repayment				
Less than 1 Year	8% - 10%	197	592.36	677.15
	10% - 12%	399	16,194.65	13,513.89
	12% - 14%	120	4,645.87	2,968.12
	Above 14%	55	1,541.23	191.46
1 - 3 Year	8% - 10%	331	1,319.53	120.66
	10% - 12%	318	11,815.53	8,057.28
	12% - 14%	107	4,740.51	3,652.39
	Above 14%	41	1,079.28	708.04
3 - 5 Year	8% - 10%	67	736.05	8.29
	10% - 12%	21	523.77	117.96
	12% - 14%	0	-	(0.22)
	Above 14%	0	-	-
Quarterly repayment				
Less than 1 Year	8% - 10%	0	-	-
	10% - 12%	14	1,034.65	3,007.57
	12% - 14%	8	832.72	540.79
	Above 14%	0	-	-
1 - 3 Year	8% - 10%	0	-	-
	10% - 12%	5	207.85	862.91
	12% - 14%	13	1,366.32	-
	Above 14%	0	-	-
3 - 5 Year	8% - 10%	0	-	-
	10% - 12%	0	-	-
	12% - 14%	0	-	-
	Above 14%	0	-	-
Total		**1,696**	**46,630.33**	**34,426.28**

NOTES

on Financial Statements for the year ended March 31, 2020

13. SUBORDINATED LIABILITIES (AT AMORTISED COST)

(Amount in lakh)

Particulars	March 31, 2020	March 31, 2019	April 1, 2018
Unsecured			
Non-convertible debentures	-	1,498.16	1,497.56
Total	**-**	**1,498.16**	**1,497.56**
Subordinated liabilities in India	-	1,498.16	1,497.56
Subordinated liabilities in outside India	-	-	-
Total	**-**	**1,498.16**	**1,497.56**

13.1 Terms for repayment of Subordinated liabilities are given under note no 10.1

14. LEASE LIABILITY

(Amount in lakh)

Particulars	March 31, 2020	March 31, 2019	April 1, 2018
Lease Liability	928.02	-	-
Total	**928.02**	**-**	**-**

15. OTHER FINANCIAL LIABILITIES

(Amount in lakh)

Particulars	March 31, 2020	March 31, 2019	April 1, 2018
Commission Payable	185.55	176.20	159.70
Employee Incentive Payable	25.14	12.67	-
Due to assignee towards collections in derecognised assets	392.89	350.55	185.10
Security deposits	6.13	7.69	14.67
Total	**609.71**	**547.11**	**359.47**

16. PROVISIONS

(Amount in lakh)

Particulars	March 31, 2020	March 31, 2019	April 1, 2018
Provision for employee benefits			
Provision for gratuity	61.40	29.07	21.17
Bonus Payable	-	-	13.04
Other provisions			
Provision for Income tax	143.60	111.49	94.86
Provision for charges income booked on accrual basis	650.47	-	-
Total	**855.47**	**140.56**	**129.07**

17. OTHER NON-FINANCIAL LIABILITIES

(Amount in lakh)

Particulars	March 31, 2020	March 31, 2019	April 1, 2018
Statutory dues	117.38	80.91	78.54
Total	**117.38**	**80.91**	**78.54**

NOTES

on Financial Statements for the year ended March 31, 2020

18. EQUITY SHARE CAPITAL

(Amount in lakh)

Particulars	March 31, 2020	March 31, 2019	April 1, 2018
Authorised Capital			
1,05,00,000 (March 31, 2019: 1,01,00,000, April 1, 2018: 1,00,00,000) equity shares of ₹ 10/- each	1,050.00	1,010.00	1,000.00
2,80,67,764 (March 31, 2019: 1,51,37,308, April 1, 2018: 50,00,000) preference shares of ₹ 10/- each	2,806.78	1,513.73	500.00
17,74,600 (March 31, 2019: 17,74,600, April 1, 2018: NIL) Preference shares of ₹ 225.41/- each	4,000.13	4,000.13	-
	7,856.90	**6,523.86**	**1,500.00**
Issued, subscribed and fully paid-up:			
96,21,671 (March 31, 2019: 96,00,110, April 1, 2018: 96,00,100) equity shares of ₹ 10/- each	962.17	960.01	960.01
2,69,07,764 (March 31, 2019: 1,39,77,308, April 1, 2018: 38,40,000) Preference shares of ₹ 10/- each	2,690.78	1,397.74	384.00
17,74,544 (March 31, 2019: 17,74,544, April 1, 2018: NIL) Preference shares of ₹ 225.41/- each	3,999.99	3,999.99	-
	7,652.94	**6,357.74**	**1,344.01**

18.1 RECONCILIATION OF THE SHARES OUTSTANDING AT THE BEGINNING AND AT THE END OF YEAR

Equity shares

(Amount in lakh)

Particulars	March 31, 2020		March 31, 2019		April 1, 2018	
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
Equity Share at the beginning of year	96,00,110	960.01	96,00,100	960.01	96,00,100	960.01
Add:						
Equity Share Allotted during year						
Shares issued during the year of ₹ 10/- each	21,561	2.16	10	0.00	-	-
Shares issued under ESOP	-	-	-	-	-	-
	96,21,671	**962.17**	**96,00,110**	**960.01**	**96,00,100**	**960.01**

Preference share

(Amount in lakh)

Particulars	March 31, 2020		March 31, 2019		April 1, 2018	
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
Preference Share at the beginning of year	1,57,51,852	5,397.73	38,40,000	384.00	33,28,000	332.80
Add:						
Preference Share Allotted during year						
Shares issued during the year of ₹ 10/- each	1,29,30,456	1,293.05	1,01,37,308	1,013.73	5,12,000	51.20
Shares issued during the year of ₹ 225.41/- each	-	-	17,74,544	4,000.00	-	-
Shares issued under ESOP	-	-	-	-	-	-
	2,86,82,308	**6,690.78**	**1,57,51,852**	**5,397.73**	**38,40,000**	**384.00**

NOTES

on Financial Statements for the year ended March 31, 2020

18.2 Terms/right attached to shares

Equity shares

The company has only one class of the equity shares having par value of ₹ 10/- per share. Each shareholder is eligible for vote in proportion to his share of the paid up equity capital of the company. The company declares and pays dividends in Indian rupees.

Preference shares

The company has five class of compulsory convertible preference shares (CCPS). All the preference shareholders are entitled to receive preference dividend of 0.0001%, in priority to equity shareholders of the company, in each financial year. The company declares and pays dividends in Indian rupees. Each class of preference shares are eligible for conversion into equity shares at following terms within twenty years at the option of the investor.

Series A:

The company has 38,40,000 compulsory convertible preference shares (CCPS) issued at par value of ₹ 10/- per share. The preference shares are eligible for conversion into equivalent number of equity shares.

Series B:

The company has issued 1,01,37,308 compulsory convertible preference shares having face value of ₹ 10/-. The preference shares are eligible for conversion into one equity share against every two preference shares.

Series C:

The company has issued 17,74,544 compulsory convertible preference shares having face value of ₹ 225.41/-. The preference shares are eligible for conversion into equivalent number of equity shares.

Series D1:

During the year, the company has issued 96,99,216 compulsory convertible preference shares having face value of ₹ 10/-. The preference shares are eligible for conversion into one equity share against every two preference shares.

Series D2:

During the year, the company has issued 32,31,240 compulsory convertible preference shares having face value of ₹ 10/-. The preference shares are eligible for conversion into one equity share against every two preference shares.

18.3 In the event of the 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 adjusted by the partly paid up value of the share, if applicable.

18.4 DETAILS OF SHAREHOLDERS HOLDING MORE THAN 5% SHARES IN THE COMPANY

Name of Shareholder	March 31, 2020		March 31, 2019		April 1, 2018	
	No. of shares	% of Holding	No. of shares	% of Holding	No. of shares	% of Holding
Equity shares						
Bal Mukund Kogta	13,22,000	13.74%	13,22,000	13.77%	13,22,000	13.77%
Arun Kogta, Director	7,91,000	8.22%	7,91,000	8.24%	7,91,000	8.24%
Radha Krishan Kogta, Director	7,29,500	7.58%	7,29,500	7.60%	7,29,500	7.60%
Varun Kogta, Director	6,27,000	6.52%	6,27,000	6.53%	6,27,000	6.53%
Nidhi Kogta	5,80,000	6.03%	5,80,000	6.04%	5,80,000	6.04%
Banwari Lal Kogta HUF	5,74,500	5.97%	5,74,500	5.98%	5,74,500	5.98%

NOTES

on Financial Statements for the year ended March 31, 2020

Name of Shareholder	March 31, 2020		March 31, 2019		April 1, 2018	
	No. of shares	% of Holding	No. of shares	% of Holding	No. of shares	% of Holding
Nayan Kogta	5,67,000	5.89%	5,67,000	5.91%	5,67,000	5.91%
Banwari Lal Kogta	5,49,000	5.71%	5,49,000	5.72%	5,49,000	5.72%
Arun Kogta HUF	5,21,500	5.42%	5,21,500	5.43%	5,21,500	5.43%
Preference shares						
NHPEA Rimo Holding B.V.	1,33,68,548	46.61%	1,01,37,308	64.36%	-	0.00%
Aditya (Mauritius) Ltd.	96,99,216	33.82%	-	0.00%	-	0.00%
IIFL Seed Ventures Fund I	56,14,544	19.57%	56,14,544	35.64%	38,40,000	100.00%

As per 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.

19. OTHER EQUITY

(Amount in lakh)

Particulars	March 31, 2020	March 31, 2019	April 1, 2018
General Reserve			
Balance at the beginning of the year	900.00	800.00	700.00
Add:- Addition during the year	100.00	100.00	100.00
Less:- Utilization during the year against share issue expense	-	-	-
Balance at the end of the year	**1,000.00**	**900.00**	**800.00**
Securities Premium			
Balance at the beginning of the year	13,095.57	3,104.17	2,755.85
Add:- Addition during the year	28,804.79	10,411.54	348.80
Less:- Utilization during the year against share issue expense	(66.44)	(420.14)	(0.48)
Balance at the end of the year	41,833.92	13,095.57	3,104.17
Statutory reserve u/s 45-IC of RBI Act			
Balance at the beginning of the year	789.81	564.72	398.18
Add:- Addition during the year	496.46	225.09	166.54
Balance at the end of the year	**1,286.27**	**789.81**	**564.72**
Capital reserve	**40.00**	**40.00**	**40.00**
	40.00	**40.00**	**40.00**
Share based payment reserve	**140.42**	**14.52**	**-**
	140.42	**14.52**	**-**
Retained Earnings			
Balance at the beginning of the year	1,031.50	524.75	514.71
Profit for the year	2,482.31	831.88	392.13
Less:- Interim Dividend	-	-	(96.00)
Less:-Dividend distribution tax on interim dividend	-	-	(19.54)
Less:- Preference share Dividend	(0.03)	(0.04)	-
Less:-Dividend distribution tax on preference share dividend	(0.01)	(0.01)	-
Less:-Transfer to statutory reserve	(496.46)	(225.09)	(166.54)
Less:-Transfer to general reserve	(100.00)	(100.00)	(100.00)
Balance at the end of the year	**2,917.32**	**1,031.50**	**524.75**
Total	**47,217.91**	**15,871.39**	**5,033.63**

NOTES
on Financial Statements for the year ended March 31, 2020

19.1 NATURE AND PURPOSE OF RESERVE

General Reserve

General reserve is a free reserve, retained from group's profit and can be utilized upon fulfilling certain conditions in accordance with the statute of the relevant act.

Securities Premium

Securities Premium Account is used to record the premium on issue of shares. The reserve can be utilised in accordance with provisions of the Companies Act, 2013.

Statutory reserve u/s 45-IC of RBI Act

Statutory reserve represents reserve fund created pursuant to Section 45-IC of the RBI Act, 1934 through transfer of specified percentage of net profit every year before any dividend is declared. The reserve fund can be utilised only for limited purposes as specified by RBI from time to time and every such utilisation shall be reported to the RBI within specified period of time from the date of such utilisation.

Capital reserve

Capital reserve represents the reserve created on account of forfeiture of the shares.

Share based payment reserve

The Employee Stock Options outstanding represents amount of reserve created by recognition of compensation cost at the grant date fair value on stock options vested but not exercised by employees in the Statement of profit and loss in respect of equity-settled share options granted to the eligible employees of the company.

Retained earnings

Retained earnings or accumulated surplus represents total of all profits retained since the Company's inception. Retained earnings are credited with current year profits, reduced by losses, if any, dividend payouts, transfers to General reserve or any such other appropriations to specific reserves.

20. INTEREST INCOME

(Amount in lakh)

Particulars	For the period ended March 31, 2020	For the period ended March 31, 2019
	On Financial Assets measured at Amortised Cost	
Interest on Loans	14,517.54	9,237.10
Net gain on derecognition of financial instruments under amortised cost category	392.97	297.07
Interest income from fixed deposits	968.81	285.50
Total	**15,879.32**	**9,819.67**

Loan origination income included in Interest income on Loan is disclosed net of the direct incremental costs of ₹ 427.96 lakhs for year ended March 31, 2020 (P.Y. ₹ 328.51 lakhs) associated with the origination of the underlying loans.

21. FEE AND COMMISSION INCOME

(Amount in lakh)

Particulars	For the period ended March 31, 2020	For the period ended March 31, 2019
Fee income	917.93	1,030.95
Commission income	68.57	32.99
Total	**986.50**	**1,063.94**

NOTES

on Financial Statements for the year ended March 31, 2020

22. NET GAIN ON FAIR VALUE CHANGES

(Amount in lakh)

Particulars	For the period ended March 31, 2020	For the period ended March 31, 2019
On Trading Portfolio		
Net gain on financial instruments at fair value through profit and loss (Income from sale of Mutual funds - realised)	65.18	8.29
On Other Portfolio	-	-
Total	**65.18**	**8.29**

23. OTHER INCOME

(Amount in lakh)

Particulars	For the period ended March 31, 2020	For the period ended March 31, 2019
Net gain on derecognition of Property, plant and equipment	0.20	51.04
Rental Income	6.75	5.71
Total	**6.95**	**56.75**

24. FINANCE COSTS

(Amount in lakh)

Particulars	For the period ended March 31, 2020	For the period ended March 31, 2019
	On Financial liabilities measured at Amortised Cost	
Interest on financial liabilities		
Borrowings	4,295.77	3,404.43
Debt securities	863.22	552.19
Subordinated liabilities	95.37	241.67
Securitized pool	1,233.74	783.51
Lease liability	87.63	-
Others		
Bank charges	33.77	17.25
Processing fees	149.46	87.31
Total	**6,758.96**	**5,086.36**

25. IMPAIRMENT ON FINANCIAL INSTRUMENTS

(Amount in lakh)

Particulars	For the period ended March 31, 2020	For the period ended March 31, 2019
	On Financial instruments measured at Amortised Cost	
Loan assets	(15.27)	562.47
Loan assets written off (net of recoveries)	514.03	255.96
Loss on disposal of repossessed assets	316.11	228.92
	814.87	**1,047.35**

NOTES

on Financial Statements for the year ended March 31, 2020

26. EMPLOYEE BENEFITS

(Amount in lakh)

Particulars	For the period ended March 31, 2020	For the period ended March 31, 2019
Salaries and wages	3,882.72	2,252.73
Share based payments to employees	125.90	14.52
Contribution to provident and other funds	228.73	106.00
Gratuity expense	17.79	10.59
Staff welfare expenses	15.86	23.39
Total	**4,271.00**	**2,407.23**

26.1 GRAUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS:

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 in accordance with the rules as prescribed under the payment of Gratuity Act, 1972.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the respective plans.

(Amount in lakh)

Particulars	March 31, 2020	March 31, 2019
Details of Actuarial Valuation:		
Present value of the obligation at the beginning of the year	**29.08**	**21.17**
Current service cost	15.81	8.94
Interest cost on benefit obligation	1.98	1.65
Past Service Cost	-	-
Benefits paid (if any)	(1.09)	(0.30)
Net actuarial (gain)/loss recognized in the year	15.63	(2.38)
Present value of the obligation at the end of the year	**61.40**	**29.08**
Balance sheet		
Present value of defined benefit obligation	61.40	29.08
Fair value of plan assets	-	-
Plan assets/(liabilities)	61.40	29.08
Amount recognized in the statement of P&L		
Interest cost	1.98	1.65
Current service cost	15.81	8.94
Past Service Cost	-	-
Expected return on Plan asset	-	-
Net actuarial (gain)/loss recognized in the year	15.63	(2.38)
Expenses to be recognized in P&L	**33.42**	**8.21**
Remeasurement (gains)/loss recognized in other comprehensive income		
Remeasurement (gains)/loss on obligations arising from changes in experience adjustments	15.63	(2.38)
Remeasurement (gains)/loss on obligations arising from changes in financial assumptions	-	-
Total	**15.63**	**(2.38)**
Principal assumptions used in determining gratuity obligations		
Discount rate	6.80% p.a	7.78% p.a
Salary Growth Rate	10.00% p.a	10.00% p.a
Mortality	IALM 2012-14	IALM 2006-08 Ultimate
Expected rate of return	-	-
Withdrawal rate	45.00% p.a.	34.00% p.a.

NOTES
on Financial Statements for the year ended March 31, 2020

Sensitivity Analysis

Particulars	March 31, 2020		March 31, 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (+/- 1%)	60.12	62.73	28.28	29.91
Salary Growth rate (+/- 1%)	62.68	60.14	29.89	28.29
Withdrawal Rate (+/- 1%)	60.46	62.37	28.55	29.61

27. DEPRECIATION AND AMORTISATION EXPENSES

(Amount in lakh)

Particulars	For the period ended March 31, 2020	For the period ended March 31, 2019
Property, plant and equipment	230.32	126.75
Other Intangible Assets	23.93	13.24
Right of Use Assets	166.48	-
Total	**420.73**	**139.99**

28. OTHER EXPENSES

(Amount in lakh)

Particulars	For the period ended March 31, 2020	For the period ended March 31, 2019
Rent	153.34	194.67
Electricity expenses	59.72	34.01
Repairs and maintenance	18.20	15.43
Printing and stationery	95.48	63.57
Travelling and conveyance	68.59	53.86
Professional fees	282.58	209.43
CSR expenditure	11.47	4.93
Director sitting fees	3.88	1.11
Auditor Remuneration	24.00	12.00
Telephone and internet expenses	45.87	40.23
Business promotion	2.63	1.84
Rates & taxes	126.71	73.28
Office expenses	154.12	96.26
Share issue expenses	12.66	37.68
Donation	1.69	0.93
Collection & recovery expenses	142.14	79.44
Insurance expenses	91.47	32.02
Legal expenses	132.20	46.21
Total	**1,426.75**	**996.90**

28.1 AUDITOR REMUNERATION

Particulars	For the period ended March 31, 2020	For the period ended March 31, 2019
Statutory audit fees, Certification & Limited review	24.00	12.00
Total	**24.00**	**12.00**

NOTES

on Financial Statements for the year ended March 31, 2020

28.2 AMOUNT SPENT TOWARDS CORPORATE SOCIAL RESPONSIBILITY (CSR)

Particulars		For the period ended March 31, 2020	For the period ended March 31, 2019
a)	Amount unspent for the last year	9.48	1.12
b)	Gross amount required to be spent by the company during the year	20.97	13.29
b)	Amount spent during the year ending on March 31:		
	(i) Construction/acquisition of any asset	-	
	(ii) On purposes other than (i) above	11.47	4.93

29. EARNINGS PER SHARE (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Continuing operations for the year		
Profit/(loss) after tax	**2,482.30**	**831.89**
Less: dividends on convertible preference shares & tax thereon	0.01	0.03
Net profit/ (loss) for calculation of basic EPS	2,482.30	831.86
Net profit as above	2,482.30	831.86
Add: dividends on convertible preference shares & tax thereon	0.01	0.03
Net profit/ (loss) for calculation of diluted EPS	**2,482.30**	**831.89**
Weighted average number of equity shares in calculating basic EPS		
Effect of dilution:		
Equity shares (in lakhs)	96.11	96.00
Weighted average no. of equity shares for Diluted EPS (in lakhs)	237.71	158.29
Earning per equity share		
Basic	25.83	8.67
Diluted	10.44	5.26

30. INCOME TAX

The major components of income tax expense for the year ended March 31, 2020 are:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Current income tax:		
Current income tax charge	940.06	563.58
Deferred tax:		
Relating to origination and reversal of temporary differences	(188.42)	(122.97)
Income tax expense reported in the statement of profit or loss	**751.64**	**440.61**
Deferred tax relating to OCI		
Net loss/(gain) on re-measurements of defined benefit plans	(3.93)	0.70

NOTES

on Financial Statements for the year ended March 31, 2020

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2020:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Accounting profit before tax from continuing operations	3,245.64	1,270.82
Profit/(loss) before tax from a discontinued operation	-	-
Accounting profit before income tax	**3,245.64**	**1,270.82**
Tax at statutory Income Tax rate of 25.17% (P.Y. 29.12%)	816.86	370.06
Expenses Disallowed in Income tax Act	69.60	89.73
Deduction allowed u/s 80JJAA of the Income tax act	(40.94)	(41.31)
Expenses Disallowed u/s 43B of the Income tax Act	35.89	2.39
Incremental deferred tax liabilities /(assets)	(143.19)	(2.36)
Decrease in deferred tax liabilities /(assets) on account of change in tax rate	13.41	-
Tax on Long term capital gain @23.30%	-	(7.35)
Other adjustments	**-**	**29.45**
Tax at effective Income Tax rate of 23.16% (P.Y. 34.67%) (a)	**751.64**	**440.61**
Tax on Other comprehensive income (b)	(3.93)	0.70
Total Tax expenses at effective tax rate of 23.04% (P.Y. 34.73%) (a+b)	**747.70**	**441.31**

31. DEFERRED TAX ASSET

Deferred tax liabilities/(assets)	March 31, 2020	March 31, 2019	April 1, 2018
Deferred tax asset			
Impact of EIR adjustments on financial assets	179.20	121.02	63.57
Impairment on Loans	440.88	361.03	286.84
Provision for gratuity and Leave availment	15.45	8.47	6.12
Difference between tax depreciation and depreciation/ amortization charged for the financial reporting	31.98	-	3.90
Employee stock options outstanding	25.81	3.05	-
Other adjustments	13.61	0.10	-
Gross deferred tax asset	**706.93**	**493.67**	**360.43**
Deferred tax liability			
Impact of EIR adjustments on financial liabilities	21.02	21.92	16.03
Gain on De-recognition of Loans	(110.27)	(75.29)	(74.82)
Upfront interest income on assignment transaction	(89.97)	(96.11)	(85.31)
Difference between tax depreciation and depreciation/ amortization charged for the financial reporting	-	(4.89)	-
Gross deferred tax liability	**(179.21)**	**(154.38)**	**(144.10)**
Net Deferred Tax Liability	**527.71**	**339.29**	**216.32**

NOTES
on Financial Statements for the year ended March 31, 2020

Deferred Tax charged to statement of profit and loss account	March 31, 2020		March 31, 2019	
	Income statement	OCI	Income statement	OCI
Impact of EIR adjustments on financial assets	(58.18)	-	(57.45)	-
Impairment on Loans	(79.85)	-	(74.19)	-
Provision for gratuity and Leave availment	(6.99)	-	(2.34)	-
Employee stock options outstanding	(22.76)	-	(3.05)	-
Impact of EIR adjustments on financial liabilities	0.89	-	(5.89)	-
Gain on De-recognition of Loans	34.98	-	0.46	-
Upfront interest income on assignment transaction	(6.15)	-	10.81	-
Difference between tax depreciation and depreciation/ amortization charged for the financial reporting	(36.87)	-	8.79	-
Other adjustments	(13.51)	-	(0.10)	-
Deferred Tax charged to statement of profit and loss account	**(188.42)**	**-**	**(122.97)**	**-**

32. STOCK OPTIONS

The Company has formulated share based payment schemes for its employees (Plan I & II). Details of all grants in operation during the year ended March 31, 2020 are as given below:

Particulars	ESOP 2019	ESOP 2018
Date of approval for employee stock options outstanding	5/16/2019	5/12/2018
Vesting Period:		
2 years from the date of grant	NA	40%
Expiry of 1 year from 1st vesting	NA	30%
Expiry of 2 year from 1st vesting	NA	30%
3 years from the date of grant	50%	NA
Expiry of 2 year from 1st vesting	50%	NA
Exercise period	2 Years from the date of Vesting	3 months from the date of vesting
Method of settlement	Equity	Equity
Vesting condition	Continuous service	Continuous service
Maximum term of Options	7 Years 1 Month	4 Years 4 Months
Weighted average remaining contractual life (years)	5.25 Years	1.40 Years
Weighted average exercise price per option	₹ 170.00	₹ 90.00
Year ended March 31, 2020		
Number of options outstanding at the beginning of the year	-	1,20,000
Number of options granted during the year	2,84,800	-
Number of options forfeited during the year	29,000	2,800
Number of options exercised during the year	-	-
Number of options expired during the year	-	-
Number of options outstanding at the end of the year	2,55,800	1,17,200
Number of options exercisable at the end of the year	-	-
Weighted average fair values of the outstanding options	₹ 189.94	₹ 39.27

NOTES

on Financial Statements for the year ended March 31, 2020

Particulars	ESOP 2019	ESOP 2018
Year ended March 31, 2019		
Number of options outstanding at the beginning of the year	-	-
Number of options granted during the year	-	1,27,000
Number of options forfeited during the year	-	7,000
Number of options exercised during the year	-	-
Number of options expired during the year	-	-
Number of options outstanding at the end of the year	-	1,20,000
Number of options exercisable at the end of the year	-	-
Weighted average fair values of the outstanding options	-	₹ 39.27

The Company measures the cost of Employee stock options using the fair value method and has calculated fair value of option at the time of Grant using Black-Scholes pricing model with the following assumptions:

ESOP 2019

Particulars	Tranche 1	Tranche 2
Weighted average share price	₹ 224.17	₹ 224.17
Exercise price	₹ 170.00	₹ 170.00
Weighted average fair value of stock option	₹ 182.25	₹ 197.63
Risk free interest rate	6.98%	7.21%
Expected Life of Options	4.13 years	6.13 years
Expected volatility	46.38%	46.38%
Expected dividend rate	0.99%	0.99%

ESOP 2018

Particulars	Tranche 1	Tranche 2	Tranche 3
Weighted average share price	₹ 100.51	₹ 100.51	₹ 100.51
Exercise price	₹ 90.00	₹ 90.00	₹ 90.00
Weighted average fair value of stock option	₹ 34.15	₹ 40.20	₹ 45.17
Risk free interest rate	7.43%	7.65%	7.78%
Expected Life of Options	2.26 years	3.26 years	4.26 years
Expected volatility	41.45%	41.45%	41.45%
Expected dividend rate	0.99%	0.99%	0.99%

(Amount in lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
Expense charged for the year	125.90	14.52
Employee stock options outstanding balance	140.42	14.52

*Volatility is a measure of the amount by which a price has fluctuated or is expected to fluctuate during the period. The measure volatility is used in the Black Scholes option- pricing model is the annualized standard deviation of the continuously compounded rate of the return of the stock over a period of time.

The period to be considered for volatility has to be adequate to represent a consistent trend in the price movements and the movement due to abnormal events if any gets evened out. There is no research that demonstrates conclusively how long the historical period used to estimate expected long-term future volatility should be. However, informal tests and preliminary research tends to confirm that estimates

NOTES

on Financial Statements for the year ended March 31, 2020

of expected future long term volatility should be based on historical volatility for a period that approximates the expected life of the options being valued. In the present case, since equity shares are not listed hence for the purpose of calculating volatility, we have considered the volatility of listed peer companies based on the expected life.

Particulars	Standard Deviation		Volatility	
	May 16, 2019	**May 12, 2018**	**March 31, 2020**	**March 31, 2019**
Reliance Capital	0.039	0.028	0.63	0.45
Muthoot Finance	0.024	0.022	0.37	0.35
Mahindra & Mahindra Financial Services	0.025	0.021	0.40	0.34
VLS Finance Ltd	0.029	0.033	0.46	0.52
Average			**46.38%**	**41.45%**

33. FIRST-TIME ADOPTION OF IND AS

These financial statements, for the year ended March 31, 2020, are the first financial statements the Company has prepared in accordance with Ind AS. For years up to and including the year ended March 31, 2019, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for years ending on March 31, 2020, together with the comparative year data as at end for the year ended March 31, 2019, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 1, 2018, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 1, 2018 and the financial statements as at end for the year ended March 31, 2019.

Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions/exceptions:

i) **Classification and measurement of financial assets**

The company has classified the financial assets in accordance with Ind AS 109 on the basis of facts and circumstances that exist at the date of transition to Ind AS.

ii) **Impairment of financial assets**

The company has applied the exception related to impairment of financial assets given in Ind AS 101. It has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial assets were initially recognized and compared that to the credit risk as at April 1, 2018

iii) **Deemed cost for property, plant and equipment and other intangible assets**

The company has elected to continue with the carrying value of all of its plant and equipment, capital work-in-progress and intangible assets recognised as of April 1, 2018 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

iv) **Derecognition of financial assets and financial liabilities**

The company has applied the derecognition requirements in Ind AS 109 retrospectively for assignment transactions as the information needed to apply Ind AS 109 to these financial assets derecognised as a result of past transactions was available at the time of initially accounting for those transactions in the respective years.

NOTES

on Financial Statements for the year ended March 31, 2020

Use of Estimates

The estimates at April 1, 2018, March 31, 2019 and March 31, 2020 are consistent with those made for the same dates in accordance with Indian GAAP apart from the following adjustments, where application of Indian GAAP did not require estimation:

- Fair valuation of financials instruments carried at FVTPL
- Impairment of financial assets based on Expected Credit Loss (ECL) model
- Determination of discounted value for financial instruments carried at amortized cost

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at April 1, 2018 the date of transition to Ind AS, and as of March 31, 2019.

34 RECONCILIATION OF EQUITY AND PROFIT & LOSS ACCOUNT

34.1 RECONCILIATION OF EQUITY AS AT APRIL 1, 2018 & MARCH 31, 2019

(Amount in lakh)

Particulars	Notes	March 31, 2019			April 1, 2018		
		Indian GAAP	Ind AS Adjustments	Ind AS	Indian GAAP	Ind AS Adjustments	Ind AS
ASSETS							
Financial assets							
Cash and cash equivalents	10	1,149.78	-	1,149.78	1,404.15	-	1,404.15
Bank balances other than cash and cash equivalents	11	6,612.32	-	6,612.32	859.99	-	859.99
Loans	1	53,301.12	12,550.48	65,851.60	34,440.09	4,603.39	39,043.49
Investments	12	1,641.08	(1,641.08)	-	381.33	(381.33)	-
Other financial assets	2	217.70	285.96	503.66	155.97	268.51	424.48
Non-financial assets							
Deferred tax assets (Net)	5	37.69	301.60	339.29	35.33	181.00	216.32
Property, plant and equipment	13	431.06	-	431.06	236.22	-	236.22
Other intangible assets	14	70.58	-	70.58	49.28	-	49.28
Other non-financial assets	15	1,058.24	(383.48)	674.76	812.07	(383.37)	428.70
Total - Assets		**64,519.56**	**11,113.48**	**75,633.04**	**38,374.44**	**4,288.19**	**42,662.63**
LIABILITIES AND EQUITY							
LIABILITIES							
Financial liabilities							
Trade Payables							
total outstanding dues of micro enterprises and small enterprises							
total outstanding dues of creditors other than micro enterprises and small enterprises	16	154.51	-	154.51	37.45	-	37.45
Debt securities	17	6,128.67	(27.31)	6,101.36	3,866.32	(28.41)	3,837.91
Borrowings (other than debt securities)	4	33,203.90	11,677.40	44,881.30	25,745.11	4,599.89	30,345.01
Subordinated liabilities	18	1,500.00	(1.84)	1,498.16	1,500.00	(2.44)	1,497.56
Other financial liabilities	19	358.25	188.86	547.11	199.77	159.70	359.47
Non-financial liabilities							
Provisions	20	140.56	-	140.56	129.06	-	129.06
Other non-financial liabilities	21	80.91	-	80.91	78.54	-	78.54

NOTES

on Financial Statements for the year ended March 31, 2020

(Amount in lakh)

Particulars	Notes	March 31, 2019 Indian GAAP	Ind AS Adjustments	Ind AS	April 1, 2018 Indian GAAP	Ind AS Adjustments	Ind AS
Equity							
Equity share capital	22	6,357.74	-	6,357.74	1,344.01	-	1,344.01
Other equity	23	16,595.03	(723.64)	15,871.39	5,474.19	(440.56)	5,033.63
Total - Liabilities and Equity		**64,519.56**	**11,113.48**	**75,633.04**	**38,374.44**	**4,288.19**	**42,662.63**

34.2 RECONCILIATION OF PROFIT OR LOSS FOR THE YEAR ENDED MARCH 31, 2019

(Amount in lakh)

Particulars	Notes	Indian GAAP	Ind AS Adjustments	Ind AS
Revenue from operations				
Interest income	24	9,114.11	705.57	9,819.67
Fee and Commission Income	25	1,063.94	-	1,063.94
Net gain on fair value changes	26	8.29	-	8.29
Total revenue from operations		**10,186.34**	**705.57**	**10,891.90**
Other income	27	55.56	1.19	56.75
Total income		**10,241.89**	**706.75**	**10,948.65**
Expenses				
Finance costs	28	4,280.06	806.31	5,086.36
Impairment on financial instruments	29	706.38	340.97	1,047.35
Employee Benefits Expenses	30	2,432.75	(25.52)	2,407.23
Depreciation, amortization and impairment	31	139.99	-	139.99
Others expenses	32	995.37	1.54	996.90
Total expenses		**8,554.54**	**1,123.29**	**9,677.83**
Profit before exceptional items and tax		**1,687.36**	**(416.54)**	**1,270.82**
Exceptional Items		-	-	-
Profit before taxes		**1,687.36**	**(416.54)**	**1,270.82**
Tax expenses				
- Current Taxes		550.00	(0.69)	549.31
- Deferred Taxes		(2.36)	(120.60)	(122.97)
Short / (Excess) Provision of Earlier Year		14.28	-	14.28
Profit for the period		**1,125.44**	**(295.24)**	**830.20**
Other Comprehensive Income				
A (i) Items that will not be reclassified to profit or loss				
(a) Re-measurements of net defined benefit plans		-	2.38	2.38
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	0.69	0.69
B (i) Items that will be reclassified to profit or loss		-	-	-
Other Comprehensive Income (A+B)		**-**	**1.69**	**1.69**
Total Comprehensive Income for the period		**1,125.44**	**(293.56)**	**831.89**

34.3 FOOTNOTES TO THE RECONCILIATION OF EQUITY AS AT APRIL 1, 2018 AND MARCH 31, 2019 AND PROFIT OR LOSS FOR THE YEAR ENDED MARCH 31, 2020

1. Loans and advances

(i) Under Indian GAAP, the Company has created provision for loans and advances based on the guidelines on prudential norms issued by Reserve Bank of India (RBI). Under Ind AS, impairment allowance has been

NOTES
on Financial Statements for the year ended March 31, 2020

determined based on Expected Loss model (ECL). The differential impact has been adjusted in statement of Profit and loss/Retained earnings during the year.

(ii) Under Indian GAAP, NPA provision along with Standard asset provision has been disclosed under Provisions. Under Ind AS the ECL provision has been adjusted against loan balance.

(iii) Under Indian GAAP, transaction costs incurred in connection with loans and advances are amortised upfront and charged to profit or loss for the year. Under Ind AS, transaction costs are included in the initial recognition amount of financial asset measured at amortised cost and charged to profit or loss using the effective interest method.

(iv) The Company has securitised certain assets and under Indian GAAP, it has derecognised those assets in the books, upon satisfaction of the “true sale” criteria laid down by the RBI. However, as per Ind AS, the Company has not transferred substantially all the risks and rewards, the asset has been re-recognised on a basis that reflects the rights and obligations that the Company has retained (related liabilities has been recognised in Borrowings other than debt securities & related Interest income and expense has been recognised).

(v) Under Indian GAAP, Income from Securitisation transaction recognised as Excess Interest Spread where as under Ind AS, the Company has recognised the interest on the loans which has been re-recognised as Interest income using Effective Interest rate. Interest on proceeds received from securitisation recognised as Finance cost.

(vi) Under Indian GAAP, the Company has reversed the interest on NPA accounts based on the prudential norms on Income Recognition, Asset Classification and Provisioning issued by RBI. Under Ind AS, Interest income for Stage 3 receivables are recognised on the amortised cost of such receivables (Gross carrying value less impairment provision) and the same is also tested for impairment.

2. Other financial assets

Under Ind AS, with respect to assignment deals, the Company has recognised an interest only strip receivable as at March 31, 2019 and as on April 1, 2018, with corresponding credit to retained earning/ statement of profit and loss for the year, which has been computed by discounting excess interest spread (EIS) to present value. Necessary adjustments to credit risk has also been made.

3. Share based payments

Under Indian GAAP, the Company recognised only the intrinsic value for the share based payment plans as an expense. Ind AS required the fair value of the share options to be determined using an appropriate pricing model recognised over the vesting period. An additional expense has been recognised in the statement of profit and loss for the year ended March 31, 2019.

4. Debt securities, Borrowings (other than debt securities) and Subordinate liabilities

(i) Under Indian GAAP, transaction costs incurred in connection with borrowings are amortised over the period and charged to statement of profit and loss for the year ended. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to statement of profit and loss using the effective interest method.

(ii) The Company has securitised certain assets and under Indian GAAP, it has derecognised those assets in the books, upon satisfaction of the “true sale” criteria laid down by the RBI. However, as per Ind AS, the Company has not transferred substantially all the risks and rewards, the asset has been re-recognised on a basis that reflects the rights and obligations that the Company has retained. The proceeds from such transferred assets recognised as securitisation borrowing under the category “Borrowings (Other than debt securities)”.

(iii) Under Indian GAAP, Investment in pass-through certificates (‘PTCs’) made by the Company pursuant to the securitisation transactions entered have been included in the carrying amount of investments computation. Under Ind AS such PTC investments have been netted off against the securitisation borrowings.

NOTES

on Financial Statements for the year ended March 31, 2020

5. Deferred tax

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the year. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP. In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

6. Remeasurements of post employment benefit plans

Both under Indian GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurements are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI.

7. Other comprehensive income

Under Indian GAAP, the Company has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit or loss to profit or loss as per Ind AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

8. Statement of cash flows

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

9. Figures under previous GAAP have been regrouped/ reclassified for Ind AS purpose wherever applicable.

35. FAIR VALUE OF FINANCIAL INSTRUMENTS

35.1 FAIR VALUE OF FINANCIAL INSTRUMENTS NOT MEASURED AT FAIR VALUE

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, that are not carried at fair value in the balance sheet. This table does not include the fair values of non financial assets and non financial liabilities:

(Amount in lakh)

Particulars	March 31, 2020		March 31, 2019		April 1, 2018	
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
Loans (Fixed rate)	98,055.45	97,849.95	65,851.60	65,758.29	39,043.48	39,090.65

Valuation techniques

The management assessed that cash and cash equivalents, bank balances other than cash & cash equivalents, other financial assets, trade payables, lease liability and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values of financial assets or liabilities.

NOTES
on Financial Statements for the year ended March 31, 2020

Loans - The fair value of fixed rate loans are determined by discounting expected future contractual cash flows using current market interest rates charged to similar categories of new loans.

Debt Securities, Borrowings (other than debt securities) and subordinated liabilities - The fair value of certain fixed rate debt securities, borrowings (other than debt securities) and subordinated liabilities is determined by discounting expected future contractual cash flows using current market interest rates charged for similar new loans. The fair value of floating rate debt securities, borrowings (other than debt securities) and subordinated liabilities are deemed to be equivalent to the carrying value.

35.2 FAIR VALUE HIERARCHY

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

Quantitative disclosure fair value measurement hierarchy of assets & liabilities as at March 31, 2020

(Amount in lakh)

Particulars	Fair value March 31, 2020			
	Level 1	Level 2	Level 3	Total
Financial Assets				
Loans (Fixed rate)	-	-	97,849.95	**97,849.95**

Quantitative disclosure fair value measurement hierarchy of assets & liabilities as at March 31, 2019

Particulars	Fair value March 31, 2019			
	Level 1	Level 2	Level 3	Total
Financial Assets				
Loans (Fixed rate)	-	-	65,758.29	**65,758.29**

Quantitative disclosure fair value measurement hierarchy of assets & liabilities as at April 1, 2018

Particulars	Fair value April 1, 2018			
	Level 1	Level 2	Level 3	Total
Financial Assets				
Loans (Fixed rate)	-	-	39,090.65	39,090.65

There have been no transfers between Level 1, Level 2 and Level 3 for the year ended March 31, 2020, March 31, 2019 and April 1, 2018.

36. SUMMARY OF FINANCIAL ASSETS AND LIABILITIES WHICH ARE RECOGNISED AT AMORTISED COST

(Amount in lakh)

Particulars	March 31, 2020	March 31, 2019	April 1, 2018
Financial Assets			
Cash & Cash Equivalents	671.04	1,149.78	1,404.15
Bank Balances Other than Cash & Cash Equivalents	19,751.98	6,612.32	859.99
Loans (Fixed rate)	98,055.45	65,851.60	39,043.48
Other Financial Assets	3,308.54	503.66	424.48
Total Financial Assets	**1,21,787.01**	**74,117.36**	**41,732.10**

NOTES
on Financial Statements for the year ended March 31, 2020

(Amount in lakh)

Particulars	March 31, 2020	March 31, 2019	April 1, 2018
Financial liabilities			
Trade Payables	195.42	154.51	37.46
Debt Securities	8,592.78	6,101.36	3,837.91
Borrowings (Other than debt securities)	59,463.96	44,881.30	30,345.00
Subordinated Liabilities	-	1,498.16	1,497.56
Lease Liability	928.02	-	-
Other financial liabilities	609.71	547.11	359.47
Total Financial liabilities	**69,789.89**	**53,182.44**	**36,077.40**

37. TRANSITION TO IND AS 116 ON LEASE

The changes in the carrying value of ROU assets for the year ended March 31, 2020 are as follows:

(Amount in lakh)

Particulars	Amount
Gross carrying value	
Balance as at April 1, 2019 (On adoption of Ind AS 116)	565.61
Addition	476.00
Translation adjustments	-
Balance as at March 31, 2020	**1,041.61**
Accumulative amortisation	
Balance as at April 1, 2019	-
Depreciation	166.49
Translation adjustments	-
Balance as at March 31, 2020	166.49
Net carrying value as at March 31, 2020	**875.12**

The following is the movement in lease liabilities during the year ended March 31, 2020.

(Amount in lakh)

Particulars	Amount
Lease liabilities	
Balance as at April 1, 2019 (On adoption of Ind AS 116)	565.61
Additions	476.00
Translation adjustments	-
Finance expense	87.63
Payment of lease liabilities	(201.23)
Balance as at March 31, 2020	**928.02**

Amounts recognised in profit & loss during the year ended March 31, 2020

(Amount in lakh)

Particulars	March 31, 2020
Depreciation expense of right-of-use assets	166.49
Interest expense on lease liabilities	87.63
Total	**254.13**

Total cash outflow for leases:

(Amount in lakh)

Particulars	March 31, 2020
Total cash outflow for leases	201.23
Total	**201.23**

NOTES

on Financial Statements for the year ended March 31, 2020

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2020, on an undiscounted basis

(Amount in lakh)

Particulars	Amount
Tenure	
Less than 1 year	0.95
1-3 years	105.03
3-5 years	247.27
More than 5 years	574.77
Balance as at March 31, 2020	**928.02**

The company has paid following rent on account of short term leases or where the lease security deposit is less than 50,000:

(Amount in lakh)

Particulars	Amount
Short Term Lease	2.19
Low value Lease	92.67
Total	**94.86**

38. TRANSFER OF FINANCIAL ASSETS

Transferred financial assets that are not derecognized in their entirety

Securitisation:

The Company uses securitisations as a source of finance. Such transactions generally result in the transfer of contractual cash flows from portfolios of financial assets to holders of issued securities. Securitisation has resulted in the continued recognition of the securitised assets.

The table below outlines the carrying amounts and fair values of all financial assets transferred that are not derecognised in their entirety and associated liabilities.

(Amount in lakh)

Loans and advances measured at amortised cost	Year ended March 31, 2020	Year ended March 31, 2019
Carrying amount of transferred assets measured at amortised cost	14,318.50	12,832.91
Carrying amount of associated liabilities	11,481.88	11,794.54

Assignment Deal:

During the year ended March 31, 2020, the Company has sold some loans and advances measured at amortised cost as per assignment deals, as a source of finance. As per the terms of these deals, since substantial risk and rewards related to these assets were transferred to the buyer, the assets have been decognised from the Company's balance sheet.

The management has evaluated the impact of assignment transactions done during the year for its business model. Based on the future business plan, the Company business model remains to hold the assets for collecting contractual cash flows.

NOTES

on Financial Statements for the year ended March 31, 2020

The table below summarises the carrying amount of the derecognised financial assets measured at amortised cost and the gain on derecognition, per type of asset.

(Amount in lakh)

Loans and advances measured at amortised cost	Year ended March 31, 2020	Year ended March 31, 2019
Carrying amount of derecognised financial assets	7,079.97	4,460.48
Gain from derecognition	383.33	274.75

39. CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued equity and preference capital, share premium and all other reserves attributable to the shareholders of the Company net of intangible assets. The company maintains an actively managed capital base to cover risks inherent in the business, meeting the capital adequacy requirements of Reserve Bank of India (RBI), maintain strong credit rating healthy capital ratios in order to support business and maximise shareholder value. The adequacy of the capital is monitored by the Board considering the regulations issued by RBI.

The Company manages its capital structure in light of changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using a gearing ratio, which is total debt divided by net worth. The Company's policy is to keep the capital adequacy ratio at reasonable level of 35-40% in imminent year against the stipulated requirement of 15% by RBI. The company has complied with the capital requirements prescribed by RBI over the reported period.

(Amount in lakh)

Particulars	March 31, 2020	March 31, 2019
Debts	68,056.74	52,480.82
Net worth	54,315.75	21,868.23
Debt to Net worth (in times)	**1.25**	**2.40**

40. RISK MANAGEMENT

The Company's Principal financial liabilities comprise borrowings. The main purpose of these financial liabilities is to finance the Company's operations. At the other hand company's Principal financial assets include loans and cash and cash equivalents that derive directly from its operations.

As a lending institution, Company is exposed to various risks that are related to lending business and operating environment. The Principal Objective in Company 's risk management processes is to measure and monitor the various risks that Company is subject to and to follow policies and procedures to address such risks. The Company's risk governance structure operates with a robust board and risk management committee with a clearly laid down charter and senior management direction and oversight. The board oversees the risk management process and monitors the risk profile of the company directly as well as through its subcommittees including the Audit Committee, the Asset Liability Management Committee and the Risk Management Committee. The key risks faced by the company are liquidity risk, credit risk, Concentration risk, market risk, interest rate risk and Operational Risk.

NOTES

on Financial Statements for the year ended March 31, 2020

40.1 OBJECTIVES AND POLICIES

(A) Liquidity risk

Liquidity Risk refers to the risk that the Company will encounter difficulty in meeting its financial obligations primarily associated with financial liabilities. The objective of Liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirement. Liquidity risk may arise because of the possibility that the company might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances caused by a difference in the maturity profile of Company assets and liabilities. This risk may arise from the unexpected increase in the cost of funding an asset portfolio at the appropriate maturity and the risk of being unable to liquidate a position in a timely manner and at a reasonable price. The Company manages liquidity risk by maintaining adequate cash reserves and undrawn credit facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

To limit this risk, management has arranged for diversified funding sources and adopted a policy of availing funding in line with the tenor and repayment pattern of its receivables and monitors future cash flows and liquidity on a daily basis. The company has developed internal control processes and contingency plans for managing liquidity risk. This incorporates an assessment of expected cash flows and the availability of unencumbered receivables which could be used to secure funding by way of assignment if required.

The table below summarises the maturity profile of the undiscounted cash flows of the Company's financial liabilities.

(Amount in lakh)

Particulars	Maturity profile of Financial liabilities as on March 31, 2020		
	Borrowings	Payables	Other Financial liabilities
1 Day to 31 Days / One month	4,440.52	-	392.89
Over 1 month to 2 month	2,219.88	-	-
Over 2 month to 3 month	4,256.09	196.37	25.14
Over 3 month to 6 month	7,419.08	-	185.55
Over 6 month to 1 year	24,799.00	-	6.13
Over 1 year to 3 years	23,662.35	105.03	-
Over 3 year to 5 years	1,259.82	247.27	-
Over 5 years	-	574.77	-
Total	**68,056.74**	**1,123.44**	**609.71**

(B) Credit risk

Credit risk arises when a borrower is unable to meet financial obligations under the loan agreement to the Company. This could be either because of wrong assessment of the borrower's repayment capabilities or due to uncertainties in future. The effective management of credit risk requires the establishment of appropriate credit risk policies and processes.

The company has comprehensive and well-defined credit policies across all products and segments, which are backed by analytics and technology for mitigating the risks associated with them. Company has developed "Credit scoring model" which uses quantitative measures of the performance and characteristics of past loans to predict the future performance of loans with similar characteristics. It is a statistical method of assessing the credit risk associated with new loan applications. Various Parameters or risk identifiers of this function are empirically designed; that is, they are developed entirely from information and experience gained through prior experience. It is the set of decision models and their underlying techniques that aid the company in determining to ascertain the credit worthiness of a potential customer and also fairly price credit risks. It is an objective risk assessment/identification tool, as opposed to subjective methods that rely on a credit underwriter's opinion. It helps the company in taking credit decisions in a consistent manner.

Company gives due importance to prudent lending practices and have implemented suitable measures for risk mitigation, which include verification of credit history from credit information bureaus, cash flow analysis, physical verifications of a customer's business and residence and field visits and required term cover for insurance.

The company has a robust post sanction monitoring process to identify credit portfolio trends and early warning signals.

(C) Concentration of Risk/Exposure

Concentration of credit risk arise when a number of counterparties or exposures have comparable economic characteristics, or such counterparties are engaged in similar activities or operate in same geographical area or industry sector so that collective ability to meet contractual obligations is uniformly affected by changes in economic, political or other conditions. The Company is in retail lending business in western & central India. Vehicle Finance segment (consisting of new and used Commercial Vehicles, Passenger Vehicles, Tractors and Construction Equipment) is lending against security of hypothecation on underlying vehicle and contributes to 81% of the loan book of the Company as of March 31, 2020 (88% as of March 31, 2019). Portfolio is reasonably well diversified across 8 states of the country. Similarly, sub segments within Vehicle Finance like Heavy Commercial Vehicles, Light Commercial Vehicles, Car and Multi Utility Vehicles, three wheeler and Small Commercial Vehicles, Tractors and Construction Equipment have portfolio share between 0.25% to 40% leading to well diversified product mix.

MSME & Loan against Property segment is mortgage loan against security of immovable property (primarily self-occupied residential property) to self employed non-professional category of borrowers and contributes to 20% of the lending book of the company as of March 31, 2020 (12% as of March 31, 2019). Portfolio is diversified and distributed between 18% to 45% across 3 states i.e. Rajasthan, Gujarat & Maharashtra.

The Concentration of risk is managed by company for each product by its region and its sub segments. Company did not overly depend on few regions or sub-segments as of March 31, 2020.

(D) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market variables. Such changes in the values of financial instruments may result from changes in the interest rates, credit, and other market changes. The Company's exposure to market risk is primarily on account of interest rate risk and liquidity risk.

(E) Interest Rate Risk:-

"The Company is subject to interest rate risk, primarily since it lends to customers at rates and for maturity years that may differ from funding sources. Interest rates are highly sensitive to many factors beyond control, including the monetary policies of the Reserve Bank of India, deregulation of the financial sector in India, domestic and international economic and political conditions, inflation and other factors. In order to manage interest rate risk, the Company seek to optimize borrowing profile between short-term and long-term loans. The Company adopts funding strategies to ensure diversified resource-raising options to minimize cost and maximize stability of funds. Assets and liabilities are categorized into various time buckets based on their maturities and Asset Liability Management Committee supervise an interest rate sensitivity report periodically for assessment of interest rate risks.

NOTES

on Financial Statements for the year ended March 31, 2020

Change in interest rate affects Company's earnings (measured by NII or NIM) and corresponding net worth, Hence it is essential for the Company to not only quantify the interest rate risk but also to manage it proactively. The Company mitigates its interest rate risk by keeping a balanced mix of borrowings. The Company lends at fixed rate of interest thus, the company is not exposed to interest rate risk on loans.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being constant) of the Company's statement of profit and loss:

(Amount in lakh)

Particulars	Year ended March 31, 2020		Year ended March 31, 2019	
	Carrying value	Fair value	Carrying value	Fair value
Borrowings (Floating)				
Increase in basis points (+/- 1%)	(512.48)	(512.48)	(219.92)	(219.92)
Decrease in basis points (+/- 1%)	46.30	46.30	142.55	142.55

(F) Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and system or from external events. Operational risk is associated with human error, system failures and inadequate procedures and controls. It is the risk of loss arising from the potential that inadequate information system; technology failures, breaches in internal controls, fraud, unforeseen catastrophes, or other operational problems may result in unexpected losses.

The Company recognizes that operational risk event types that have the potential to result in substantial losses includes Internal fraud, External fraud, employment practices and workplace safety, clients, products and business practices, business disruption and system failures, damage to physical assets, and finally execution, delivery and process management.

The Company cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of concurrent audit.

The company has put in place a robust Disaster Recovery (DR) plan and Business Continuity Plan (BCP) is further put in place to ensure seamless continuity of operations including services to customers, when confronted with any adverse events.

(G) Risk assessment for COVID 19

A national lockdown was declared by Government of India with effect from March 24, 2020 as a result of the recent outbreak of Novel Corona Virus (COVID-19), which was further extended in phases up to May 31, 2020. The COVID-19 pandemic has resulted in significant decrease in the economic activities across the country and has also affected the Company's business operations in the last week of March 2020, due to such lockdown. Further in accordance with RBI guidelines relating to "COVID-19 Regulatory Package" dated March 27, 2020, April 17, 2020 and dated May 23, 2020 ("RBI Circulars"), the Company offered moratorium on payment of instalments and/or interest, as applicable, falling due between March 1, 2020 and August 31, 2020 to its customers based on a suo moto basis.

Estimates and associated assumptions applied in preparing these financial results/statements, especially for determining the impairment allowance for the Company's financial assets (Loans), are based on historical experience and other emerging/forward looking factors on account of the pandemic. The Company believes that the factors considered are reasonable under the current circumstances. The Company has used estimation of potential stress on probability of default and exposure at default due to Covid-19 situation in developing the estimates and assumptions to assess the impairment loss allowance on Loans. Given the dynamic nature of the pandemic situation, these estimates are subject to uncertainty and maybe affected by severity and duration of the pandemic. In the event the impacts are more severe or prolonged than anticipated, this will have a corresponding impact on the carrying value of financial assets, the financial position and performance of the Company.

NOTES

on Financial Statements for the year ended March 31, 2020

The Company holds impairment allowances of ₹ 1,768.11 lakhs as at March 31, 2020, including potential impact of COVID-19 based on the information available at this point in time.

40.2 COLLATERAL AND OTHER CREDIT ENHANCEMENTS

Although collateral can be an important mitigation of credit risk, it is the Company's policy to lend on the basis of the customer's ability & intention to meet the repayment obligations out of cash flow resources other than placing primary reliance on collateral and other credit risk enhancements. The company obtains first and exclusive charge on all collateral for the loans given. Vehicle Finance and MSME & Loan against Property are secured by collateral at the time of origination. In case of Vehicle loans, Company values the vehicle either through proforma invoice (for new vehicles) or using registered valuers for used vehicles. In case of MSME & Loan against Property, the value of the property at the time of origination will be arrived by obtaining valuation report from Company's empanelled valuers.

Hypothecation endorsement is obtained in favour of the Company in the Registration Certificate of the underlying vehicle funded under the vehicle finance segment. Immovable Property is the collateral for MSME & Loan against Property. Security Interest in favour of the Company is created through deposit of title deed by equitable or registered Mortgage.

The company does not obtain any other form of credit enhancement other than the above. All the loans are secured by way of tangible Collateral. Any surplus remaining after settlement of outstanding debt by way of sale of collateral is returned to the borrower.

41. MATURITY ANALYSIS AS AT MARCH 31, 2020, MARCH 31, 2019 & APRIL 1, 2018

(Amount in lakh)

Particulars	March 31, 2020			March 31, 2019			April 1, 2018		
	Amount	Within 12 Months	After 12 Months	Amount	Within 12 Months	After 12 Months	Amount	Within 12 Months	After 12 Months
ASSETS									
Financial assets									
Cash and cash equivalents	671.04	671.04	-	1,149.78	1,149.78	-	1,404.15	1,404.15	-
Bank balance other than cash and cash equivalents	19,751.97	18,568.81	1,183.17	6,612.32	5,685.75	926.57	859.99	341.98	518.00
Loans	98,055.45	31,292.51	66,762.95	65,851.60	25,130.75	40,720.84	39,043.49	16,638.94	22,404.54
Other financial assets	3,308.54	3,157.12	151.42	503.66	342.40	161.27	424.48	318.96	105.52
Non-financial assets									
Deferred tax assets (Net)	527.71	-	527.71	339.29	-	339.29	216.32	-	216.32
Property, plant and equipment	639.74	-	639.74	431.06	-	431.06	236.22	-	236.22
Right of use assets	875.12	0.88	874.24	-	-	-	-	-	-
Other intangible assets	79.70	-	79.70	70.58	-	70.58	49.28	-	49.28
Other non-financial assets	1,724.31	1,697.87	26.44	674.76	653.42	21.33	428.70	428.70	-
Total - Assets	**1,25,633.59**	**55,388.22**	**70,245.37**	**75,633.04**	**32,962.10**	**42,670.94**	**42,662.63**	**19,132.73**	**23,529.90**
LIABILITIES AND EQUITY									
LIABILITIES									
Financial liabilities									
Trade Payables	195.42	195.42	-	154.51	154.51	-	37.45	37.45	-
Debt securities	8,592.78	5,459.45	3,133.33	6,101.36	67.77	6,033.60	3,837.91	46.26	3,791.65
Borrowings (other than debt securities)	59,463.96	37,675.12	21,788.85	44,881.30	31,354.35	13,526.95	30,345.01	18,560.01	11,785.00
Subordinated liabilities	-	-	-	1,498.16	-	1,498.16	1,497.56	(0.60)	1,498.16
Lease Liability	928.02	0.95	927.07	-	-	-	-	-	-
Other financial liabilities	609.71	609.71	-	547.11	547.11	-	359.47	359.47	-
Non-financial liabilities									
Provisions	855.47	794.07	61.40	140.56	111.49	29.07	129.06	107.90	21.17
Other non-financial liabilities	117.38	117.38	-	80.91	80.91	-	78.54	78.54	-
Equity									
Equity share capital	7,652.94	-	7,652.94	6,357.74	-	6,357.74	1,344.01	-	1,344.01
Other equity	47,217.91	-	47,217.91	15,871.39	-	15,871.39	5,033.63	-	5,033.63
Total - Liabilities and Equity	**1,25,633.59**	**44,852.10**	**80,781.49**	**75,633.04**	**32,316.13**	**43,316.91**	**42,662.63**	**19,189.01**	**23,473.62**

NOTES

on Financial Statements for the year ended March 31, 2020

42. RELATED PARTY DISCLOSURES (IND AS - 24)

A. Names of related parties and nature of relationship

Relationship	Name of Related Party
Key Managerial Personnel	1. Radha Krishan Kogta (Chairman)
	2. Arun Kogta (Managing Director & Chief Executive Officer)
	3. Varun Kogta (Executive Director & Chief Financial Officer)
	4. Rahul Agrawal (Company Secretary)
Relatives of Key Managerial Personnel & other parties	1. Banwari Lal Kogta
	2. Bal Mukund Kogta
	3. Durga Devi Kogta
	4. Madhu Kogta
	5. Manju Kogta
	6. Nidhi Kogta
	7. Ritu Kogta
	8. Nayan Kogta (Key Managerial Personnel till January, 2019)
	9. Akansha Kogta
	10. Neha Suryaprakash Kalya
	11. Aayush Kogta
	12. Prem Lal Kogta HUF
	13. Banwari Lal Kogta HUF
	14. Bal Mukund Kogta HUF
	15. Radha Krishan Kogta HUF
	16. Arun Kogta HUF
	17. Varun Kogta HUF
	18. Nayan Kogta HUF
	19. Giriraj Allied Industries
	20. Giriraj Construction
	21. Giriraj Industries
	22. Giriraj Automobiles
	23. Nidhi Freight Carrier
	24. Easy Recovery Solutions
	25. Shri Nath Marble Mines
	26. Shri Giriraj Marble
	27. Jaipur Insurance Brokers
	28. Matangi Stonex LLP
	29. Kogta Housing Development Private Limited
	30. Alka Estates Private Limited
	31. Jaipur Promotors Private Limited

NOTES

on Financial Statements for the year ended March 31, 2020

B. Details of Transactions during the year with Related Parties

(Amount in lakh)

Nature of Transactions	Key Managerial Personnel		Relatives of Key Managerial Personnel	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Remuneration	126.32	106.11	35.00	-
Rent	2.40	2.40	20.64	16.89
Loans Accepted	1.34	5.00	210.57	190.53
Repayment made	1.34	5.00	218.80	220.77
Loans/ Advances Given	20.84	19.50	470.45	377.42
Repayment received	1.84	19.50	435.80	335.40
Commission	-	-	21.06	17.78
Servicing Income	-	-	74.89	32.99
Interest Paid	-	-	6.80	6.81
Interest Received	-	-	9.03	8.89
Processing Fees	-	-	0.33	-
Property Sold	-	42.25	-	42.25
Number of Share warrents issued	5,35,402	-	2,67,701	-
Share based payments				
Number of Stock options granted under ESOP 2018	3,000	3,000	-	-
Number of Stock options granted under ESOP 2019	7,000	-	-	-
BALANCE OUTSTANDING:				
Loans/ Advances Given	19.00	-	126.68	92.03
Loans Accepted	-	-	19.73	27.96

43. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

(Amount in lakh)

Particulars	March 31, 2020	March 31, 2019
Contingent Liabilities: -		
Claim not acknowledge as debt by the Company	-	-
Bill Discounted & Outstanding	-	-
Guarantee and Letter of Credit issued by banker on behalf of the Company (including guarantee given by the Company)	-	-
Capital commitments :-		
Estimated amount of the contract to be executed on capital account	-	-

NOTES

on Financial Statements for the year ended March 31, 2020

44. CAPITAL

(Amount in lakh)

S. No.	Particulars	March 31, 2020	March 31, 2019
i)	CRAR (%)	58.42	39.23
ii)	CRAR-Tier I Capital (%)	58.42	38.18
iii)	CRAR-Tier II Capital (%)	0.00	1.05
iv)	Amount of subordinated debt raised as Tier-II capital	-	1,500.00
v)	Amount raised by issue of Perpetual Debt Instruments	-	-

44.1 CRAR as at March 31, 2020 has been determined in accordance with the RBI Master Directions read with RBI notification RBI/2019-20/170, DOR(NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020 on implementation of Indian Accounting Standards. Accordingly, CRAR for March 31, 2019 is not comparable.

44.2 CRAR for the year ended March 31, 2019 has been calculated on the basis of financial statements prepared under IGAAP.

45. INVESTMENTS

(Amount in lakh)

	Particulars	March 31, 2020	March 31, 2019
1	**Value of Investments**		
	(i) Gross Value of Investments		
	(a) In India	-	-
	(a) Outside India	-	-
	(ii) Provisions for Depreciation		
	(a) In India	-	-
	(b) Outside India	-	-
	(iii) Net Value of Investments		
	(a) In India	-	-
	(b) Outside India	-	-
2	**Movement of provisions held towards depreciation on Investments**		
	(i) Opening Balance	-	-
	(ii) Add: Provisions made during the year	-	-
	(iii) Less: Write-off/ write-back of excess provisions	-	-
	(iv) Closing balance	-	-

46. DERIVATIVES

a. Forward Rate Agreement/Interest Rate Swap

The Company has no transactions/exposure in forward rate agreement/interest rate swap during 2019-20 and 2018-19.

b. Exchange Traded Interest Rate (IR) Derivatives

The Company has no transactions/exposure in exchange traded interest rate (IR) derivatives during 2019-20 and 2018-19.

c. Currency derivatives and interest rate derivatives

The Company has no transactions/exposure in currency or interest rate derivatives during 2019-20 and 2018-19.

NOTES

on Financial Statements for the year ended March 31, 2020

47. DETAILS OF FINANCIAL ASSETS SOLD TO SECURITIZATION/RECONSTRUCTION COMPANY FOR ASSET RECONSTRUCTION

The Company has not sold any financial assets to Securitisation/Reconstruction Company for asset Reconstruction during 2019-20 & 2018-19.

48. VALUE OF IMPORTS CALCULATED ON CIF BASIS

The Company has not imported any goods therefore value of import on CIF basis is Nil. (As on March 31, 2019 – Nil).

49. EXPENDITURE IN FOREIGN CURRENCY

The Company does not have any expenditure in Foreign Currency (As on March 31, 2019 – Nil).

50. EARNING IN FOREIGN CURRENCY

The Company does not have any earnings in Foreign Currency (As on March 31, 2019 – Nil).

51. DISCLOSURES RELATING TO SECURITIZATION

The Company has securitized its portfolio through SPV route. The MRR and other exposure details are given herein below:

(Amount in lakh)

S. No.	Particulars	No. / Amount	
		March 31, 2020	March 31, 2019
1	No of SPVs sponsored by the NBFC for securitization transactions	10	7
2	Total amount of securitized assets as per books of the SPVs sponsored	13,761.00	12,473.60
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures		
	First loss	388.43	388.43
	Others	-	-
	b) On-balance sheet exposures		
	First loss (in the form of fixed deposit)	1,623.07	990.83
	Others	-	-
4	Amount of exposures to securitization transactions other than MRR		
	a) Off-balance sheet exposures		
	(i) Exposure to own Securitization		
	First loss	-	-
	Others*	131.46	131.46
	(ii) Exposure to third party securitizations		
	First loss	-	-
	Others	-	-
	b) On-balance sheet exposures		
	(i) Exposure to own Securitization		
	First loss	-	-
	Others	-	-
	(ii) Exposure to third party securitizations		
	First loss	-	-
	Others	-	-

*Others include second loss credit enhancement.

NOTES

on Financial Statements for the year ended March 31, 2020

52. DISCLOSURE OF ASSIGNMENT TRANSACTIONS UNDERTAKEN

The company has undertaken 2 assignment transactions during the year ended March 31, 2020 (P.Y. 2 transactions). Details are given below:

(Amount in lakh)

	Particulars	March 31, 2020	March 31, 2019
(i)	No. of accounts	3202	1100
(ii)	Aggregate value (net of provisions) of accounts sold (₹)	6272.34	3325.74
(iii)	Aggregate consideration (₹)	6272.34	3325.74
(iv)	Additional consideration realized in respect of accounts transferred in earlier years (₹)	-	-
(v)	Aggregate gain/(loss) over net book value (₹)	-	-

53. DETAILS OF NON-PERFORMING FINANCIAL ASSETS PURCHASED/SOLD

The Company has neither purchased nor sold any non performing financial asset during 2019-20 and 2018-19.

54. ASSET LIABILITY MANAGEMENT MATURITY PATTERN OF CERTAIN ITEMS OF ASSETS AND LIABILITIES

(Amount in lakh)

For the year 2019-20	Deposits	Advances*	Investments	Borrowings	Foreign Currency assets	Foreign Currency liabilities
1 to 7 days	-	1,737.47	-	592.38	-	-
8 to 14 days	-	3.16	-	15.37	-	-
15 to 30/31 days	-	920.41	-	3,832.78	-	-
Over 1 month up to 2 month	-	2,339.88	-	2,219.88	-	-
Over 2 months up to 3 months	-	2,894.48	-	4,256.09	-	-
Over 3 month & up to 6 month	-	7,257.15	-	7,419.08	-	-
Over 6 month & up to 1 year	-	16,139.95	-	24,799.00	-	-
Over 1 year & up to 3 years	-	44,267.31	-	23,662.35	-	-
Over 3 years & up to 5 years	-	13,061.02	-	1,259.82	-	-
Over 5 years	-	9,434.61	-	-	-	-
Total	**-**	**98,055.45**	**-**	**68,056.74**	**-**	**-**

For the year 2018-19	Deposits	Advances*	Investments	Borrowings	Foreign Currency assets	Foreign Currency liabilities
1 to 7 days	-	733.22	-	450.08	-	-
8 to 14 days	-	813.70	-	19.33	-	-
15 to 30/31 days	-	272.15	-	1,586.95	-	-
Over 1 month up to 2 month	-	2,206.72	-	1,877.48	-	-
Over 2 months up to 3 months	-	2,261.91	-	2,139.79	-	-
Over 3 month & up to 6 month	-	6,307.49	-	5,358.51	-	-
Over 6 month & up to 1 year	-	12,535.57	-	19,989.97	-	-
Over 1 year & up to 3 years	-	30,769.05	-	20,762.65	-	-
Over 3 years & up to 5 years	-	6,182.21	-	296.06	-	-
Over 5 years	-	3,769.59	-	-	-	-
Total	**-**	**65,851.60**	**-**	**52,480.82**	**-**	**-**

*Advances are net of ECL provision.

NOTES
on Financial Statements for the year ended March 31, 2020

54.1 Classification of assets and liabilities under the different maturity buckets is based on the same estimates and assumptions as used by the Company for compiling the return submitted to the RBI.

54.2 The maturity pattern of advances has been presented considering the effect of revised contractual dues of loans pursuant to moratorium granted to its borrowers upto May 31, 2020, as described in Note No 54. Such maturity pattern does not reflect additional moratorium upto August 31, 2020 allowed by the RBI vide its notification dated May 23, 2020 as it represents an event subsequent to the date of these standalone financial statements.

54.3 The maturity pattern of borrowings has been presented considering the effect of moratorium on contractual repayments upto May 31, 2020 to the extent confirmed by the lenders subsequently.

55. EXPOSURE TO REAL ESTATE SECTOR

The Company has exposure to real estate sector as on March 31, 2020 and March 31, 2019 which is given herein below:

(Amount in lakh)

	Category	March 31, 2020	March 31, 2019
A	**Direct Exposure (Fund and Non Fund Based)**		
(i)	Residential Mortgages-		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	-	-
(ii)	Commercial Real Estate-		
	Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.).	259.27	297.64
(iii)	Investments in Mortgage Backed Securities		
	(MBS) and other securitized exposures-		
	a. Residential	-	-
	b. Commercial Real Estate	-	-
	Total Exposure to Real Estate Sector	**259.27**	**297.64**
B	**Indirect Exposure (Fund and Non Fund Based)**	**-**	**-**

56. EXPOSURE TO CAPITAL MARKET

The Company has no exposure to capital market as on March 31, 2020 and March 31, 2019

57. DETAILS OF (SGL)/GROUP BORROWER LIMIT (GBL) EXCEEDED BY THE COMPANY

The prescribed exposure limit of credit and investment concentration of single party and single group of parties has not exceeded during the year 2019-20 and 2018-19.

58. ADVANCES AGAINST INTANGIBLE SECURITY

No finance has been made against the collateral of intangible security such as rights, licenses, authorizations, etc. in respect of projects (including infrastructure projects) during the year 2019-20 and 2018-19.

59. PROVISIONS AND CONTINGENCIES

(Amount in lakh)

Particulars	March 31, 2020	March 31, 2019
Break up of 'Provisions and Contingencies' shown under the head Expenditure in Statement of Profit and Loss		
Provisions for depreciation on Investment	-	-
Provision towards NPA (Expected credit loss on Stage 3 assets)	276.00	117.88
Provision made towards Income tax (Net of Deferred Tax)	747.70	441.31
Other Provision and Contingencies	32.33	7.91
Provision for standard Assets (Expected credit loss on Stage 1 & 2 assets)	(291.27)	444.59

NOTES

on Financial Statements for the year ended March 31, 2020

60. DRAW DOWN FROM RESERVES

No reserves have been draw down during the financial year 2019-20 and 2018-19 except as disclosed in the part (b) of statement of changes in equity.

61. CONCENTRATION OF ADVANCES

(Amount in lakh)

Particulars	March 31, 2020	March 31, 2019
Total Advances to twenty largest borrowers	1,496.10	1,598.82
Percentage of Advances to twenty largest borrowers to total advances of the NBFC	1.50%	2.37%

62. CONCENTRATION OF EXPOSURES

(Amount in lakh)

Particulars	March 31, 2020	March 31, 2019
Total Exposure to twenty largest borrowers/customers	1,496.10	1,598.82
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the NBFC on borrowers/customers	1.50%	2.37%

63. CONCENTRATION OF NPAs

(Amount in lakh)

Particulars	March 31, 2020	March 31, 2019
Total Exposure to top four NPA accounts	139.95	110.02

64. SECTOR-WISE NPAs

S. No.	Sector	Percentage of NPAs to Total Advances in that sector	
		March 31, 2020	March 31, 2019
1	Agriculture & allied activities	0.00%	0.00%
2	MSME	2.39%	2.20%
3	Corporate borrowers	0.00%	0.00%
4	Services	0.00%	0.00%
5	Unsecured personal loans	0.00%	0.00%
6	Auto loans	3.43%	3.06%
7	Other personal loans	0.00%	0.00%

65. MOVEMENT OF NPAs

(Amount in lakh)

	Particulars	March 31, 2020	March 31, 2019
(i)	Net NPAs to Net Advances (%)	2.62%	2.43%
(ii)	Movement of NPAs(Gross)		
	(a) Opening balance	1,998.85	1,485.96
	(b) Additions during the year	2,929.82	1,709.71
	(c) Reductions during the year	1,714.79	1,196.81
	(d) Closing balance	3,213.88	1,998.85

NOTES

on Financial Statements for the year ended March 31, 2020

(Amount in lakh)

	Particulars	March 31, 2020	March 31, 2019
(iii)	Movement of Net NPAs		
	(a) Opening balance	1,599.88	1,191.45
	(b) Additions during the year	2,338.86	1,367.88
	(c) Reductions during the year	1,374.00	959.45
	(d) Closing balance	2,564.74	1,599.88
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	(a) Opening balance	398.97	294.52
	(b) Provisions made during the year	590.95	341.83
	(c) Write-off/write-back of excess provisions	340.79	237.37
	(d) Closing balance	649.14	398.97

66. OVERSEAS ASSETS (FOR THOSE WITH JOINT VENTURES AND SUBSIDIARIES ABROAD)

The Company does not have any joint venture or subsidiary overseas.

67. OFF-BALANCE SHEET SPVS SPONSORED

The Company does not have any off balance sheet SPV sponsored either domestic or overseas.

68. DISCLOSURE OF CUSTOMER COMPLAINTS

S. No.	Particulars	March 31, 2020	March 31, 2019
1	No. of complaints pending at the beginning of the year	-	-
2	No. of complaints received during the year	1	-
3	No. of complaints redressed during the year	1	-
4	No. of complaints pending at the end of the year	-	-

69. TRANSACTION WITH NON-EXECUTIVE DIRECTORS

(Amount in lakh)

S. No.	Name of Non-Executive Director	Transaction Type	March 31, 2020	March 31, 2019
1	Mr. P R Kalyanaraman	Payment of sitting fees	2.09	0.61
2	Mr. Ram Dayal Modi	Payment of sitting fees	-	0.50
3	Mrs. Bhama Krishnamurthy	Payment of sitting fees	0.21	-
4	Mr. Kumar Sharadindu	Payment of sitting fees	1.32	-
5	Mrs. Shashikala Ramachandra	Payment of sitting fees	0.30	-

70. DETAILS OF FINANCING OF PARENT COMPANY PRODUCTS

There is no parent Company to finance any product.

71. POSTPONEMENT OF REVENUE RECOGNITION

There is no significant uncertainty which requires postponement of revenue recognition.

72. DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER THE MSMED ACT, 2006

Payment against the supplies from the undertakings covered under the Micro, Small & Medium Enterprises Development Act, 2006 are generally made in accordance with the agreed credit terms.

NOTES

on Financial Statements for the year ended March 31, 2020

On the basis of information and record available with the management, the details of the outstanding balances of such suppliers and interest due on such accounts as on March 31, 2020 is Nil. (as on March 31, 2019 is Nil).

The Company has neither paid any interest nor such amount is payable to buyer covered under the MSMED Act, 2006.

73. DETAILS OF RATINGS ASSIGNED BY CREDIT RATING AGENCIES AND MIGRATION OF RATINGS DURING THE YEAR

The Company has been assigned following credit rating from all rating agencies during the financial year ended March 31, 2020

S. No.	Instrument	Rating agency	Date of rating assigned/ reviewed	Rating valid upto	Rating assigned 2019-20	Rating assigned 2018-19
1	Bank Loan Rating	CARE	January 03, 2020	January 03, 2021	A-/Stable	BBB+/ Stable
2	Non-Convertible Debentures	CARE	January 03, 2020	January 03, 2021	A-/Stable	BBB+/ Stable
3	Non-Convertible Debentures	ICRA	November 03, 2019	November 04, 2020	ICRA AA(CE)/Stable	NA
4	Term Loan rating	ICRA	November 04, 2019	November 04, 2020	ICRA A(CE)/Stable	NA
5	Sub-ordinated Debt	CRISIL	NA	NA	NA	BBB/ Positive

74. DETAILS OF IMPAIRMENT LOSS ALLOWANCE RESERVE

(Amount in lakh)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
1	2	3	4	(5)=(3)-(4)	6	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	88,417.19	760.79	87,656.40	353.67	(407.12)
	Stage 2	8,111.84	277.52	7,834.32	296.25	18.73
Subtotal		**96,529.02**	**1,038.31**	**95,490.71**	**649.92**	**(388.39)**
Non-Performing Assets (NPA)						
Substandard	Stage 3	2,902.41	589.09	2,313.32	290.24	(298.85)
Doubtful						
Up to 1 year	Stage 3	311.47	60.05	251.42	62.29	2.25
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		311.47	60.05	251.42	62.29	2.25
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**3,213.88**	**649.14**	**2,564.74**	**352.53**	**(296.60)**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-

NOTES

on Financial Statements for the year ended March 31, 2020

(Amount in lakh)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
1	2	3	4	(5)=(3)-(4)	6	(7) = (4)-(6)
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		**-**	**-**	**-**	**-**	**-**
Total	Stage 1	88,417.19	760.79	87,656.40	353.67	(407.12)
	Stage 2	8,111.84	277.52	7,834.32	296.25	18.73
	Stage 3	3,213.88	649.14	2,564.74	352.53	(296.60)
Grand Total		**99,742.90**	**1,687.44**	**98,055.46**	**1,002.45**	**(684.99)**

*Loss allowances (Provision) as required under Ind AS 109 is greater than the provision required as per IRACP norms, hence the Company is not required to create impairment reserve.

75. DETAILS IN RESPECT OF MORATORIUM BENEFIT EXTENDED TO THE CUSTOMERS

(Amount in lakh)

Particulars	Amount
Amounts in SMA/overdue categories, where the moratorium/deferment was extended	15,924.69
Amount where asset classification is extended	5,276.05
Provision made during Q4FY2020 in terms of RBI guideline where asset classification benefit is extended (a)	263.80
Provision adjusted during the respective period against slippages (b)	-
Residual provisioning after above (a-b)	263.80

76. DISCLOSURE ON LIQUIDITY RISK

Disclosure on Liquidity Risk, as per extant RBI guidelines on Liquidity Risk Management Framework for Non-Banking Financial Companies as at March 31, 2020 is as follows:

A. Funding Concentration based on Significant Counterparty

(Amount in lakh)

Number of Significant Counterparties	Amount	% of Total Deposits	% of Total Liabilities
18	64,682.29	-	91.41%

B. Top 20 Large Deposits (amount in ₹ lakhs and % of Total Deposits) - Not Applicable

NOTES

on Financial Statements for the year ended March 31, 2020

C. Top 10 Borrowings

(Amount in lakh)

Particulars	Amount
Total Value of top 10 Borrowings	29107.82
% of Total Borrowings	41.13%

D. Funding Concentration based on Significant Instrument/Product

(Amount in lakh)

Sr. No.	Name of the Instrument/Product	Amount	% of Total Liabilities
1	Term Loans	46,630.33	65.90%
2	Working Capital / Line of Credit /Overdraft facilities	12,813.91	18.11%
3	Commercial Papers	-	0.00%
4	Non-Convertible Debentures	8,592.78	12.14%
	Total	**68,037.01**	**96.15%**

E. Stock Ratios

Sr. No.		Name of the Instrument/Product	%
1)	a	Commercial Papers as a % of Total Public Funds	0.00%
	b	Commercial Papers as a % of Total Liabilities	0.00%
	c	Commercial Papers as a % of Total Assets	0.00%
2)	a	Non-Convertible Debentures (original maturity of less than one year) as a % of Total Public Funds	0.00%
	b	Non-Convertible Debentures (original maturity of less than one year) as a % of Total Liabilities	0.00%
	c	Non-Convertible Debentures (original maturity of less than one year) as a % of Total Assets	0.00%
3)	a	Other Short-Term Liabilities as a % of Total Public Funds	18.86%
	b	Other Short-Term Liabilities as a % of Total Liabilities	18.14%
	c	Other Short-Term Liabilities as a % of Total Assets	10.22%

F. Institutional set-up for Liquidity Risk Management

The Board has the overall responsibility for management of liquidity risk. The Board decides the strategy, policies and procedures to manage liquidity risk in accordance with the liquidity risk tolerance/limits approved by it. The Risk Management Committee (RMC), which is a committee of the Board, is responsible for evaluating the overall risks faced by AFL including liquidity risk. The meetings of RMC are held at quarterly intervals. The Asset Liability Management Committee (ALCO) is responsible for ensuring adherence to the risk tolerance/limits set by the Board as well as implementing the liquidity risk management strategy. The role of the ALCO with respect to liquidity risk includes, inter alia, decision on desired maturity profile and mix of incremental assets and liabilities, responsibilities and controls for managing liquidity risk, and overseeing the liquidity positions at an entity level. The minutes of ALCO meetings are placed before the RMC during its quarterly meetings for its noting.

NOTES

on Financial Statements for the year ended March 31, 2020

77. MISCELLANEOUS

a The Company operates in a single reportable segment i.e. lending to retail customers under various product lines, having similar risks and returns for the purpose of Ind AS 108 on 'Operating Segments'. The Company operates in a single geographic segment i.e. domestic.

b The Company has not obtained registration from other financial sector regulators except Reserve Bank of India.

c No penalties were imposed by the regulator during the year during the financial year ended March 31, 2020, (March 31, 2019: Nil)

d Previous year figures have been regrouped/ rearranged to conform to current year classification.

The accompanying notes are forming part of financial statements

As per our attached report of even date

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Reg. No. : 301003E/E300005

Sd/-
per **Shrawan Jalan**
Partner
Membership No.: 102102

Place: Mumbai
Date: June 18, 2020

For and on behalf of the Board of Directors
of **Kogta Financial (India) Limited**

Sd/-
R. K. Kogta
(Chairman)
DIN 00197552

Sd/-
Arun Kogta
(Managing Director & CEO)
DIN 05109722

Sd/-
Varun Kogta
(Executive Director & CFO)
DIN 06844307

Sd/-
Rahul Agrawal
(Company Secretary)
Membership No. A34034

Place: Jaipur
Date: June 18, 2020

Kogta Financial (India) Limited
Kogta House, Azad Mohalla, Bijainagar,
District Ajmer - 305 624 (Rajasthan) India.
Email: info@kogta.in
www.kogta.in

Concept, Content & Design
WYATT Prism COMMUNICATIONS (info@wyatt.co.in)