

BUILT FOR GROWTH, NOW AND FOR YEARS TO COME



CONTENTS

01-13

Corporate Overview

About Us 02

Strength and Support to Scale Growth 04

Our Growth Journey 06

Key Lenders 07

Executive Message 08

Performance Highlights 10

Inspiring Us Towards Growth 11

Corporate Social Responsibility 12

14-66

Statutory Reports

Management Discussion and Analysis 15

Board of Directors 21

Board's Report 23

68-104

Financial Statements



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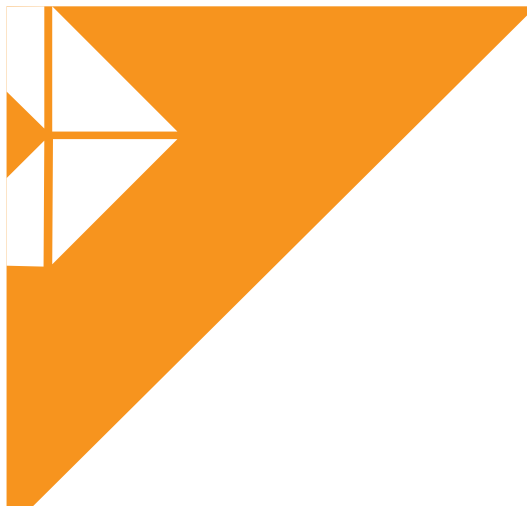




At Kogta Financial (India) Limited, we are committed to partner the aspirations of underserved India. Through a deep understanding of our target customer segments, growing presence, vast experience, use of technology solutions and a robust business model, we are actively reaching out to provide credit to a diverse group of borrowers. By providing innovative financial solutions for meeting unfulfilled goals, we aim to unleash the potential of those at the bottom-of-the-pyramid.

By supporting the growth of all sections of the society, we too have scaled up our growth. In the past three years, our Assets Under Management (AUM) have multiplied four and a half times. Our agenda of driving financial inclusion has received further impetus through the infusion of new investments into the Company. With our capital base reinforced, we are emboldened to expand our operations and enter new geographies.

THE EXPANSION OF FINANCIAL SERVICES TO ALL SECTIONS OF SOCIETY IS OF UTMOST IMPORTANCE FOR SUSTAINED AND EQUITABLE ECONOMIC GROWTH. BY FOSTERING FINANCIAL INCLUSIVENESS, AT KOGTA FINANCIAL (INDIA) LIMITED, WE ARE BUILT FOR GROWTH, NOW AND FOR YEARS TO COME.



ABOUT US

Incorporated in 1996, Kogta Financial (India) Limited is a fast-growing retail-focussed Non-Banking Finance Company (NBFC) with over two decades of experience in asset financing. We have serviced loans to over 75,000 customers in western India through our expanding branch network across the states of Maharashtra, Rajasthan, Gujarat, Madhya Pradesh and Delhi NCR. Our success is built on the strong foundations of dedicated customer service, fair business practices and efficient, safe and trusted financial policies. We are led by a highly experienced Senior and Mid-management besides experienced promoters at the helm, which has further strengthened our growth potential.

We offer financing for commercial vehicles, tractors and cars, besides small-ticket loans against property to micro, small and medium enterprises. Our borrower profile comprises farmers, small road transporters, taxi operators, first-time borrowers, small-scale industry entrepreneurs, small mining operators, retail traders, small and medium fleet owners and self-employed. Our aim is to grow into one of India's leading NBFCs, guided by our strong management and supported by private equity firms.



Vision

To become a “Trusted and Innovative” Financial Service Provider in India



Mission

To provide financial products to more and more customers in a “most friendly, professional manner” and to give growth to all our stakeholders

Values



Great Service
Best serve our customers



Excellence
In every work we do



Integrity
Keep commitments and be ethical



Growth
Growth for all stakeholders



Innovation
Seek, imagine, create



Respect
Respect for all

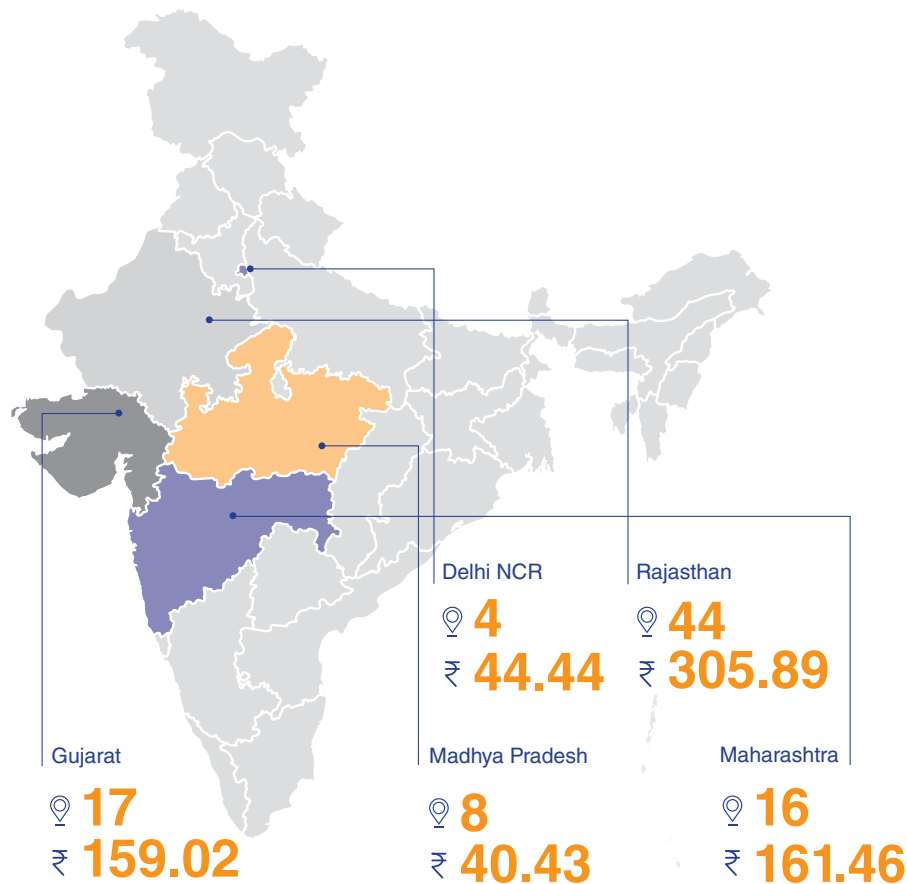


Great Work Culture
We all need balance in life



Teamwork
Our success depends on working together

Geographic Presence



📍 No. of Branches ₹ AUM (₹ in Cr)

Endorsing our Growth Commitment

⬆️ **64.8%**
Revenue Growth in FY 2018-19

⬆️ **35.1%**
PAT Growth in FY 2018-19

⬆️ **₹711.24Cr**
Assets under Management
4.5x
Growth in 3 years
(as on March 31, 2019)

⬆️ **90+**
Branches across 7 states

⬆️ **950+**
Employees
3x
Growth in 3 years
(as on March 31, 2019)

Product Portfolio



Light Commercial Vehicle Loan



Tractor Loan



Heavy Commercial Vehicle Loan



MSME Loan



Car Loan



Loan against Property

⬆️ **23,500+**
Active customers and
75,000+ customers since
inception

STRENGTH AND SUPPORT TO SCALE GROWTH

Growth is our legacy. And we are committed to make it our future as well. Our ambition received a big impetus through landmark developments during the year, even while we continue to reinforce our capabilities.

Infusion of Funds by Marquee Investors

We are pleased to share that we raised ₹154.25 Crores (US\$22 Million) through a second round of institutional funding led by a fund managed by Morgan Stanley Private Equity Asia (MSPEA) and existing investor IIFL Seed Ventures. While MSPEA invested ₹114.25 Crores for a minority stake, IIFL Seed Ventures infused ₹40 Crores into our Company. Our net worth multiplied three-fold with the private equity fund infusion, thereby considerably strengthening our balance sheet. The successful fund raise endorses our investors' confidence in our business model to capture emerging opportunities in the vehicle finance and MSME space and our growth potential.

The improved financial structure will further enhance the conviction of credit rating agencies and lenders in our business. We will be leveraging this position of strength to expand our operations and enter new geographies without compromising on our credit

quality. We are also geared towards further strengthening our information technology (IT) systems with the equity fund proceeds. Our IT systems have been a key enabler towards achieving scale and differentiation in our business. Supported by these investments, we will continue to emphasise on the deployment of cutting-edge technology to drive customer reach, robust risk management, disciplined underwriting and better decision-making.

The NBFC sector presents immense opportunity, and the experience and support of our esteemed partners will serve as a catalyst in accelerating our growth momentum. MSPEA is one of the leading private equity investors in Asia-Pacific, with an investment experience of over two decades in this region. IIFL Seed Ventures is a fund of IIFL Asset Management Limited which has emerged as a strong private equity platform with its impressive track record in a short span of two years. The first institutional investor in our Company,

IIFL Seed Ventures have guided us since their first investment in 2016. Bolstered by the expert capabilities and support of both our marquee investors, the best part of our growth journey has just begun.

The successful fund raise endorses our investors' confidence in our business model to capture emerging opportunities in the vehicle finance and MSME space and our growth potential.

Strong Capabilities for Stronger Performance

Experienced management

The Company is led by experienced management at the helm who are ably supported by professional operational teams.

Diversified product portfolio

We have a comprehensive product portfolio covering vehicle financing, loans to MSME and loan against property.

Strong credit and risk assessment framework

Our lending framework is based on pricing the risk appropriately by combining the borrower's profile and the product against which the loan is taken.

Issuance of First-Of-Its-Kind Bond Offering

At Kogta Financial (India) Limited, we have always been inspired to be innovative in our business – be it in our product offerings, use of technology or our business expansion methods. This innovative mindset was amply reinforced when we raised ₹25 Crores through the country's first-ever covered bond offering. Our covered bond issuance is a historic milestone in the Indian debt capital market. Ratings agency ICRA assigned AA-structured obligation rating for our non-convertible debentures with the covered structure.

Covered bonds are considered to be a safer investment option than the traditional bonds as the former provides additional guarantee to the investor in the shape of claims on the dedicated assets pool of the issuer. As per the requirements of the covered bond issuance, we have created hypothecation on vehicle loan receivable for a cover pool with principal amount of ₹29.24 Crores. Non-Banking Financial Company, Northern Arc Capital, helped structure the issuance, while Sundaram Mutual Fund has invested in it.

With our covered bonds providing dual recourse (our balance sheet and legally ring-fenced bankruptcy protected pool

of assets), this refinancing instrument benefits investors. At the same time, the two-pronged support to our covered bonds makes it a high rated debt security and enables us to reach out to altogether a different investor base. Our covered bonds provide us with an efficient, lower-cost way to expand our business, as the debt securities are collateralised against a pool of assets, as against the issue of unsecured debt instruments.

Worldwide, covered bonds are a 2.5 Trillion Euro market. Through our landmark issuance, we are extremely proud to demonstrate that covered bonds can be successful in the Indian market as well. Further, we have proved that covered bonds can be structured using general legal principles. Our pioneering step taken will provide an impetus to the growth of the Indian covered bond market. This, in turn, will benefit the growth of the entire NBFC sector to take us closer towards the realisation of an inclusive India.

At Kogta Financial (India) Limited, we have always been inspired to be innovative in our business – be it in our product offerings, use of technology or our business expansion methods. This innovative mindset was amply reinforced when we raised ₹25 Crores through the country's first-ever covered bond offering.



Technology edge

We have deployed an in-house developed online and app-based ERP platform, which facilitates online customer loan management and algorithm-based credit assessment.

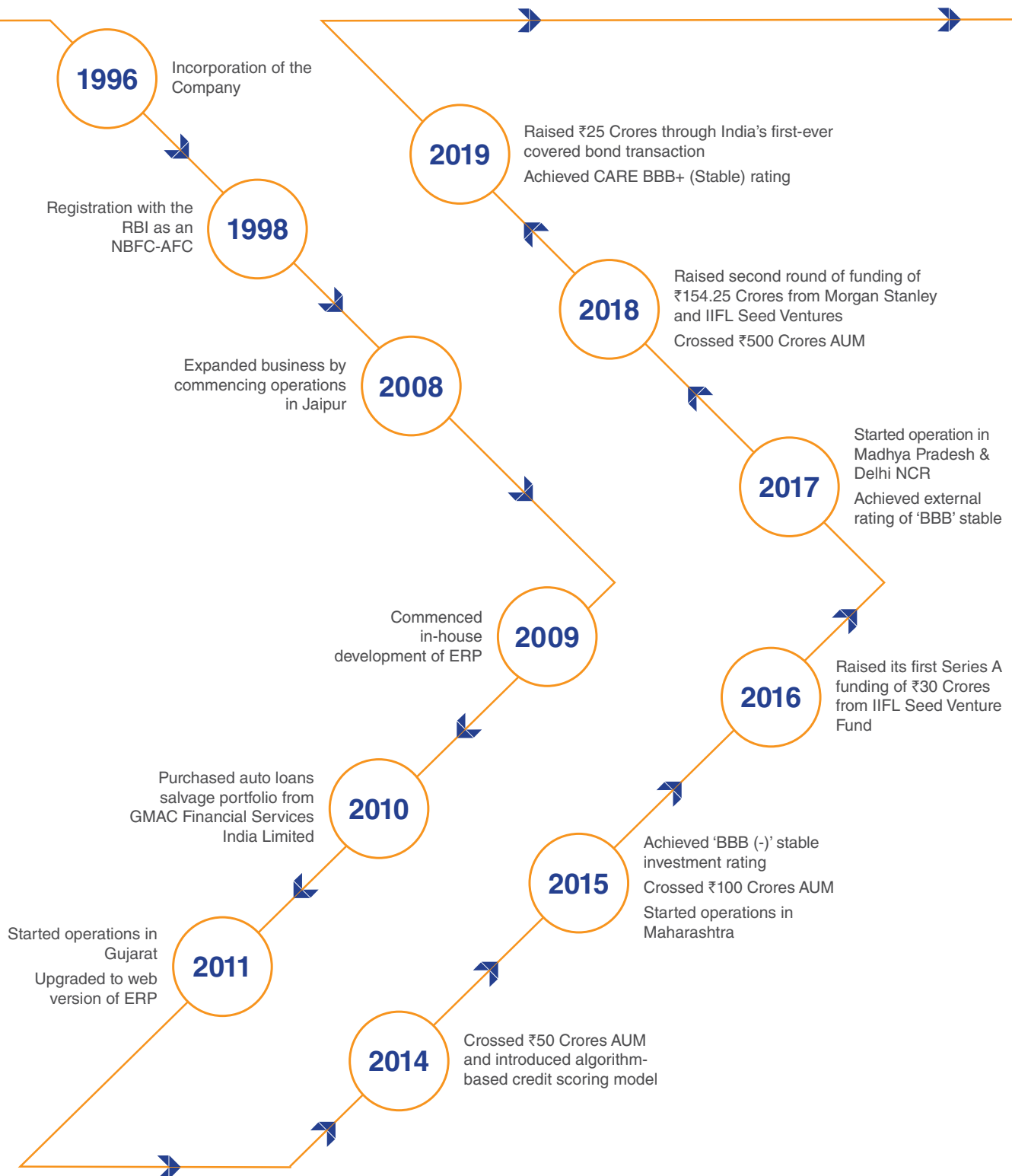
Growing network

We have a wide distribution network in western and central India. By understanding local dynamics and then expanding to nearby regions, we are further deepening our footprint.

Healthy liquidity profile

We are funded by marquee private equity investors and have a diversified set of lenders. During the year, our credit ratings improved from Triple B to Triple B Plus while rating outlook continued to remain stable.

OUR GROWTH JOURNEY



KEY LENDERS

Banks



Financial Institutions



Small Finance Banks:



Debt Funds

EXECUTIVE MESSAGE



Dear Shareholders,

It gives me great pleasure to connect with you at the end of another year and share with you the Annual Report of our Company. The achievement of significant milestones in FY 2018-19 puts us in a stronger position for fostering financial inclusion and contributing to sustained economic growth while building on our performance as well.

India's Non-Banking Financial Companies (NBFC) sector continues to remain at the forefront in providing financial solutions to the unorganised and underserved segments of the economy. Through frequent interactions with their customer segments, a deep understanding of their needs and by leveraging technology in credit deployment, NBFCs have enhanced customer experience of products and services. This has enabled them to create a niche for themselves in areas where commercial banks have failed to expand. The retail and MSME segments, in particular, have been key growth areas for NBFCs.

While the second half of FY 2018-19 was challenging for the sector due to liquidity squeeze leading to an increase in borrowing costs, the situation has since then improved considerably. Timely intervention taken by the Reserve Bank of India (RBI) is expected to free up capital for banks for further lending and also slash borrowing costs for well-rated NBFCs. As per industry reports, retail NBFCs are likely to witness improvement in liquidity conditions and growth revival during the second half of FY 2019-20.

At Kogta Financial (India) Limited, our robust business model, coupled with our in-depth understanding of local needs, enabled us to report a strong performance despite market headwinds. Our disbursement stood at ₹561.29 Crores, which was 40.18% more than our previous year's disbursements. Total Assets under Management (AUM) stood at ₹711.24 Crores at the end of this fiscal, an increase of 65.98% over the previous year. Our financial performance was also commendable as we achieved a net profit before tax and exceptional items of ₹16.34 Crores from continuing operations, reflecting a growth of 63.07% over the

corresponding figure of ₹10.02 Crores for the previous year. Our Gross and Net Non-Performing Assets (NPA) stood at ₹18.59 Crores (3.39% of total loan receivables) and ₹16.05 Crores (2.93% of total loan receivables) respectively in FY 2018-19 when compared to ₹10.78 Crores (3.09% of total loan receivables) and ₹9.41 Crores (2.71% of total loan receivables) respectively in the previous year. This was achieved on the back of a strong credit and risk assessment framework along with a well-regulated and data-driven loan collection and recovery system.

A significant achievement for the Company was securing private equity investments amounting to ₹154.25 Crores from Morgan Stanley Private Equity Asia and IIFL Seed Ventures. Another highlight was our successful issuance of the first-ever covered bonds in the country. We successfully raised ₹25 Crores through this landmark transaction. With these investments, we have tripled our net worth. Additionally, led by the experience and expertise of our marquee investors, we are confident of reaching new heights in our business. In absolute terms, the Company's net worth stood at ₹229.53 Crores as on March 31, 2019. Our Capital Adequacy Ratio stood at 39.23%, well above the statutory requirement of 15%, underpinning our strong focus on maintaining asset quality.

As the vision of New India gathers momentum, it is essential that all sections of the society take part in the progress and development of the country. Financing solutions must be made available to people who reside in smaller towns and rural areas, as well as those living in urban areas but do not have access to funds from banks. With our innovative product offering comprising

vehicle financing, loans against property, and loans to micro, small and medium enterprises (MSMEs), we are well-placed to foster financial inclusion. Our growing presence and local expertise also make us confident about increasing our loan disbursements. Finally, we recognise that the requirement for credit will rise more than proportionately as India grows; powered by our experience in asset financing, we are ready to step up to the challenge.

Our constant endeavour has been to build trust and deliver long-term value, and we remain steadfast to this commitment. I would like to take this opportunity to thank our financing partners for their constant support and encouragement. With their continued confidence, we remain upbeat about expanding our business and creating better value for all. Our employees across all our locations, through their energy, perseverance and dedication, have played a key role in enabling us to deliver on our objectives. On behalf of the Board of Directors, I express our sincere appreciation for their efforts. There is so much opportunity identified across our business, and with disciplined execution of our plans, we are confident of an exciting growth trajectory.

Thank you for your investment in the Company.

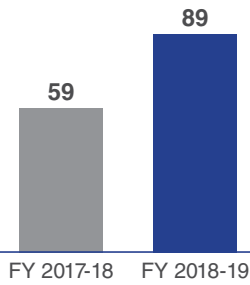
Warm regards,



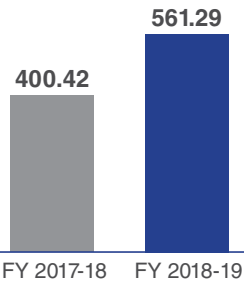
Arun Kogta
MD and CEO

PERFORMANCE HIGHLIGHTS

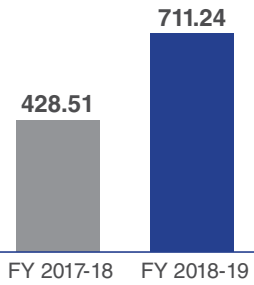
Network Expansion



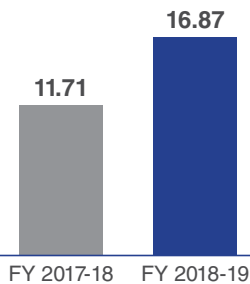
Total Disbursements (₹ in Cr)



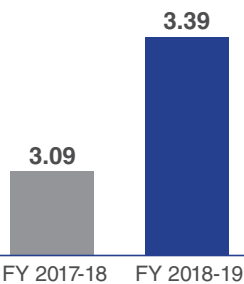
Total AUM (₹ in Cr)



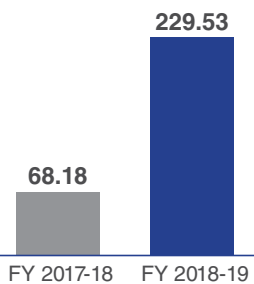
Net Profit Before Tax (₹ in Cr)



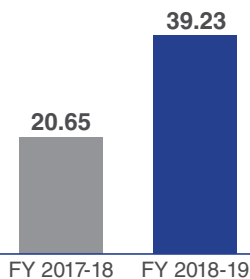
Gross NPA (%)



Net Worth (₹ in Cr)



Capital Adequacy Ratio (%)



INSPIRING US TOWARDS GROWTH



Mr. Radha Krishan Kogta
Chairman



Mr. Arun Kogta
Managing Director & CEO



Mr. Varun Kogta
Whole Time Director & CFO



Mr. P. R. Kalyanaraman
Independent Director



Ms. Bhama Krishnamurthy
Independent Director



Mr. Amit Mehta
Investor Nominee Director



Mr. Arjun Saigal
Investor Nominee Director



CORPORATE SOCIAL RESPONSIBILITY

At Kogta, we believe in holistic development. In our Journey of Growth during FY 2018-19, we also focussed on transforming the lives of communities in the key areas of Healthcare and Education. Following CSR initiatives were undertaken during the year under review:

Healthcare



At Kogta Financial (India) Limited, we believe everyone has a right to clean and safe drinking water for good health. Keeping this belief in mind, we contributed towards the preparation of sheltered drinking water facility and installation of water cooler at Bijainagar School, Rajasthan. Through this intervention, we aim to provide drinking water facilities to children coming from nearby districts and to the local communities to ensure sound health and welfare for all.



Education



Promoting education to enhance livelihoods has always been at the heart of our CSR agenda. We envision providing a safe and conducive environment for child education and nurture holistic development. Towards this, we made a donation to a school situated in Pushkar, Rajasthan. Focus is on enabling the young ones to grow into capable, responsible, educated and self-sufficient citizens.





MANAGEMENT DISCUSSION AND ANALYSIS



MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMIC OVERVIEW

Global economy

World Output grew slower at 3.6% in 2018 as compared to 3.8% growth in 2017 due to elevated trade tensions, softening in manufacturing, weak financial market sentiments, new fuel emission standards in Germany, natural disasters in Japan, concerns about China's outlook, and deceleration in industrial production outside the United States (US). Economic growth in advanced economies is expected to slow from 2.2% in 2018 to 1.8% in 2019 and 1.7% in 2020. Growth in emerging markets is also expected to slow from 4.5% in 2018 to 4.4% in 2019 and gradually pickup to 4.8% in 2020. World Output is projected to grow by 3.3% in 2019 and 3.6% in 2020 impacted by slowing external demand, rising borrowing costs, and persistent policy uncertainties.

(Source: IMF World Economic Outlook April 2019)

Indian economy

As per the second advance estimates of Central Statistics Office (CSO), India's gross domestic product (GDP) is likely to grow at 6.98% in FY 2018-19. Delayed decision-making due to general elections, weak consumer spending and investments, and marked slowdown in manufacturing sector impacted growth. Near-term growth may see pickup led by the announcement in Interim Budget 2019-20 on direct cash transfer programme for farmers and the middle-class tax relief measures. Election-related spending by different political parties will also give a push to consumption. The Government infused capital into public sector banks and the application of the Prompt Corrective Action framework, requiring timely recognition of bad loans, and resolution through the Insolvency and Bankruptcy Code, are strong moves to ensure high asset quality of the banking system. Continued investment in Government policies towards public spending and infrastructure development provides robust growth prospects for the nation.

(Source: CSO, IMF)

INDUSTRY OVERVIEW

NBFCs in India

India remains under-penetrated in retail and MSME lending, with household credit to GDP ratio lagging several major emerging and developed economies. By leveraging technology to penetrate underserved segments, NBFCs have capitalised on the limited capability of banks to rapidly scale operations and customise rigid policies. NBFCs have disrupted the

retail and MSME segments with a varied range of product offerings such as equipment financing, hire purchase and leasing, housing finance and gold loans in addition to carving out new segments such as consumer durable finance. With Government initiatives such as GST and demonetisation moving individuals and enterprises gradually into the formal economy, NBFCs are well positioned to capture share and gain advantage. Moreover, with the RBI enhancing scrutiny on corporate lending and NPA reporting by banks, the opportunity has opened up for NBFCs to grow their lending portfolio to a sector traditionally dominated by commercial banks.

As per the Financial Stability Report, the aggregate balance sheet size of the NBFC sector increased to ₹ 26 Lakh Crores in September 2018 from ₹ 22.2 Lakh Crores in September 2017, registering a growth of 17.2%. Loans and advances of the sector increased by 16.3%, while the investments increased by 14.1%. During the first half of FY 2018-19, the NBFCs reported Gross Non-Performing Assets (GNPA) as a percentage of total advances of 6.1%, which was 5.8% at the end of FY 2017-18. The overall capital adequacy stood at 21% at the end of first half of FY 2018-19 versus 22.8% at the end of FY 2017-18.

(Source: RBI – Financial Sustainability Report)

Share of NBFCs in BFSI Space

The market share of NBFCs and HFCs in FY 2017-18 increased to 17-18% of the total system credit from 13% five years ago, at the cost of public sector banks. Retail and MSME segments have been key growth areas for NBFCs, with total credit outstanding of ₹ 7.5 Lakh Crores as at end of FY 2017-18. Amidst intensifying competition from private banks, while PSBs are also active in certain asset classes such as home loans, NBFCs continued on robust growth trajectory with their market share in overall BFSI sector to reach about 19% by FY 2019-20.

OVERVIEW OF INDUSTRY SEGMENTS

Automobile industry

The Indian automobile industry is the fourth-largest in the world at US\$ 70 Billion, estimated to become the third-largest by 2020 well supported by factors such as the availability of low-cost skilled labour and low-cost steel production. FY 2018-19 saw domestic automobile production increasing by 6.26%, with 3,09,15,420 vehicles manufactured with Commercial Vehicles registering 17.55% growth.

After registering healthy growth till October 2018, the domestic CV sector has been facing headwinds as reflected by the sharp contraction in the sales of M&HCVs and slowdown in the growth momentum of LCVs. The adverse impact of the tightening financing environment, viability pressure for small fleet operators (SFOs) because of higher fuel cost and weak freight rates and revision in axle load norms have collectively impacted CV demand. In comparison to HCV, the intermediate commercial vehicle (ICV) continued to witness growth, albeit at a slower pace. The demand outlook for FY 2019-20 remains robust supported by potential pre-buying ahead of the implementation of BS-VI emission norms (from April 2020). In the LCV segment, replacement-led demand following almost three years of declining sales and expectation of stable demand from consumption-driven sectors, e-commerce and express cargo focused logistic companies, in addition to rural demand. LCV segment is on a structural uptrend and has witnessed a swift recovery with improvement in the liquidity situation. LCV (truck) segment is expected to register 18-20% growth in FY 2018-19.

The total NBFC credit to CV segment stood at about ₹ 1.90 Lakh Crores as on December 31, 2018, registering 21% growth over the previous year driven by pickup in new vehicle sales in first half of FY 2018-19. NBFC credit to the new CV segment grew 27% over the previous year, while the used CV segment registered 15% growth over the previous year. The total NBFC credit to the tractor segment grew by 20% in December 2018 over the previous year to ₹ 3,700 Crores. Despite demand pickup, revival in the credit growth rate remained relatively subdued as NBFCs were cautious because of high delinquencies in the segment. Over FY 2017-18 to FY 2019-20, vehicle finance portfolio of NBFCs is expected to clock 15% CAGR. Opportunity for NBFCs will stem from continued government investments in roads sector, expected finalisation of scrappage policy or the Voluntary Vehicle Modernisation Programme, and higher budgetary spends for the rural sector.

(Source: SIAM, ICRA Retail-NBFC Credit Trends April 2019)

Loan Against Property

The loan against property (LAP) segment, which has been a key growth driver for NBFCs in recent years, is witnessing stronger-than-expected headwinds amid intensified competition from banks and rising delinquencies. Yield compression has been sharper and sooner than expected. Delinquencies are also increasing. Consequently, growth in LAP is expected to be slower than before.

MSME Sector

MSME constitute a very significant sector of the India Economy accounting for around 45% of the manufacturing output. Although SMEs have been growing in numbers, they lack access to timely and adequate credit to meet working

capital needs, new technologies, proper infrastructure and manpower. NBFCs have extended finance to SMEs by providing a range of products according to their needs. Approximately, 5.5-6 Crores MSMEs operating in India, have contributed to roughly one-third of India's GDP, over the last decade. In 2018, the total MSME credit demand is estimated at ₹ 45 Lakh Crores.

MSMEs in India are rapidly formalising (becoming government-licensed or government-registered businesses) and digitising (adopting digital processes and practices). Currently close to 40% of India's MSME lending is done through the informal sector, where interest rates are almost twice or even higher than the formal market. MSMEs are adopting formalised business models for cheaper credit and non-monetary, long-term benefits like better credit score, ability to scale the business, access to loan options. The lending landscape is set for rapid change, with digital lending poised to disrupt the status quo. Digital practices are transforming the entire MSME credit value chain, from sourcing to servicing and collections, addressing MSME borrower pain points. It is estimated that by 2023, MSME digital lending has the potential to increase 10-15 times to reach ₹ 6-7 Lakh Crores in annual disbursements creating a meaningful opportunity for NBFCs.

(Source: Credit Disrupted, Digital MSME Lending in India by the Omidyar Network and BCG)

Challenges and opportunities

NBFCs are playing an important part in shaping the growth of the economy by meeting the diverse financial needs of the economy. NBFCs have channelised the savings and investments of the customers and had helped in the capital formation. NBFC sector continues to remain at the forefront in driving new credit disbursements for the country's underserved retail and MSME market.

NBFCs saw robust growth momentum in first half of FY 2018-19. However, challenges emerged on the liability side led by rising interest rates and increasing competitive intensity in certain segments. Asset yields are unlikely to rise as much as borrowing costs.

The appetite of banks to lend is likely to deteriorate keeping in view of the growing credit demand and the ongoing stress in public-sector banks due to mounting bad debts. This entails tremendous growth potential for NBFCs with wide distribution reach unmatched by the banks. The government's increased thrust on infrastructure and rural sectors will aid growth and is expected to give a fillip to the NBFC companies engaged in infrastructure financing. The introduction of small finance banks and proposed bill payment service providers would anatomise traditional banking in the country and open up opportunities for NBFCs to provide financial offerings for its clients.

Retail-focussed NBFCs are expected to benefit from their tilt towards consumer durable segment and their net interest margin (NIMs) receiving boost from lower funding costs. The sector growth looks promising with strong signs of revival in the commercial vehicles market. Smothered demand post GST and a pickup in construction and mining activities would also continue to drive demand. Higher income, lower penetration and lower cost of capital will also boost long-term demand.

Outlook

NBFCs continue to gain prominence as intermediaries in the retail finance space by lending services to MSMEs and the unbanked/underserved population in rural/semi-urban and urban areas. The credit growth is expected at 12-14% over the next five years. As per ICRA, NBFCs and Housing Finance Companies (HFCs) are expected to expand at about 20-21% CAGR over the next five years. Bank credit to this segment, which accounted for 84% of total MSME credit, is estimated to grow at 9-11% CAGR over the next five years. Non-banking share in the MSME credit pie is thus expected to expand to 22-23% by March 2022, compared to 16% in March 2017, led by their niche positioning, differentiated product offering, good market knowledge and large unmet demand.

Growth potential for NBFCs and HFCs remains high. NBFCs should continue to strengthen their market position supported by product and process innovation, inherent strength to manage difficult-to-address customer segments and ability to quickly adapt to market changes. Overall asset quality metrics is expected to remain comfortable. However, liability side challenges exist and asset yields are unlikely to rise as much as borrowing costs. As a result, profitability is expected to be contracted by 50-75 basis points. Asset-liability maturity (ALM) and liquidity management will emerge as critical factors determining performance during the coming fiscal year.

Key growth drivers

- Deep understanding of the customer segment
- Customised product offerings
- Wider and effective reach
- Leveraging technology advances for improved efficiency and enhanced experience
- Co-lending arrangements
- Robust risk management
- Liquidity management

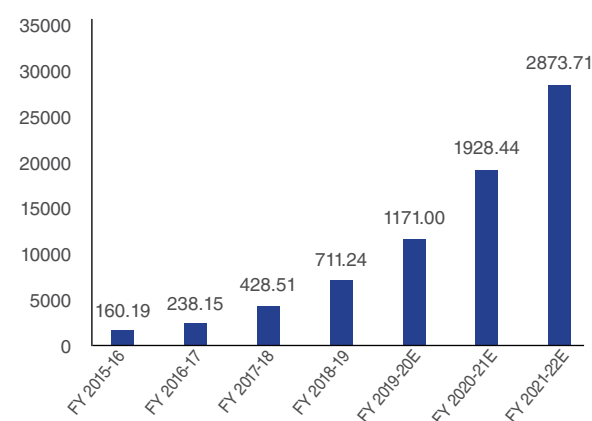
COMPANY OVERVIEW

Kogta Financial (India) Limited (our Company) is a retail-focussed NBFC registered with RBI for over two decades. We cater to the financing needs of vehicles/MSMEs primarily in the Western and Central region of India. Our customer base of over 75,000 clients is being served by around 950 employees. On the funding side, we boast of strong long-lasting relationship with banks (including small finance banks), NBFCs and investors like Morgan Stanley and IIFL.

Recently, we successfully secured investment of ₹ 154.25 Crores through a fresh round of funding from Morgan Stanley Private Equity Asia (₹ 114.25 Crores) and IIFL Seed Ventures (₹ 40 Crores). With this investment, we have tripled our net worth and with the onboarding of new partners, we expect to scale operations to new heights, led by their immense experience.

We have raised ₹ 25 Crores, in a landmark transaction in the Indian debt capital market and first-of-its-kind, in covered bond offering. ICRA has assigned AA-/SO rating for the non-convertible debentures with the covered structure. Covered bonds as an asset-class are safer investment option in that if the receiver fails to make the bond payment, collections from the bankruptcy remote covered pool will be available to the bond investors.

Assets Under Management (₹ Crores)



Over the last five years, we have managed to contain NPA levels below 4% 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 revised the rating for long-term bank facility of ₹ 200 Crores to CARE BBB+ stable from CARE BBB stable. Similarly, the rating for NCD issue of ₹ 40 Crores was revised to CARE BBB+ stable from CARE BBB stable.

Key product offerings

We offer financing for commercial vehicles (HCV, LCV, MUV, Three-wheelers), tractors, cars, two-wheelers, small-ticket loans against property and secured loans to micro, small and medium enterprises (MSME). We have 91 operational branches spread across Rajasthan, Gujarat, Maharashtra, Madhya Pradesh and Delhi NCR.

Competitive Advantages

- Local field force and deep knowledge enable us to serve local customer better

- Our strong distribution network, especially in the West
- Our well-diversified product range and robust collection systems
- Simplified and prompt appraisal and disbursements
- Product innovation and superior delivery
- We service a diverse group of investors and boast of excellent credit ratings
- Prudent fund management practices with marquee investors on board

Key Strengths and Differentiating Factors

- Asset quality health maintained for over five years with NPA below 4%
- High operational efficiency led by in-house softwares
- Stronghold in Western part of India
- Good diversification of AUM across products
- Lenders mix well-diversified with growing contribution by banks

Business Performance

Operational Review

Our Company has a well-diversified exposure to various segments in the auto financing. Assets Under Management (AUM) in FY 2018-19 stood at ₹ 711.24 Crores as compared to ₹ 428.51 Crores in FY 2017-18, an increase of 66%.

Contribution to Overall Portfolio

As on March 2019, our loan portfolio was at ₹ 711.24 Crores. Of this, heavy commercial vehicles accounted for 21%, LCV, SCV, MUV comprised 44%, while cars and tractors comprised 16% and 8%, respectively. The rest comprised non-vehicle loans.

Rajasthan accounted for 43% of the loan portfolio, followed by Maharashtra at 23%, Gujarat at 22%, Delhi at 6% and Madhya Pradesh at 6%.

Management Outlook

With strong Government focus on Make in India, Skill India and development at large, we believe NBFC industry is in a sweet spot to tap on increased financing opportunities that India's growth presents. We are optimistic about the lending prospects, especially in the smaller towns and rural India. We aim to deepen reach in existing geographies leveraging our local expertise and further expand to newer tier II & III cities.

The recent investment by Morgan Stanley and IIFL will help us expand our loan book and spread our distribution network to newer geographies. We expect business to get significant boost from this investment.

We constantly endeavour to increase the concentration of banks in our lenders mix. Banks, in comparison to other lenders, offer low cost of capital, high stickiness and any support as may be necessary at critical instances.

Financial Overview

During FY 2018-19, our financial growth trajectory continued to be robust registering 65% growth in revenues and healthy PAT margin at 11%. We have tripled our net worth to ₹ 229.53 Crores as on March 31, 2019 as compared to ₹ 68.18 Crores as on March 31, 2018.

Particulars in ₹ Cr	FY19	FY2017-18	FY2016-17
AUM	711.24	428.51	238.51
Revenue	104.85	63.61	40.13
PAT	11.25	8.33	4.97
Net Worth	229.53	68.18	57.02
CRAR	39.23%	20.65%	31.07%
ROAUM	2.11%	2.32%	1.70%

Risk Management

Risk type	Risk definition	Mitigation measure
Liquidity risk	Unfavourable macro-economic environment may lead to lenders tightening lending policy and/or increase cost of capital which poses a significant risk to business.	A well-diversified mix of lenders including banks, NBFCs, and foreign investors helps us easy access to low cost finance. Long-standing relationships and a good track record help minimise liquidity risk.
Interest rate risk	Volatility in interest rates and any unforeseen drastic movement in rates pose risk to business operations.	We closely monitor interest rate fluctuations and expert team suggests appropriate measures to shield the business from undue fluctuations.
Operational risk	Foray into newer regions increases business complexity and puts to risk operational control due to limited understanding of the local business environment.	In-house ERP-based customised proprietary risk management and reporting software helps in achieving superior operational efficiency. When entering new territories, we ensure thorough understanding of local business.

Risk type	Risk definition	Mitigation measure
Credit risk	Clients may default to meet their obligations due to severe liquidity crunch, bankruptcy, economic downturns, operational failure, fraud or other reasons.	Strong lending framework with detailed evaluation of borrower's profile and credit history minimises risk of default. Strength of lending policies is well reflected in NPA levels of less than 3% for over five years.
Competition risk	Given the lucrative growth opportunity, competitive intensity is high from existing players and new entrants. Also foreign players are keen to participate.	Vast product portfolio, strong presence in the West, well-diversified lender mix, long-lasting lender relationships, healthy asset quality profile and capital adequacy help create a moat against any competition.
Regulatory risk	The financial sector is guarded by a complex regulatory framework. Any changes to policies or non-compliance pose a risk to threat to business.	Strong internal control framework, robust IT systems and an expert team ensures strict adherence to applicable rules and regulations. We closely monitor policy actions and quickly respond to changes.
Human resource risk	Human capital being a key pillar of growth, high attrition may adversely impact the normal functioning of the business operations.	We ensure a motivational and satisfactory work environment. Periodical training and skill upgradation makes way for smooth progression. We constantly strive to align personal and professional goals to minimise attrition. We also encourage new talent acquisition to upgrade talent pool.

Human Resources

We are cognizant of the importance of human capital and strive hard to retain our experienced team. Skilled human capital is the cornerstone of the growth of the Company. Training and employee motivation is an integral part of the Company. Employees have to be constantly motivated to deal with various stakeholders to ensure sustainable business growth. Front-end employees have to be engaged in frequent training so as to meet consumer needs with utmost friendly approach. We value our human capital and provide them ample opportunities to grow. We provide regular skill and personnel development training to enhance employee productivity. We strive to attract new talent and at the same time retain our best talent. Thus we lay strong focus to engage employees in development and training at all levels. We ensure a safe, healthy and progressive work environment. Unwavering focus on transparent and engaging work environment enables the employee to express their views. Relentless pursuit to connect with employees on a regular basis, communicate in an open and transparent manner, providing opportunities to learn and grow within the organisation lead to high retention rate and a highly motivated employee pool. The employees are motivated to work in team and imbibe a deep sense of belongingness to work towards the growth of self and the organisation. We have reached a number of 974 employees in FY 2018-19 from 545 in FY 2017-18.

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. Our 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 describing the Company's objectives, predictions 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 risks and uncertainties. These risks and uncertainties 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.



BOARD'S REPORT



BOARD OF DIRECTORS

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
MRS. BHAMA KRISHNAMURTHY	INDEPENDENT DIRECTOR
MR. AMIT MEHTA	NOMINEE DIRECTOR
MR. ARJUN SAIGAL	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- 400028 (Maharashtra)
INTERNAL AUDITOR	M/s LODHA & COMPANY CHARTERED ACCOUNTANTS Karim Chambers, 40 A, Doshi Mg Hamam St Fort, Fort, Mumbai, Maharashtra – 400023
SECRETARIAL AUDITOR	M/s DEEPAK ARORA & ASSOCIATES COMPANY SECRETARIES 23 KA-4, Jyoti Nagar, Near Vidhan Sabha, Jaipur-302005, (Raj.)

BANKS & FINANCIAL INSTITUTIONS

BANKERS & FINANCERS	STATE BANK OF INDIA DCB BANK LIMITED BANK OF INDIA HDFC BANK LIMITED ICICI BANK LIMITED LAXMI VILAS BANK LIMITED INDUSIND BANK LIMITED CATHOLIC SYRIAN BANK LIMITED THE SOUTH INDIAN BANK LIMITED MUDRA BANK AU SMALL FINANCE BANK LIMITED FEDBANK FINANCIAL SERVICES LIMITED NORTHERN ARC CAPITAL LIMITED HINDUJA LEYLAND FINANCE LIMITED PIRAMAL CAPITAL & HOUSING FINANCE SUNDARAM FINANCE 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 IDBI BANK LIMITED
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TRUSTEE

CATALYST TRUSTEESHIP LIMITED

(Erstwhile GDA Trusteeship Limited)
Office No. 83 – 87, 8th floor, 'Mittal Tower', 'B' Wing,
Nariman Point, Mumbai – 400021

IDBI TRUSTEESHIP SERVICE LIMITED

Asian Building, 17, R Kamani Rd,
Ballard Estate, Fort, Mumbai - 400001

REGISTRAR & TRANSFER AGENT

Karvy Fintech Private Limited (KFPL)
(Formerly known as Karvy Computershare Private Limited)
"Karvy Selenium, Tower-B", Plot No. 31 & 32, Gachibowli,
Financial District, Nanakramguda, Serilingampally,
Hyderabad - 500032, Telangana

REGISTERED OFFICE

"Kogta House", Azad Mohalla, Near Railway Station,
Bijainagar, Ajmer – 305 624, Rajasthan

CORPORATE OFFICE

206, Ganpati Plaza, M. I. Road, Jaipur – 302001 Rajasthan

BOARD'S REPORT

To,
The Members,
KOGTA FINANCIAL (INDIA) LIMITED

The Board of Directors ("Board") of your Company has the pleasure of presenting the Twenty-third Board Report of Kogta Financial (India) Limited ("the Company" or "KOGTA FINANCIAL") together with the Audited Financial Statements and the Auditor's Report of your company for the Financial Year ended March 31, 2019.

1. FINANCIAL HIGHLIGHTS: -

The financial performance for FY 2018-19 is summarized in the following table:

(Amount in ₹)		
Particulars	Year ended 31 st March, 2019	Year ended 31 st March, 2018
Total Income	105,81,83,563	65,88,90,634
Total Expenditure	44,74,43,818	25,12,49,153
Profit Before Interest & Depreciation	610739745	40,76,41,481
Less: Interest and Finance charges	42,80,05,548	28,30,67,869
Less: Depreciation	1,39,98,537	74,45,339
Profit Before Tax	16,87,35,660	11,71,28,273
Total Tax Expenses	5,61,91,446	3,38,59,783
Profit After Taxation	11,25,44,214	8,32,68,490
APPROPRIATION :-		
Dividend on Equity Shares	0	96,00,100
Dividend on Preference Shares	3527	0
Tax on Dividend	718	19,54,388
Transfer to General Reserve	1,00,00,000	1,00,00,000
Transfer to Statutory Reserve Fund	2,25,08,843	1,66,53,698
EPS:-		
Basic	11.72	8.41
Diluted	7.13	6.15

2. FINANCIAL PERFORMANCE: -

For the year under review: -

- Gross income rose to ₹ 10581.84 Lakhs as compared to ₹ 6,588.91 Lakhs in the previous year showing the growth of 60.61%.
- The Profit before Tax for the year is ₹ 1,687.35 Lakhs as compared to ₹ 1,171.28 Lakhs in the previous year showing the growth of 44.06%.

3. DIVIDEND: -

At the meeting of the Board of Directors held on May 14, 2018, the Directors has recommended a final dividend of ₹ 3,527 (INR Three Thousand Five Hundred Twenty-Seven only) on Pari - Passu basis i.e. @ 0.01% to the preference shareholders of the Company, which was approved by shareholders of the Company in the Annual General Meeting held on August 27, 2018. The tax on distributed profits paid on dividend was ₹ 718/- (INR Seven Hundred Eighteen).

Further, Board Recommended the dividend on preference shares of ₹ 2614.67/- on board meeting held on 16th May, 2019, which is subject to the approval of shareholders at the ensuring Annual general meeting which is scheduled to be held on 30th June 2019.

4. RESERVES

The Board of the company has decided/proposed to transfer the following amounts to various reserves during the financial year ended 31st March 2019.

(₹ in Lacs)	
Amount transferred to	Amount
General Reserves	100.00
Transfer to statutory reserve fund (u/s 45IC of RBI Act)	225.09

5. OPERATIONAL HIGHLIGHTS

a) Disbursements

During the year under review, your Company has disbursed loans for ₹ 561.29 crores as compared to ₹ 400.42 crores in the previous Year and clocked a growth of 40.18%.

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 2018-19, your company registering a robust growth of 65.98% in Asset Under Management (AUM) as AUM of the Company stood at ₹ 711.24 crores for the year ended on March 31, 2019 against March 31, 2018 which stood at ₹ 428.51 crores.

6. CREDIT RATING

The Company has been assigned following credit rating from all rating agencies during the financial year ended March 31, 2019: -

S. No.	Instrument	Rating agency	Rating assigned	
			2018-19	2017-18
1	Bank Loan Rating	CARE	BBB+/Stable	BBB/Stable
2	Non-Convertible Debentures (Secured)	CARE	BBB+/Stable	BBB/Stable
3	Non-Convertible Debentures (Unsecured)	ICRA	AA-(SO) (Stable)	-
4	Sub-ordinated Debt	CRISIL	BBB/Positive	BBB-/Positive

7. CAPITAL ADEQUACY

Kogta Financial continues its endeavour for greater capital efficiency and shoring up its capital adequacy to enhance shareholder value. Kogta Financial is well capitalized with an overall capital adequacy ratio (CRAR) being at 39.23% at the end of the year, well above the benchmark requirement of 15% stipulated by Reserve Bank of India (RBI).

8. BRANCH NETWORK

Branches are not just places where the customers transact and conduct business but also are edifices of trust. The Kogta Financial 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. Kogta Financial has its wings spread across 7 states in India through over 91 points of presence.

9. TECHNOLOGY INITIATIVES

Technology defines one's competitive edge in the market. Your Company has been investing in technological upgradation 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, software, 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.

RBI had issued the 'Master Direction - Information Technology Framework for the NBFC Sector' ("Master Directions") on June 8, 2017 and all NBFCs were required to comply with these Master Directions by June 30, 2018. Accordingly, for adequate IT Governance, the Company,

inter alia, adopted an Information Technology Policy, Information Security Policy, Business Continuity Policy, Social Media Policy, Change Management Policy and Cyber Security Policy and also in process the constitute 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. Director: -

The clause 31 of Part 'A' of Articles of Association of the Company and the 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 thereunder & the Company's Articles of Association, Shri Radha Krishan Kogta will retire by rotation at the ensuing Annual General Meeting of the Company, and

being eligible, offer himself for reappointment. The details of his re-appointment are provided in the Notice of the ensuing Annual General Meeting.

During the financial year 2018-19, the following changes have occurred in the directorship of the company:

(a) Tenure Expire / Resignation: -

- Mr. Ram Dayal Modi (DIN: 03047117), Independent Director of the Company, whose term of office expired at September 22, 2018, was retired from the directorship of the Company with effect from September 22, 2018.
- Mr. Nayan Kogta (DIN: 05268855), resigned from the post of Whole Time Director of the Company with effect from 17th January, 2019.

(b) Appointment: -

- Mr. Arjun Saigal (DIN: 07556188) appointed as an Additional Director of the Company in the meeting of the Board of Directors held on 28th November, 2018 and regularized as Non-Executive Director in the Extra-Ordinary General Meeting of the Company held on 06th December, 2018.
- Mrs. Bhama Krishnamurthy (DIN: 02196839) appointed as an Additional Independent Director of the Company in the resolution passed by circulation on 22nd December, 2018 and regularized as an Independent Director in the Extra-Ordinary General Meeting of the Company held on 18th February, 2019.

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	Wholetime Director and Chief Financial Officer
4.	Mr. P R Kalyanaraman	Independent Director
5.	Mrs. Bhama Krishnamurthy	Independent Director
6.	Mr. Amit Mehta	Nominee Director
7.	Mr. Arjun Saigal	Non-Executive Director

None of the Directors is 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 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Nomination and Remuneration Committee has carried out an evaluation of Board's performance, the directors individually as well as the evaluation of the working of its Committees. 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 RBI Master Directions for NBFCs, the Company has received the 'Fit and Proper' declarations from Mr. Arjun Saigal and Mrs. Bhama Krishnamurthy for their respective appointment, as Directors of the Company, which has been taken on record by the Nomination and Remuneration Committee.

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, the Guidelines issued by the RBI and the relevant provisions of the SEBI (Listing Obligations & Disclosure Requirements), Regulations 2015 relating to Corporate Governance.

15. MEETINGS OF THE BOARD OF DIRECTORS

During the Financial Year 2018-19, the Company held 7 (Seven) Meetings of the Board of Directors as per section 173 of Companies Act, 2013 which is summarized below. 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.

Sr. No.	Date of Meeting	Board Strength	No. of Directors Present
1	14/05/2018	7	7
2	08/08/2018	7	6
3	15/10/2018	6	5
4	09/11/2018	6	6
5	28/11/2018	6	4
6	04/01/2019	8	3
7	17/01/2019	8	7

16. BOARD COMMITTEES

Kogta Financial has 8 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. Loan and Investment Committee;
6. Management Committee;
7. Compensation Committee;
8. Asset Liability Management 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 under the requirement 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, Company has revised Nomination & Remuneration policy on August 08, 2018 as recommend by the Nomination & Remuneration Committee of the Company and 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 put in place an adequate system of internal controls commensurate with the size and nature of operations to ensure that the transactions are properly recorded, authorized and the assets are continuously monitored and safeguarded. The internal control system is backed up by well documented policies, guidelines and procedures and the Company's internal audit process is designed inter alia, to cover all significant areas of the Company's operations such as accounting, finance, back office, human resource etc.

Further, the Board of Directors has been entrusted with the responsibility of reviewing the findings and to investigate and take necessary actions wherever required. The details in respect of internal financial control and their adequacy are included in the Management Discussion & Analysis, which is presented in a separate section forming part of the Annual report.

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 7th May, 2018 by the Ministry of Corporate Affairs, the appointment of Statutory Auditors is not required to be ratified at every Annual General Meeting.

The statutory auditors of the Company have submitted Auditors' Report on the financial statements of the Company for the financial year ended, 31st March, 2019, which is presented in a separate section forming part of this Annual Report. The reports do not contain any reservation, qualification or adverse remark. There is some delay in statutory dues due to operational constraint as some employees were not linked their mobile nos. with their aadhaar number. Therefore, UAN was not generated and deposition of PF amount got delayed. Except above all Information referred in the Auditors' Report are self-explanatory and do not call for any further comments.

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 2018-19. 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

Pursuant to the provisions of section 204(1) of the Companies Act, 2013 read with 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:

- i. *The company has delayed by 8 days and 1 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 month of February 2019 and march 2019.*
- ii. *The company has delayed notified 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 February 2019, March 2019, April 2019 and May 2019 as under:-*

Month	Delayed in Days
February, 2019	3
March, 2019	4
April, 2019	3
May, 2019	4

Reply by Board-

The Company had issued & allotted listed Non Convertible Debentures on 11th January, 2019 and in starting phase of Listing, the compliances of SEBI (LODR) Regulations, 2015 has been delayed due to some operational and technical constraints.

24. REPORTING OF FRAUDS BY AUDITORS

Pursuant to sub-section (12) of section 143 of the Companies Act, 2013, the Statutory Auditor has not reported any instances to the Audit Committee of the Company regarding frauds committed in the Company by its Officers or Employees in F. Y. 2018-19.

25. RISK MANAGEMENT

The 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 details of the Risk Management Framework and issues related thereto have been explained in the Management's Discussion and Analysis Report, which is presented in a separate section forming part of this Annual report.

In pursuance of RBI guidelines, necessary role centers have been created in the organizational structure to facilitate discharge of risk management functions, which include the Board of Directors and the Risk & Compliance Department.

The credit policy of your Company is reviewed periodically keeping in view the changing economic and business environment. For the purpose of ensuring proper credit evaluation and monitoring standards, credit audit is carried out at regular intervals. The main objectives of the audit exercise include adherence to various policies of the Company viz. credit policy and KYC & AML policy and compliance with the internal sanctions made by credit head.

Further, your Company has formulated and implemented Risk Management policy. In the opinion of The Board there is no element of risk which threatens the existence of the Company.

26. 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 judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of 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.

27. 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 to a company engaged in the business of asset financing activities.

28. RELATED PARTY TRANSACTIONS

The Company undertakes certain transactions with related parties in the ordinary course of business and at Arms' Length Price. 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, 2019 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 Accounting Standard – 18 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.

29. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

The Company has constituted the Corporate Social Responsibility ("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 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>

30. SHARE CAPITAL

- I. During the financial year 2018-19, your Company has increased it's Share Capital in following manner:

	As on 01.04.2018	Addition	As in 31.03.2019
Authorized Share Capital	₹ 15,00,00,000	₹ 50,23,85,666	₹ 65,23,85,666
Equity	₹ 10,00,00,000 consisting of 1,00,00,000 equity shares of face value of ₹ 10/- each	₹ 10,00,000 consisting of 1,00,000 equity shares of face value of ₹ 10/- each	₹ 10,10,00,000 consisting of 1,01,00,000 equity shares of face value of ₹ 10/- each
Preference	₹ 5,00,00,000 consisting of 50,00,000 preference shares of face value of ₹ 10/- each	₹ 50,13,85,666 consisting of 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.	₹ 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.
Issued, Subscribed and Paid-Up Share Capital	₹ 13,44,01,000	₹ 50,13,73,143.04	₹ 63,57,74,143.04
Equity	₹ 9,60,01,000 consisting of 96,00,100 equity shares of face value of ₹ 10/- each	₹ 100 consisting of 10 equity shares of face value of ₹ 10/- each	₹ 9,60,01,100 consisting of 96,00,110 equity shares of face value of ₹ 10/- each

	As on 01.04.2018	Addition	As in 31.03.2019
Preference	₹ 3,84,00,000 consisting of 38,40,000, 0.01% Compulsorily Convertible Cumulative Preference shares of face value of ₹ 10/- each	₹ 50,13,73,043.04 consisting of 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.	₹ 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.

- II. Your Directors have immense pleasure to inform that due to our sincere efforts, we are able to attract focus of top class PE funds resulting in fair valuation and fresh equity infusion in to the company. Further, we would also like to inform you that our existing PE investor IIFL Seed Ventures Fund I again invested in the company. 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 participating in the current round of equity infusion is detailed below:

IIFL Seed Venture Fund I:

Since the launch of its first Private Equity fund in 2016 IIFL Asset Management has emerged as a strong Private Equity platform and track record in a relatively short period of time. The fund has made several marquee and successful investments in companies across Financial Service, Consumer & Healthcare space and counts prominent names such as NeoGrowth, Kogta Financial & Poncho Hospitality (Box8) as its portfolio company. On back of a strong track record of delivering returns and stellar fund management team IIFL Asset

Management Ltd. has been able to participate in second round of Private Equity fund of Kogta Financial in 2018, IIFL Private Equity fund has now emerged as partner of choice for Entrepreneurs & Promoters of Mid-Market companies looking for growth and for Investors looking to capitalize on the strong returns that the Mid-Market space in India offers.

NHPEA Rimo Holding B.V. a fund managed by Morgan Stanley Private Equity Asia

Morgan Stanley Private Equity Asia (“MSPEA”) is one of the leading private equity investors in Asia- Pacific, managing third party money funds, having invested in the region for over 20 years. MSPEA invests primarily in highly structured minority investments and control buyouts in growth-oriented companies. The experienced investment team is led by senior professionals with extensive industry relationships, in-depth market knowledge and the ability to apply international investment principles within each local context.

MSPEA has offices in Hong Kong, Beijing, Shanghai, Seoul, Tokyo, Mumbai, Bangkok and New York, and leverages the brand and unparalleled global network of Morgan Stanley.

31. 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:	
<ul style="list-style-type: none"> the steps taken or impact on conservation of energy; 	<ul style="list-style-type: none"> Installation of Three/five star energy conservation air conditioning systems; Conservation of conventional lighting to LED in select premises & implementation of LED lights in all new Branches/Offices; Periodic Training sessions for employees on ways to conserve energy in their individual roles.
<ul style="list-style-type: none"> the steps taken by the company for utilizing alternate sources of energy; 	The Company usually takes care for optimum utilization of energy
<ul style="list-style-type: none"> the capital investment on energy conservation equipments; 	NIL
B) Technology Absorption:	
<ul style="list-style-type: none"> the efforts made towards technology absorption; 	The nature of business being carried out by the Company entails an extensive use of effective information technology so as to ensure that its services reach the end users i.e. its clients without any loss of time. 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.
<ul style="list-style-type: none"> the benefits derived like product improvement, cost reduction, product development or import substitution; 	NIL
<ul style="list-style-type: none"> 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
<ul style="list-style-type: none"> the expenditure incurred on Research and Development 	NIL
C) Foreign Exchange Earnings and Outgo:	
<ul style="list-style-type: none"> 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

32. PARTICULARS OF DEPOSITS

The Company was registered as Non Deposit taking Non-Banking Financial Company under Reserve Bank of India. Therefore, the company did not hold any public deposit at beginning of the year nor has accepted any deposits from public during the financial year 2018-19.

33. CORPORATE GOVERNANCE

Corporate Governance is a system of rules, practices and processes by which a company is directed and run. It is about commitment to values, ethical business conduct and considering all stakeholder's interest in the conduct of its business.

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. The report on corporate governance forms integral part of this annual report as **Annexure – 5**.

34. 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 this Annual report.

35. 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 is 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.

Board of Directors at its meeting dated January 17, 2019 passed a resolution to approve revised ESOP Scheme called as "Kogta Employee Stock Option Scheme" which was approved by shareholders at Extra – Ordinary General Meeting dated February 18, 2019.

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

36. 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.

37. PARTICULARS OF RBI COMPLIANCES: -

Your company has operated in regulatory framework of Reserve Bank of India as prescribed in Master Direction - Non-Banking Financial Company –Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 as amended from time to time. The company has been submitted returns with RBI on timely basis.

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

During the year, there were no frauds have been reported by the Company. Further, the Company has complied with its reporting requirements, including reporting to RBI, in terms of the Master Circular on monitoring of frauds in NBFCs dated July 1, 2015, as amended from time to time.

38. LISTING OF SECURITIES

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

Your company had issued and allotted 500 (Five Hundred only) Non-Convertible Debentures having face value of ₹ 5,00,000/- (Rupees Five lacs only) each for a total value of ₹ 25,00,00,000/- (Rupees Twenty Five Crores Only) to Sundaram Short Term Credit Risk Fund (scheme managed by Sundaram Asset Management Company Limited) on 11th day of January, 2019.

The Non-Convertible Debentures are issued on a private placement basis are listed on the Debt Market Segment of BSE Limited. The following is the details of the Company's debentures:

ISIN	Scrip Code	Stock Exchange address
INE192U08036	958545	BSE Ltd. Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai -400 001. www.bseindia.com

39. NOTICES RECEIVED/PENALTY IMPOSED

NIL

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

NIL

41. VIGIL MECHANISM

Your company is committed to adhere to the highest standards of ethical, moral and legal conduct of its business operations. To maintain these standards, your company has implemented the Vigil Mechanism/ Whistle Blower Policy ("the Policy"), to provide an avenue for employees to report matters without the risk of subsequent victimization, discrimination or disadvantage. 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 Policy is available on the website of the Company <https://www.kogta.in>

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

42. 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.

43. SECRETARIAL STANDARDS

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

44. INTERNAL COMPLAINT COMMITTEE (ICC) AND OTHER DISCLOSURES 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. Appropriate reporting mechanisms are in place for ensuring protection against Sexual Harassment and the right to work with dignity. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. The policy is fleshed on website of the company at <https://www.kogta.in>

The following is a summary of sexual harassment complaints received and disposed off during the year 2018-19:

Complaints at the beginning of the year	Complaints received during the year	Complaints resolved during the year	Complaints pending at the end of the year
NIL	NIL	NIL	NIL

Composition of Internal Complaints Committee is as under:-

Sr.No.	Name	Designation in the Committee
1.	Venu Agrawal	Presiding Officer
2.	Aditi Maheshwari	Member
3.	Kavita Sonawane	Member

45. ACKNOWLEDGEMENT

Your Directors wish to express their grateful appreciation to the continued co-operation received from the Financial Institutions, Government Authorities, Customers and Shareholders during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed service of the Executives, staff and Workers of the Company.

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

RADHA KRISHAN KOGTA

CHAIRMAN

DIN: 00197552

ANNEXURE - 1

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2019

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

I. REGISTRATION AND OTHER DETAILS:

CIN	:	U67120RJ1996PLC011406
Registration Date	:	15 th January, 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- 2389025/26
Email Id	:	info@kogta.in
Whether listed company	:	Yes (Privately Placed NCDs are listed at BSE Ltd.)
Name, Address and Contact details of Registrar and Transfer Agent	:	Karvy Fintech Private Limited (KFPL) (Formerly known as Karvy Computershare Private Limited) "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	99.999%	-
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	99.999%	

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	99.999%	-
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) FIs	-	-	-	-	-	-	-	-	-
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%	-
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):-	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)	100	-	100	0.001%	110	-	110	0.001%	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	100	96,00,000	96,00,100	100%	96,00,110	-	96,00,110	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			
		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	% change in shareholding during the year
1	Radha Krishan Kogta	7,29,500	7.599%	-	7,29,500	7.599%	-	0.000%
2	Banwari Lal Kogta	5,49,000	5.719%	-	5,49,000	5.719%	-	0.000%
3	Bal Mukund Kogta	13,22,000	13.771%	-	13,22,000	13.771%	-	0.000%
4	Durga Devi Kogta	3,49,500	3.641%	-	3,49,500	3.641%	-	0.000%
5	Madhu Kogta	3,91,000	4.073%	-	3,91,000	4.073%	-	0.000%
6	Manju Kogta	1,99,000	2.073%	-	1,99,000	2.073%	-	0.000%
7	Arun Kogta	7,91,000	8.239%	-	7,91,000	8.239%	-	0.000%
8	Varun Kogta	6,27,000	6.531%	-	6,27,000	6.531%	-	0.000%
9	Aayush Kogta	2,39,000	2.490%	-	2,39,000	2.490%	-	0.000%
10	Nayan Kogta	5,67,000	5.906%	-	5,67,000	5.906%	-	0.000%
11	Neha Kogta	1,72,000	1.792%	-	1,72,000	1.792%	-	0.000%
12	Banwari Lal Kogta HUF	5,74,500	5.984%	-	5,74,500	5.984%	-	0.000%
13	Varun Kogta HUF	3,04,500	3.172%	-	3,04,500	3.172%	-	0.000%
14	Arun Kogta HUF	5,21,500	5.432%	-	5,21,500	5.432%	-	0.000%
15	Prem Lal Kogta HUF	4,26,000	4.437%	-	4,26,000	4.437%	-	0.000%
16	Bal Mukand Kogta HUF	4,00,000	4.167%	-	4,00,000	4.167%	-	0.000%
17	Radha Krishan Kogta HUF	4,54,500	4.734%	-	4,54,500	4.734%	-	0.000%
18	Nidhi Kogta	5,80,000	6.042%	-	5,80,000	6.042%	-	0.000%
19	Ritu Kogta	4,03,000	4.198%	-	4,03,000	4.198%	-	0.000%
Total		96,00,000	99.999%	-	96,00,000	99.999%	-	0.000%

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	No Change	No Change	No Change
3.	At the End of the year	96,00,000	99.999%	96,00,000	99.999%

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

Sr. No.	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.	IIFL Seed Ventures Fund I	At the beginning of the year	100	0.001%	100	0.001%
		Increase/ Decrease during the year		No Change	-	-
		At the End of the year	100	0.001%	100	0.001%
2.	NHPEA Rimo Holding B.V.	At the beginning of the year	-	-	-	-
		Allotment on November 28, 2018	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, 2019

Sr. No.	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	0
		At the end of the year	7,29,500	7.599%	7,29,500	7.599%
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	0
		At the end of the year	7,91,000	8.239%	7,91,000	8.239%
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	0
		At the end of the year	6,27,000	6.531%	6,27,000	6.531%
4.	Nayan Kogta (As a Director shareholding till 17.01.2019)	At the beginning of the year	5,67,000	5.906%	5,67,000	5.906%
		Increase/ Decrease during the year		No Change	0	0
		At the end of the year	5,67,000	5.906%	5,67,000	5.906%
5.	Ram Dayal Modi (Independent Director shareholding till 22.09.2018)	At the beginning of the year	-	-	-	-
		Increase/ Decrease during the year		No Change	-	-
		At the end of the year	-	-	-	-
6.	P R Kalyanaraman (Independent Director)	At the beginning of the year	-	-	-	-
		Increase/ Decrease during the year		No Change	-	-
		At the end of the year	-	-	-	-
7.	Amit Mehta (Nominee Director)	At the beginning of the year	-	-	-	-
		Increase/ Decrease during the year		No Change	-	-
		At the end of the year	-	-	-	-
8.	Arjun Saigal (Director)	At the beginning of the year	-	-	-	-
		Increase/ Decrease during the year		No Change	-	-
		At the end of the year	-	-	-	-
9.	Bhama Krishnamurthy (Independent Director)	At the beginning of the year	-	-	-	-
		Increase/ Decrease during the year		No Change	-	-
		At the end of the year	-	-	-	-
10.	Rahul Agrawal (Company Secretary)	At the beginning of the year	-	-	-	-
		Increase/ Decrease during the year		No Change	-	-
		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	38,40,000	-	38,40,000	100.00%	56,14,544	-	56,14,544	35.64%	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Trust	-	-	-	-	-	-	-	-	-
Sub-total(B)(1):-	38,40,000	-	38,40,000	100.00%	56,14,544	-	56,14,544	35.64%	-
2. Non Institutions									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	1,01,37,308	-	1,01,37,308	64.36%	-
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%	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)	38,40,000	-	38,40,000	100.00%	1,57,51,852	-	1,57,51,852	100.00%	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	38,40,000	-	38,40,000	100.00%	1,57,51,852	-	1,57,51,852	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.	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	38,40,000	100.00%	38,40,000	100.00%
		Increase/ Decrease during the year	17,74,544	11.27%	56,14,544	35.64%
		At the end of the year	56,14,544	35.64%	56,14,544	35.64%
2.	NHPEA Rimo Holding B.V.	At the beginning of the year	-	-	-	-
		Increase/ Decrease during the year	1,01,37,308	64.36%	1,01,37,308	64.36%
		At the end of the year	1,01,37,308	64.36%	1,01,37,308	64.36%

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: -

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	2,941,446,933	155,820,151	-	3,097,267,084
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	15,029,610	-	-	15,029,610
Total(i+ii+iii)	2,956,476,543	155,820,151	-	3,112,296,694
Change in Indebtedness during the financial year				
• Addition	1,758,738,100	500,000,000	-	2,258,738,100
• Reduction	955,647,166	331,214,401	-	1,286,861,567
Net Change	803,090,934	168,785,599	-	971,876,533
Indebtedness at the end of the financial year				
i) Principal Amount	3,740,715,116	324,450,203	-	4,065,165,319
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	18,852,361	155,547	-	19,007,908
Total (i+ii+iii)	3,759,567,477	324,605,750	-	4,084,173,227

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sr. no.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
		Radha Krishan Kogta (Chairman)	Varun Kogta (WTD & CFO)	Arun Kogta (MD & CEO)	Nayan Kogta (WTD)	
1.	Gross salary	18,00,000	31,00,000	31,00,000	15,91,401	95,91,401
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961					
	(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)	18,00,000	31,00,000	31,00,000	15,91,401	95,91,401
	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:

Sl. no.	Particulars of Remuneration	Name of Directors					Total Amount
		Amit Mehta (Nominee Director)	Ram Dayal Modi (Independent Director)	Arjun Saigal (Non-Executive Director)	Bhama Krishnamurthy (Independent Director)	P R Kalyanaraman (Independent Director)	
1.	Independent Directors						
	• Fee for attending board committee meeting	-	50,000	-	-	61,000	1,11,000
	• Commission	-	-	-	-	-	-
	• Others, please specify (Travel Expenses)	-	2,300	-	-	2,794	5,094
	Total (1)	-	52,300	-	-	63,794	1,16,094
2.	Other Non-Executive Directors						
	• Fee for attending board committee meetings	-	-	-	-	-	-
	• Commission	-	-	-	-	-	-
	• Others, please specify	-	-	-	-	-	-
	Total (2)	-	-	-	-	-	-
	Total(B)=(1+2)	-	52,300	-	-	63,794	1,16,094
	Total Managerial Remuneration						
	Overall Ceiling as per the Act					Not Applicable	

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

Sr. no.	Particulars of Remuneration	Key Managerial Personnel			Total
		Arun Kogta (CEO)	Rahul Agrawal (CS)	Varun Kogta (CFO)	
	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	9,60,000	As described Point No. A of VI	9,60,000
	(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	-	9,60,000	-	9,60,000

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	-	-	-	-	-

ANNEXURE - 2**NOMINATION AND REMUNERATION POLICY****INTRODUCTION**

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 Director, Key Managerial Personnel (KMP) and Senior Management of Kogta Financial (India) Limited and 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.

OBJECTIVE

This objective of the policy is 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 between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

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 the Members of the Committee shall be disclosed in the Board Report.

ROLE OF THE COMMITTEE

The Nomination and Remuneration Committee shall: -

- 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 carry out evaluation of every director's 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.

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.

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: -**• 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.

• **Commission: -**

The profit-linked commission shall be paid within the monetary limit, if approved by the shareholders of the Company.

- 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
- 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, if the following conditions are 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.
- 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.

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 shall 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.

EVALUATION

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management at regular interval and the Committee shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.

The parameters of reviewing the performance evaluation of the Directors and the Board as a whole is as follows:-

- Achievement of financial/business targets as prescribed by the Board;
- Developing and managing/executing business plans, operational plans, risk management, and financial affairs of the organization;
- Display of leadership qualities i.e. correctly anticipating business trends, opportunities, and priorities affecting the Company's prosperity and operations;
- Development of policies, and strategic plans aligned with the vision and mission of Company and which harmoniously balance the needs of shareholders, clients, employees and other stakeholders;
- Managing relationships with the Board, management team, regulators, bankers, industry representatives and other stakeholders.

Additional criteria for Managing Director: -

- (a) Effectiveness of leadership and ability to steer the meetings: Whether the Managing Director displays efficient leadership, is open- minded, decisive,

courteous, displays professionalism, able to coordinate the discussion, etc. and is overall able to steer the meeting effectively;

- (b) Impartiality: Whether the Managing Director is impartial in conducting discussions, seeking views and dealing with dissent, etc.;
- (c) Commitment: Whether the Managing Director is sufficiently committed to the Board and its meetings;
- (d) Ability to keep shareholders' interests in mind: Whether the Managing Director is able to keep shareholders' interest in mind during discussions and decisions.

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.

AMENDMENTS TO THE NOMINATION AND REMUNERATION POLICY

The Board of Directors on its own and/or as per the recommendations of Nomination and Remuneration Committee can amend this policy, as deemed fit from time to time.

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.

Your Company has constituted a Corporate Social Responsibility committee in accordance with the requirements of the Section 135 of the Companies Act, 2013. Details of CSR committee are detailed as under. Further CSR committee has formulated and recommended a CSR policy, which has been approved by the Board and periodically reviewed by the same. Your Company's CSR policy is committed towards CSR activities as envisaged in the 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. <http://kogta.in>

During F.Y. 2018-19, Kogta Financial has undertaken various activities in the sectors of:

- **Eradicating hunger, poverty and malnutrition:** Our goal is making available safe drinking water, providing Nutrition, Clothing & water harvesting structures for poor peoples in tribal areas;
- **Education:** Our endeavour is to spark the desire for learning and enlighten minds. We may undertake to fulfil this objective by way of providing education initiatives or by financial assistance to the poor and needy students, undertaking to impart vocational training, adult education programs, girl education, other related infrastructure, etc.
- **Ensuring environmental sustainability and ecological balance:** The concept of sustainable development, thereby, comes into play to deal with the global environmental crisis. Some of the measures that can be undertaken to control and Ensuring environmental sustainability, ecological balance:
 - **Pollution Control:** Air, water, noise, soil are some of the major forms of pollution plaguing the environment today. Pollution control regulatory standards must be enforced/followed to keep pollution within lowest levels.

- **Social Awareness:** Until people are made aware of the graveness of the situation, the initiative of environmental sustainability cannot be dealt with. Creating awareness through campaigns and movements can help the environmental sustainability initiatives.

- **Water Management:** Rainwater harvesting and conservation of water can help with the long-term potent problem of scarcity of water.

- **Training to promote rural sports:** One must remember that sport differs significantly from other sectors clamouring for CSR budgets. We think that investing in a sport means actually investing in the entire ecosystem. Through:

- Talent scouting and training of players and trainers
- Sports infrastructure
- Sports equipment
- Leagues and Tournaments
- Providing playgrounds to players.

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 committee as at 31st March 2019 was as under: -

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

3. AVERAGE NET PROFIT (BEFORE TAX) OF THE COMPANY FOR LAST THREE FINANCIAL YEARS:

Average net profit: ₹ 6,64,65,006/-

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

The company is required to spent ₹ 13,29,301/-

5. DETAILS OF CSR SPENT DURING THE FINANCIAL YEAR:

- (a) Total amount to be spent for the financial year: ₹ 13,29,301/-
- (b) Amount unspent for the financial year: ₹ 8,36,801/-
- (c) Cumulative amount unspent upto 31.03.2019: ₹ 9,48,324/-
- (d) Manner in which the amount spent during the financial year is detailed below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No	CSR project or activity identified	Sector in which the Project is covered	State and district where projects or programs was undertaken	Amount outlay (budget) (Amount in ₹)	Amount spent on the projects (Amount in ₹)	Cumulative expenditure upto 31.03.2019 (Amount in ₹)	Amount spent Direct or through implementing agency
1	Preparation of Water Drinking place and Installation of Water Cooler.	Eradicating hunger, poverty and malnutrition	Bijainagar, Ajmer, Rajasthan	300000	192500	192500	Direct
2	Donation to Brahma Savitri Ved Vidhya Peeth Pushkar Nyas for providing the Education to Poor children.	Promoting education, including special education and employment enhancing vocation skills	Pushkar, Ajmer, Rajasthan	400000	300000	300000	Direct
3	-	Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water	-	400000	0	670000	-
4	-	Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports	-	2,29,300	0	180540	-
Total				13,29,300	4,92,500	13,43,040	

Details of Implementing agency:

- Brahma Savitri Ved Vidhya Peeth Pushkar Nyas**

Brahma Savitri Ved Vidhya Peeth Pushkar Nyas is a registered charitable trust working for promoting Vedic Sciences and Bharatiya Sanskriti, the Brahma Savitri Ved Vidya Peeth Pushkar Nyas Trust was formed to administer and run a Vedic school in Pushkar. The course formulated was a residential course wherein children of 12 years of age were to be admitted for a study period of 12 years with the entire expenses of boarding, lodging and study materials of the students being borne by the trust.

The trust began running the Vedic school in 2001 within the premises of Akhil Bharatiya Maheshwari Seva Sadan, Pushkar (Rajasthan). Besides the education of its students, the school soon began to bring about a change in the understanding and appreciation for Vedas amongst people by conducting courses to educate the pundits of Pushkar. Seeing the appreciable response to the initiatives of the trust it was decided that conducting practical and vocational training courses for pundits would be made a permanent feature. The Government of Rajasthan allotted four acres of land at Pushkar to fulfil the expansion plans of the trust for the school.

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

The Company is very particular in spending Corporate Social Responsibility ("CSR") expenditure in line with the CSR Policy of the Company. 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. The Company also ensures that the amount spent on account of CSR activities would benefit the society and real beneficiaries. During the FY 2018-19, the Company had not spent the required amount on CSR activities due to un-identification of CSR activities. 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 Kogta Financial 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

Kogta Financial has not done any contracts/ arrangements/ transactions with related party at non arm's length basis i.e. all the contracts arrangements/ transactions have been done by Kogta Financial 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 Kogta Financial.	Mrs. Manju Kogta	Relative of Director of Kogta Financial.	5 Years	Rent at market rate	4,80,000
		Mrs. Ritu Kogta	Relative of Director of Kogta Financial.	5 Years	Rent at market rate	5,62,878
		Mr. Varun Kogta	Whole Time Director & CFO of Kogta Financial	5 Years	Rent at market rate	2,40,000
		Kogta Housing Development Pvt. Ltd.	Director of Kogta Financial is also Director in the said Company.	5 Years	Rent at market rate	6,45,750
2.	Loan and advances given by Kogta Financial.	M/s Nidhi Freight Carrier	Proprietor of firm is a relative of Director of Kogta Financial.	Various maturities	Advances / Loan facility at contractual interest rate	1,00,469
		M/s Giriraj Allied Industries	Proprietor of firm is a relative of Director of Kogta Financial.	Various maturities	Advances / Loan facility at contractual interest rate	39,911
		M/s Jaipur Insurance Brokers	Partner of firm is a relative of Director of Kogta Financial.	Various maturities	Advances / Loan facility at contractual interest rate	1,66,95,106
		M/s Shri Nath Marble Mines	Partner of firm is a relative of Director of Kogta Financial.	Various maturities	Advances / Loan facility at contractual interest rate	27,62,602
		M/s Giriraj Construction	Proprietor of firm is a relative of Director of Kogta Financial.	Various maturities	Advances / Loan facility at contractual interest rate	99,00,262
		M/s Giriraj Automobiles	Partner of firm is a relative of Director of Kogta Financial.	Various maturities	Advances / Loan facility at contractual interest rate	76,90,955
		Jaipur Promoters Private Limited	Director of Kogta Financial is also Director in the said Company.	Various maturities	Advances / Loan facility at contractual interest rate	1,33,602
		Kogta Housing Development Private Limited	Director of Kogta Financial is also Director in the said Company.	Various maturities	Advances / Loan facility at contractual interest rate	4,35,812
		Mr. Radha Krishan Kogta	Chairman of Kogta Financial	Various maturities	Advances / Loan facility at contractual interest rate	13,50,000
		Mr. Nayan Kogta	Director of Kogta Financial	Various maturities	Advances / Loan facility at contractual interest rate	2,00,000
		Mr. Arun Kogta	Managing Director & CEO of Kogta Financial	Various maturities	Advances / Loan facility at contractual interest rate	4,00,000
		Mrs. Nidhi Kogta	Relative of Director of Kogta Financial.	Various maturities	Advances / Loan facility at contractual interest rate	2,50,000
		Mrs. Ritu Kogta	Relative of Director of Kogta Financial.	Various maturities	Advances / Loan facility at contractual interest rate	34,220

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
3.	Loan and advances recovered by Kogta Financial.	M/s Nidhi Freight Carrier	Proprietor of firm is a relative of Director of Kogta Financial.	Various maturities	Advances / Loan facility at contractual interest rate	7,05,469
		M/s Giriraj Allied Industries	Proprietor of firm is a relative of Director of Kogta Financial.	Various maturities	Advances / Loan facility at contractual interest rate	39,111
		M/s Jaipur Insurance Brokers	Partner of firm is a relative of Director of Kogta Financial.	Various maturities	Advances / Loan facility at contractual interest rate	1,46,92,458
		M/s Shri Nath Marble Mines	Partner of firm is a relative of Director of Kogta Financial.	Various maturities	Advances / Loan facility at contractual interest rate	30,64,725
		M/s Giriraj Construction	Proprietor of firm is a relative of Director of Kogta Financial.	Various maturities	Advances / Loan facility at contractual interest rate	98,81,950
		M/s Giriraj Automobiles	Partner of firm is a relative of Director of Kogta Financial.	Various maturities	Advances / Loan facility at contractual interest rate	27,48,134
		Jaipur Promoters Private Limited	Director of Kogta Financial is also Director in the said Company.	Various maturities	Advances / Loan facility at contractual interest rate	13,02,550
		Kogta Housing Development Private Limited	Director of Kogta Financial is also Director in the said Company.	Various maturities	Advances / Loan facility at contractual interest rate	4,35,812
		Mr. Radha Krishan Kogta	Chairman of Kogta Financial	Various maturities	Advances / Loan facility at contractual interest rate	13,50,000
		Mr. Nayan Kogta	Director of Kogta Financial	Various maturities	Advances / Loan facility at contractual interest rate	2,00,000
		Mr. Arun Kogta	Managing Director & CEO of Kogta Financial	Various maturities	Advances / Loan facility at contractual interest rate	4,00,000
		Mrs. Nidhi Kogta	Relative of Director of Kogta Financial.	Various maturities	Advances / Loan facility at contractual interest rate	2,50,000
		Mrs. Ritu Kogta	Relative of Director of Kogta Financial.	Various maturities	Advances / Loan facility at contractual interest rate	34,220
4.	Interest Income received by Kogta Financial.	M/s Giriraj Construction	Proprietor of firm is a relative of Director of Kogta Financial.	-	Interest on loans and advances at applicable rates.	1,74,195
		M/s Giriraj Automobiles	Partner of firm is a relative of Director of Kogta Financial.	-	Interest on loans and advances at applicable rates.	5,932
		Kogta Housing Development Private Limited	Director of Kogta Financial is also Director in the said Company.	-	Interest on loans and advances at applicable rates.	1,81,714
		M/s Jaipur Insurance Brokers	Partner of firm is a relative of Director of Kogta Financial.	-	Interest on loans and advances at applicable rates.	7,542
		M/s Shri Nath Marble Mines	Partner of firm is a relative of Director of Kogta Financial.	-	Interest on loans and advances at applicable rates.	2,36,224
		M/s Jaipur Promoters Private Limited	Director of Kogta Financial is also Director in the said Company.	-	Interest on loans and advances at applicable rates.	3,86,056
5.	Loan and advances received by Kogta Financial.	Mr. Arun Kogta	Managing Director & CEO of Kogta Financial	Various maturities	Interest at market rate.	5,00,000
		Kogta Housing Development Private Limited	Director of Kogta Financial is also Director in the said Company.	Various maturities	Interest at market rate.	1,90,14,697
6.	Loan and advances repaid by Kogta Financial.	Mr. Arun Kogta	Managing Director & CEO of Kogta Financial	Various maturities	Interest at market rate.	5,00,000
		Kogta Housing Development Private Limited	Director of Kogta Financial is also Director in the said Company.	Various maturities	Interest at market rate.	2,20,38,989

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
7.	Interest Expenses paid by Kogta Financial.	M/s Giriraj Automobiles	Partner of firm is a relative of Director of Kogta Financial.	Various maturities	-	3,235
		Kogta Housing Development Private Limited	Director of Kogta Financial is also Director in the said Company.	Various maturities	Interest on borrowing/ loan at applicable rates.	6,77,771
8.	Commission paid by Kogta Financial.	M/s Easy Recovery Solutions	Proprietor of Firm is a relative of Director of Kogta Financial	5 Years	Commission for Recovery Agent services	17,77,530
9.	Servicing Income received by Kogta Financial.	M/s Jaipur Insurance Brokers	Partner of Firm is a relative of Director of Kogta Financial	Various maturities	Servicing Income for providing Insurance Support Services	32,98,533
10.	Property Sold by Kogta Financial.	Mr. Radha Krishan Kogta	Chairman of Kogta Financial	-	Immovable Property Sold	42,25,000
		Mr. Bal Mukund Kogta	Relative of Director	-	Immovable Property Sold	42,25,000

ANNEXURE - 5

CORPORATE GOVERNANCE REPORT

1. OUR PHILOSOPHY CORPORATE GOVERNANCE

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.

The Company believes that governance practices enable the Management to direct and control the affairs of the Company in an efficient manner and to achieve the Company's goal of maximizing value for all its stakeholders. The Company will continue to focus its resources, strengths and strategies to achieve its vision of becoming a **"Trusted and Innovative"** Financial Service Provider in India.

Kogta Financial 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, and 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 Board is in compliance with the provisions of the Companies Act, 2013 commensurate with the size of the Company, complexity and nature of businesses, the composition of the Board represents an optimal mix of professionalism, knowledge and experience and enables the Board to discharge its responsibilities and provide effective leadership to the businesses.

The composition and category of Directors as on the date of this report is as follows:

Sl. No.	Name of the Director	Category	Designation
1.	Mr. Radha Krishan Kogta	Promoter & Executive Director	Chairman
2.	Mr. Arun Kogta	Promoter & Executive Director	Managing Director and CEO
3.	Mr. Varun Kogta	Promoter & Executive Director	Executive Director and CFO
4.	*Mr. Nayan Kogta	Promoter & Executive Director	Whole-time Director
5.	#Mr. Ram Dayal Modi	Independent & Non-Executive Director	Independent Director
6.	Mr. P R Kalyanaraman	Independent & Non-Executive Director	Independent Director
7.	Mr. Amit Mehta	Nominee Director representing IIFL Seed Ventures Fund I (Investor)	Nominee Director
8.	^Mr. Arjun Saigal	Nominee Director representing NHPEA Rimo Holding B.V. (Investor)	Director
9.	%Mrs. Bhama Krishnamurthy	Independent & Non-Executive Director	Independent Director

* Mr. Nayan Kogta resigned from the post of Whole Time Director w.e.f. 17th January, 2019.

Mr. Ram Dayal Modi, Independent Director retired from the directorship of the Company w.e.f. September 22, 2018.

^ Mr. Arjun Saigal appointed as Additional Director of the Company w.e.f. 28th November, 2018.

% Mrs. Bhama Krishnamurthy appointed as an Additional Independent Director w.e.f. 22nd December, 2018.

• **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

In compliance with regulatory laws, the meetings were held at least once in a quarter interalia to review the business activities and financial results of the Company. The time period between the two meetings did not exceed 120 days. The required quorum was present at all the meetings. Apart from the four scheduled Board Meetings, additional Board Meetings are also 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.

Besides, Directors of the Company has passed resolution by circulation viz. December 22, 2018; January 11, 2019.

iii. Attendance and other directorship

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, 2019:

Name of Director	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, 2019
		Public	Private	
Mr. Radha Krishan Kogta	Yes	-	3	729500
Mr. Arun Kogta	Yes	-	-	791000
Mr. Varun Kogta	Yes	-	-	627000
@Mr. Nayan Kogta	Yes	-	-	567000
Mr. P R Kalyanaraman	No	3	-	NIL
@Mr. Ram Dayal Modi	Yes	5	1	NIL
Mr. Amit Mehta	No	1	1	NIL
@Mr. Arjun Saigal	N/A	1	2	NIL
@Mrs. Bhama Krishnamurthy	N/A	9	-	NIL

@ Mr. Nayan Kogta resigned from the Board w.e.f. January 17, 2019

@ Mr. Ram Dayal Modi retired from the Board w.e.f. September 22, 2018

@ Mr. Arjun Saigal was appointed as an additional director w.e.f. November 28, 2018

@ Mrs. Bhama Krishnamurthy was appointed as an additional independent director w.e.f. December 22, 2018

* Non-Executive Directors of the company do not hold shares & Convertible instruments in the company.

Details of directorship in other Listed Entities of Director(s)

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. Nayan Kogta	Nil	N/A
Mr. P R Kalyanaraman	Coastal Corporation Limited	Independent Director
Mr. Ram Dayal Modi	NIL	N/A
Mr. Amit Mehta	Nil	N/A
Mr. Arjun Saigal	Nil	N/A
Mrs. Bhama Krishnamurthy	Reliance Industrial Infrastructure limited	Independent Director
	Paisalo Digital Limited	Independent Director

Date of board meetings held during the year 2018-19 and attendance of directors therein:

Name/ Date	14.05.2018	08.08.2018	15.10.2018	09.11.2018	28.11.2018	04.01.2019	17.01.2019	Total
Mr. Radha Krishan Kogta	Yes	Yes	Yes	Yes	Yes	Yes	Yes	7
Mr. Arun Kogta	Yes	Yes	Yes	Yes	Yes	No	Yes	6
Mr. Varun Kogta	Yes	Yes	Yes	Yes	Yes	Yes	Yes	7
*Mr. Nayan Kogta	Yes	Yes	Yes	Yes	Yes	Yes	Yes	7
*Mr. Ram Dayal Modi	Yes	Yes	N/A	N/A	N/A	N/A	N/A	2
Mr. P R Kalyanaraman	Yes	No	No	Yes	No	No	Yes	3
Mr. Amit Mehta	Yes	Yes	Yes	Yes	No	No	Yes	5
*Mr. Arjun Saigal	N/A	N/A	N/A	N/A	N/A	No	Yes	1
*Mrs. Bhama Krishnamurthy	N/A	N/A	N/A	N/A	N/A	No	No	0

* Mr. Nayan Kogta resigned from the Board w.e.f. January 17, 2019

* Mr. Ram Dayal Modi retired from the Board w.e.f. September 22, 2018

* Mr. Arjun Saigal was appointed as an additional director w.e.f. November 28, 2018

* Mrs. Bhama Krishnamurthy was appointed as an additional independent director w.e.f. December 22, 2018

iv. Remuneration of Directors

The Company has adopted a Remuneration Policy for Directors, Key Managerial Personnel and senior management, 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 is paid on the scale determined by the Nomination and Remuneration Committee/Board of Directors within limits approved by the shareholders at the General Meeting. 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**.

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 and Management Committee. The Company Secretary is the Secretary of all the aforementioned Committees. The Board of Directors and the Committees also take decisions by circular resolutions which are noted by the Board / 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.

(a) Audit Committee

The Audit Committee constituted as per the Companies Act, 2013 and Meetings of the Audit Committee are scheduled well in advance. The Audit Committee met 3 (Three) times on May 14, 2018, August 08, 2018 and January 17, 2019.

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 by the Board, 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;
- 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.

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 Auditor, Internal Auditor and Secretarial Auditor.

(b) Nomination and Remuneration Committee

The Nomination and Remuneration Committee constituted to determine the appropriate characteristics, skills and experience for the Board as a whole and its individual members with the objective of having a Board with diverse backgrounds and experience in business, government norms and financial services. Characteristics expected of all Directors include independence, integrity, high personal and professional ethics, sound business judgement, ability to participate constructively in deliberations and willingness to exercise authority in a collective manner.

The Nomination & Remuneration Committee comprises of Mr. P R Kalyanaraman, Independent Director as Chairman of the Committee, Mr. Amit Mehta, Nominee Director as member of the Committee and Mrs. Bhama Krishnamurthy, Independent Director as member of the Committee.

Mrs. Bhama Krishnamurthy, Independent Director was inducted as member of the committee with effect from January 17, 2019. Therefore, committee is being re-constituted, the composition of the Nomination & Remuneration Committee is in line with the provisions of Section 178 of the Act.

During the year committee met 2 times on May 14, 2018 and November 27, 2018 –

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

Name of the Director	Category	No. of Meetings in which Director/Member is entitled to attend	
		Held	Attended
Mr. P R Kalyanaraman	Independent Director as Chairman	2	2
Mr. Amit Mehta	Nominee Director as Member	2	2
*Mr. Ram Dayal Modi	Independent Director as Member	1	1
**Mrs. Bhama Krishnamurthy	Independent Director as Member	0	0

*Mr. Ram Dayal Modi ceased to be a member w.e.f. September 22, 2018.

** Mrs. Bhama Krishnamurthy appointed as member w.e.f. January 17, 2019.

The terms of reference of the Committee in brief pertain to, inter-alia, formulation of criteria for determining qualifications, positive attributes and independence of a director, recommending persons to be appointed in Board and Senior Management, recommendation of remuneration policy for directors, key managerial personnel and other employees, formulation of criteria for evaluation of independent directors and the Board, devising a policy on board diversity, etc.

Performance Evaluation of the Board

Performance evaluation is carried out on the basis of mechanism adopted by the Board of Directors as recommended by the Nomination and Remuneration Committee for evaluating the performance for Individual Directors, the Board as a whole and of Board Committees in below manner:

- Performance of Independent Directors was evaluated on the basis of their qualifications, experience, knowledge and competency, fulfilment of functions, ability to function as a team, initiative, availability and attendance, commitment, contribution and integrity, impartial approach and shareholders' interest, knowledge & participation.
- Performance of the Board as a whole including the Structure of the Board, Meetings of the Board, Functions of the Board was reviewed and evaluated.
- Evaluation of performance for Chairman, including of qualifications, experience, knowledge and competency, effectiveness of leadership, impartial and shareholders' interest, independence.
- Performance evaluation of Committees includes its mandate, composition & effectiveness of the committees.

- e. The performance evaluation of Independent Directors of the Company is carried out by the Board of Directors of the Company excluding the Director being evaluated. The Directors expressed their satisfaction with the evaluation process.

(c) Corporate Social Responsibility Committee

In compliance with the provisions of Section 135 of the Companies Act, 2013, the Company has constituted Corporate Social Responsibility Committee ("CSR Committee"). 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 14, 2018 and March 30, 2019.

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

Name of the Director	Category	No. of Meetings in which Director/Member is entitled to attend	
		Held	Attended
Mr. Radha Krishan Kogta	Executive Director as Chairman	2	2
Mr. Varun Kogta	Executive Director as Member	2	2
*Mr. Ram Dayal Modi	Independent Director as Member	1	1
** Mr. P R Kalyanaraman	Independent Director as Member	1	0

* Mr. Ram Dayal Modi ceased to be a member w.e.f. September 22, 2018.

** Mr. P R Kalyanaraman appointed as member w.e.f. January 17, 2019.

(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 August 08, 2018 re-constituted Loan & Investment Committee to delegate its powers, to borrow money and to invest the funds of the Company, to 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 18 (eighteen) times on 02/05/2018, 14/05/2018, 29/05/2018, 19/06/2018, 28/06/2018, 18/07/2018, 27/07/2018, 17/09/2018, 26/09/2018, 11/10/2018, 25/10/2018, 12/11/2018, 28/11/2018, 28/12/2018, 26/02/2019, 18/03/2019, 20/03/2019 and 22/03/2019.

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

Name of the Director	Category	No. of Meetings in which Director/Member is entitled to attend	
		Held	Attended
Mr. Varun Kogta	Executive Director as Chairman	18	18
Mr. Arun Kogta	Executive Director as Member	18	6
*Mr. Nayan Kogta	Executive Director as Member	14	14
Mr. Amit Mehta	Nominee Director as Member	18	1

*Mr. Nayan Kogta ceased to be a member w.e.f. January 17, 2019 due to his resignation from the post of Director of the company.

(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. Further, during this year there is no change in the composition of the committee.

During the year committee met 4 (four) times on 23/05/2018, 20/07/2018, 01/01/2019 and 15/02/2019.

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

Name of the Director	Category	No. of Meetings in which Director/Member is entitled to attend	
		Held	Attended
Mr. Varun Kogta	Executive Director as Chairman	4	4
Mr. Rahul Agrawal	Company Secretary as Member	4	4
Mr. Manoj Sharda	Regional Credit Manager as Member	4	4
Mr. Vijendra Singh	Operation Manager as Member	4	4

(f) Risk Management Committee

The Risk Management committee was constituted in compliance with the RBI guidelines. The composition of Risk Management committee is as under: -

Name of the Director	Category
Shri Arun Kogta	Executive Director as Chairman
Shri Varun Kogta	Executive Director as Member
Shri Nayan Kogta	Executive Director as Member
Shri Shobhit Nawal	VP (Finance & Accounts) as Member

The Risk Management Committee of the Company comprises four aforementioned members, who have very rich experience in the industry and have put in place preventive mechanisms to contain various risks. The Risk Management Committee has constituted to identify, measure, monitor and control various risks of the Company.

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.

(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 ESOP will be given. Further, during this year there is no change in the composition of the committee.

During the year, the committee met once on 12/05/2018.

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

Name of the Director	Category	No. of Meetings in which Director/Member is entitled to attend	
		Held	Attended
Mr. Arun Kogta	Executive Director as Chairman	1	1
Mr. Varun Kogta	Executive Director as Member	1	1
Mr. Nayan Kogta	Chief Operating Officer as Member	1	1

(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 composition of Asset Liability Management committee is as under: -

Name of the Director	Category
Shri Arun Kogta	Executive Director as Chairman
Shri Varun Kogta	Executive Director as Member
Shri Shobhit Nawal	VP (Finance & Accounts) as Member

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.

4. MEETING OF INDEPENDENT DIRECTORS

The Independent Directors of the company met 1 (One) time on 14th May, 2018, 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 Performance of the Chairman of the Company, taking into account the views of Executive Directors and Non- Executive Directors excluding the chairperson, being evaluated;
- Review of the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

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
2018-19	August 27, 2018	1.00 P.M.	Kogta House, Azad Mohalla, Near Railway Station, Bijainagar, Ajmer – 305624, Rajasthan	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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.
2016-17	September 23, 2016	5.30 P.M.	Kogta House, Azad Mohalla, Near Railway Station, Bijainagar, Ajmer – 305624, Rajasthan	<ul style="list-style-type: none"> Re-appointment of Mr. Ram Dayal Modi as an independent director of the Company; Change of designation of Mr. Arun Kogta (DIN: 05109722) from executive director and CEO to managing director and CEO of the Company; Change of designation of Mr. Radha Krishan Kogta (DIN: 00197552) from managing director to chairman of the Company; Adoption of articles of association as per the provisions of the Companies Act, 2013; Alteration of clause III to the memorandum of association of company as per the provisions of the Companies Act, 2013; To approval for issue, allotment of compulsorily convertible non-cumulative preference shares ('CCPS'); To approval of securities subscription agreement and shareholders' agreement.

- The details of the location and time of the extra ordinary general meetings held in Financial Year 2018-19 are given below: -

Financial Year	Date	Time	Venue	Special Resolution Passed
2018-19	November 18, 2018	1.30 P.M.	Kogta House, Azad Mohalla, Near Railway Station, Bijainagar, Ajmer – 305624, Rajasthan	<ul style="list-style-type: none"> Approval of the share subscription agreement and amended and restated shareholders' agreement Approval of the issuance and allotment of equity shares and compulsorily convertible preference shares, record the name of the offerees of equity shares and compulsorily convertible preference shares and the draft private placement offer cum application letter To vary and adopt the terms of the series a compulsorily convertible preference shares.

Financial Year	Date	Time	Venue	Special Resolution Passed
	December 06, 2018	1.30 P.M.	Kogta House, Azad Mohalla, Near Railway Station, Bijainagar, Ajmer – 305624, Rajasthan	<ul style="list-style-type: none"> To consider, review and approve the amended and restated Articles of Association of the company pursuant to the amended and Restated Shareholders' Agreement dated November 18, 2018; To consider and approve the appointment of a non-executive director of the company. Approval to authorise the board to grant loans advances, provide guarantee, security and make investment in terms of section 186 of the Companies Act, 2013.
	February 18, 2019	1.00 P.M.	Kogta House, Azad Mohalla, Near Railway Station, Bijainagar, Ajmer – 305624, Rajasthan	<ul style="list-style-type: none"> To consider and approve the appointment of ms. bhama krishnamurthy as an independent director of the company. To consider and approve the amendment in the kogta employee stock option scheme of the company.

• **Postal Ballot**

During the period under review no resolutions has been passed through postal Ballot.

6. ANNUAL GENERAL MEETING INFORMATION: -

AGM Date, Time And Venue	June 30, 2019 at 1:00 P.M. at "Kogta House," Azad Mohalla, Bijainagar - 305624
Financial Year	1 st April, 2018 to 31 st March, 2019
Registrar And Transfer Agent	Karvy Fintech Private Limited (KFPL) (Formerly known as Karvy Computershare 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) Office No. 83 – 87, 8th Floor, 'Mittal Tower', 'B' Wing, Nariman Point, Mumbai – 400021 IDBI TRUSTEESHIP SERVICE LIMITED Asian Building, 17, R Kamani Rd, Ballard Estate, Fort, Mumbai – 400001
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 - 2389025/4059429 Telefax: +91 141 - 3013098, Email: Info@Kogta.In
Listing On Stock Exchange(S)	Privately Placed Debentures are Listed on BSE Limited 25 th Floor, P J Towers, Dalal Street, Fort, Mumbai – 400 001
Scrip Code / ISIN	Scrip Code: 958545 ISIN: INE192U08036
Share Transfer System	100 %of the Equity Shares of the Company are in Electronic Form. Transfers of these shares are done through the depositories with no involvement of the company.

Your company has deposited the annual listing fees to the stock exchange(s) where the Non-Convertible Debentures of the company are listed.

SHAREHOLDING AS ON MARCH 31, 2019
a. Distribution of shareholding as on March 31st, 2019

Category (Nominal value of Shares)	No. of Shareholders	% of total	Total shares	% of total share amount
1 – 200000	2	9.52	371000	1.83
200001 - 500000	8	38.10	2967500	14.63
500001 – 1000000	8	38.10	4939500	24.35
1000001 – 5000000	1	4.76	1322000	6.52
5000001 & above	2	9.52	10683308	52.67
Total	21	100	20283308	100

*Above shareholding are on fully diluted basis and does not include ESOP to be allotted.

b. Categories of Shareholders as on March 31st, 2019 on fully diluted basis: -

Category	No. of Shares	Percentage of Holding
Promoters	9600000	47.33
Other Institutions / FI	5614644	27.68
Foreign Corporates / FI	5068664	24.99
Total	20283308	100

c. Top ten shareholders of the Company as on March 31st, 2019 on fully diluted basis: -

Sr. No.	Name	No. of Shares	% of holding
Promoter Group Shareholding			
1	Bal Mukund Kogta	1322000	6.52%
2	Arun Kogta	791000	3.90%
3	Radha Krishan Kogta	729500	3.60%
4	Varun Kogta	627000	3.09%
5	Nidhi Kogta	580000	2.86%
6	Banwari Lal Kogta HUF	574500	2.83%
7	Nayan Kogta	567000	2.80%
8	Banwari Lal Kogta	549000	2.71%
Investor's Shareholding			
9	IIFL Seed Ventures Fund I	5614644	27.68%
10	NHPEA Rimo Holding B. V.	5068664	24.99%

OTHER DISCLOSURES
1. CEO and CFO Certification

Managing Director & Chief Executive Officer and Chief Financial Officer of your company have issued a certificate in terms of Regulation 17(8) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, certifying that the financial statements do not contain any materially untrue statement and these statements represent a true and fair view of the company's affairs. The said certificate is annexed and forms part of the Annual Report.

2. 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 Accounting Standards (AS-18) 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 and Listing Regulations. The same is displayed on the website of the company at <https://www.kogta.in>

3. 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.

4. 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>

5. 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>

6. ALM Policy

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

7. 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.

8. 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 laid down in the Companies Act, 2013 and Listing Regulations. 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>

9. Means of Communication

The 'Investors Zone' section on 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>

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

10. Dematerialization of shares

All Shares of the company held in Dematerialization form.

11. 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 2018-19, there were no outstanding GDRs/ADRs/Warrants and there were no CCPS, outstanding to be converted in Financial Year 2018-19 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 and before 20 years from the date of allotment and on the request of the shareholders.

12. 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.

13. 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 a MD & CEO.

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

The internal auditor reports directly to the Audit Committee.

14. Subsidiary Companies

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

15. In practice, the role of company secretary has developed into much more than the basic statutory requirements outlined above.

ANNEXURE - 6

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st March, 2019

[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, 2019 ('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, 2019 according to the provisions of:

- | | |
|---|--|
| <ul style="list-style-type: none"> (i) The Companies Act, 2013 ('the Act') and the rules made thereunder; (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; (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; | <ul style="list-style-type: none"> (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):- <ul style="list-style-type: none"> (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 with the effect from 30.01.2019 (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 –Non-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) Master Direction - Non-Banking Financial Company Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 with effect from 28.11.2018.
- e) Raising Money through Private Placement of Non-Convertible Debentures (NCDs) by NBFCs - RBI Guidelines.
- f) Master Circular – “Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015”

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 with the effect from 30.01.2019.

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 8 day and 1 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 month of February 2019 and march 2019.

- ii. The company has delayed notified 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 February 2019, March 2019, April 2019 and May 2019 as under:-

Month	Delayed in Days
February, 2019	3
March, 2019	4
April, 2019	3
May, 2019	4

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 are as under: -

- i. During the year company has made the allotment of 500 rated, listed, redeemable non convertible debentures bearing face value of ₹ 5,00,000 each aggregating up to ₹ 25,00,00,000 (Twenty five crore) on private placement basis on dated 11th January 2019 and same has been listed on BSE.

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

- a) Increase in borrowing limit of company under Section 180 (1) (c) of the Companies Act, 2013 upto an aggregate value not exceeding ₹ 2000 Crore (Rupees Two Thousand Crore Only)
- b) Authority to create mortgage, charge to secure borrowing upto an aggregate value not exceeding ₹ 2000 crore (Rupees Two Thousand Crore Only)
- c) Approval for Private Placement of Non Convertible Debentures (₹ 1000 Crore Limit (Rupees One Thousand Crore Only).
- d) Altered Memorandum and Articles of Association of the Company.
- e) Increase in Authorized Capital of the Company from Rs. 15,00,00,000 (fifteen crore) to ₹ 65,23,85,666 (sixty five crore twenty three Lakh eighty five thousand six hundred and sixty six).
- f) Approval and allotment of 10 Equity shares at issue price of 225.41, 101,37,308 series B compulsorily convertible preference shares at issue price of 112.705, 17,74,544 series C compulsorily convertible preference shares at issue price of 225.41.
- g) Approval to increase in the investment limit up to ₹ 250 Crores under section 186(2) of the companies act 2013.
- h) Approval for amendment in ESOP Scheme 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**
Practicing Company Secretaries

DEEPAK ARORA
PROPRIETOR
FCS No. 5104
COP No. 3641

PLACE : JAIPUR
DATE: 16.05.2019

Annexure A

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**
Practicing Company Secretaries

DEEPAK ARORA
PROPRIETOR
FCS No. 5104
COP No. 3641

PLACE : JAIPUR
DATE: 16.05.2019

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 FY 2018-19:

Name	Designation	Remuneration of Directors' to median employees, remuneration (times)
Mr. Radha Krishan Kogta	Chairman	8x
Mr. Arun Kogta	Managing Director & CEO	14x
Mr. Varun Kogta	Whole Time Director & CFO	14x
Mr. Nayan Kogta	Whole Time Director	9x

*Mr. Nayan Kogta resigned from the post of Whole Time Director w.e.f. 17.01.2019

- ii). Percentage increase in the remuneration of each director and key managerial personnel in FY 2018-19 is given below. Further details are given in MGT-9.

Name	Designation	Increase in Remuneration
Mr. Radha Krishan Kogta	Chairman	0%
Mr. Arun Kogta	Managing Director & CEO	24%
Mr. Varun Kogta	Whole Time Director & CFO	24%
Mr. Nayan Kogta	Whole Time Director	67%
Mr. Rahul Agrawal	Company Secretary & Compliance Officer	33%

- iii). The percentage increase in the median remuneration of employees in F.Y. 2018-19 stood at 7.41%.

- iv). No of permanent employees on the rolls of the Company: 970

- 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 10.42% for the FY 2018-19. The average increase in remuneration of the Key managerial personnel was 25.69%.

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 1 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:

Only one employee Mr. Sanjay Salim Khan had received remuneration more than whole time director's remuneration.

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

Employee Name	Designation	Date of Joining of Company	Educational Qualification	Age	Experience (In years)	Remuneration (Per Annum in ₹)	Last Employment
Arun Kogta	MD & CEO	01/04/2013	MBA – Finance	38	12	3100000	N/A
Varun Kogta	ED & CFO	01/04/2014	Chartered Accountant	35	10	3100000	Ernst & Young
Sanjay Salim Khan	National Sales Manager	03/03/2018	MBA – Marketing	42	19	2206068	Ujjivan Small Finance
Nayan Kogta	Chief Operating Officer	01/04/2013	Chartered Accountant & Company Secretary	28	6	2000000	N/A
Radha Krishan Kogta	Chairman	01/04/2013	B.Com	55	35	1800000	N/A
Shobhit Nawal	VP - Accounts & Finance	21/11/2011	Chartered Accountant	29	8	1664702	N/A
Puneet Jain	Chief Strategy Officer	15/01/2018	PGDAMM	42	19	1662768	Ess Kay Fincorp Limited
Rakshit Garg	National Collection Manager	27/08/2018	MBA - Marketing & Finance	40	17	1458338	India Infoline Finance Limited
Sanjay Bhatnagar	National Sales Manager	08/08/2018	MBA – Marketing	53	30	1406128	IKF Finance Ltd.
Alok Tiwari	Zonal Sales Manager	11/07/2018	MBA - Marketing & IT	44	19	1350270	DJT Financial Services Private Limited

- 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, 2019.

CERTIFICATE ON COMPLIANCE WITH THE CODE OF CONDUCT AND ETHICS

I confirm that company has obtained from all the members of the Board and Senior Management Personnel, affirmation that they have complied with the 'code of Conduct' for financial year 2018-19.

Jaipur
16th May 2019

Arun Kogta
Managing Director & CEO

CEO & CFO CERTIFICATION

We, Arun Kogta, Managing Director & CEO and Varun Kogta, Whole Time Director and Chief Financial Officer, of Kogta Financial (India) Limited hereby certify that:

- A. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2019 and that to the best of our knowledge and belief:
 - 1. these statements do not contain any materially untrue statement or omit any material fact or contain any statements that might be misleading;
 - 2. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's Code of Conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and have disclosed to the Auditors and Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or proposed to take to rectify these deficiencies.
- D. We have indicated, to the Auditors and the Audit Committee:
 - 1. Significant changes in internal control over financial reporting during the year;
 - 2. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - 3. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the company's internal control system over financial reporting.

Place: Jaipur
Date: 16.05.2019

Arun Kogta
Managing Director & CEO

Varun Kogta
Whole Time Director & CFO



FINANCIAL STATEMENTS



INDEPENDENT AUDITOR'S REPORT

To the Members of Kogta Financial (India) Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Kogta Financial (India) Limited ("the Company"), which comprise the Balance sheet as at March 31, 2019, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its profit and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India ("ICAI") together with the

ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended March 31, 2019. These matters were addressed in the context of our audit of the 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 matter described below to be the key audit matter to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the 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 financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matters	How our audit addressed the key audit matter
Identification Non-Performing Advances and provisioning for Advances (as described in note 2.1 (b) of the financial statements)	
<p>Loans and advances constitute a major portion of the Company's assets and the quality of the Company's loan portfolio is measured in terms of the proportion of non-performing assets (NPAs) to the total loans and advances. As at March 31, 2019, the Company has reported total gross loans and advances of Rs. 54,834.54 lakhs (March 31, 2018: Rs. 34,893.91 lakhs), gross non-performing advances of Rs. 1,858.73 lakhs (March 31, 2018: Rs. 1,078.26 lakhs) and a corresponding provision for non-performing advances of Rs. 254.20 lakhs (March 31, 2018: Rs. 137.05 lakhs).</p> <p>Identification and provisioning of NPAs is governed by the prudential norms prescribed by the Reserve Bank of India (RBI Directions). These norms prescribe several criteria for a loan to be classified as a NPA including overdue aging.</p>	<p>Our key audit procedures included:</p> <ul style="list-style-type: none"> Assessed the design, implementation and operating effectiveness of key internal controls over monitoring process of loans, identification of NPA accounts, measurement of provision and assessing the reliability of management information, including overdue reports. Tested of management's controls over identification of NPAs and measurement of provisions and disclosures in financial statements. Read accounting policies adopted by the management and tested data used in the identification of NPAs and measurement of provision amounts

Key audit matters	How our audit addressed the key audit matter
Given the volume of loans, judgement is involved in the application of RBI norms for classification of loans as NPA and in view of the significance of this area to the overall audit of financial statements, it has been considered as a key audit matter.	<ul style="list-style-type: none"> Traced calculation of NPA provision as at 31 March 2019 calculated by the management and assessed compliance with the minimum RBI guidelines and Company's accounting policy as described in note 2.1 (b) to the financial statements. Understood the judgements applied by the Company in respect of areas where the accounting treatment adopted or the disclosures made under the accounting framework from the extant RBI Directions.

Other Information

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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, on the other information that we have obtained prior to the date of this auditor's report, 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 and the Board of Directors for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. 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.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the financial year ended March 31, 2019 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 books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid financial statements comply with the Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014 as amended;
 - (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the

directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;

- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in “Annexure 2” to this report;
- (g) In our opinion, the managerial remuneration for the year ended March 31, 2019 has been paid/provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company does not have any pending litigations which would impact its financial position;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **S. R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per Shrawan Jalan

Partner

Membership Number: 102102

Place: Mumbai

Date: May 16, 2019

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’)

- | | |
|--|---|
| <p>(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and location of fixed assets.</p> <p>(i) (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.</p> <p>(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.</p> <p>(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.</p> <p>(iii) According to the information and explanations given to us, the Company has granted unsecured loans to other parties covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:</p> <p style="padding-left: 20px;">a) In our opinion, the rate of interest and other terms and conditions of the grant of such loans are, prima facie not prejudicial to the Company’s interest.</p> <p style="padding-left: 20px;">b) The schedule of repayment of principal and payment of interest has been stipulated for the loans granted and the repayment/receipts are regular.</p> <p style="padding-left: 20px;">c) There is no overdue amount in payment of principal and interest in respect of such loans.</p> <p>(iv) In our opinion and according to the information and explanations given to us, the Company has complied with provisions of Section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees and securities.</p> <p>(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.</p> <p>(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.</p> | <p>(vii) (a) Undisputed statutory dues including provident fund, employees’ state insurance, goods and service tax, cess and other statutory dues 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.</p> <p>(vii) (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, goods and services tax, employees’ state insurance 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.</p> <p>(vii) (c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute.</p> <p>(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.</p> <p>(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.</p> <p>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.</p> <p>(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 material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.</p> |
|--|---|

- (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

per Shrawan Jalan

Partner

Membership Number: 102102

Place: Mumbai

Date: May 16, 2019

Annexure 2 To The Independent Auditor's Report Of Even Date On The 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, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the 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 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 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 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 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 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 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 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 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 financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these 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 financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at March 31, 2019, based on the internal control over financial

reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S. R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per Shrawan Jalan

Partner

Membership Number: 102102

Place: Mumbai

Date: May 16, 2019

BALANCE SHEET

as at March 31, 2019

(Amount in ₹)			
	Notes	31 March 2019	31 March 2018
Equity and liabilities			
Shareholders' funds			
Share capital	1	63,57,74,143	13,44,01,000
Reserves and surplus	2	165,95,02,959	54,74,18,824
		229,52,77,102	68,18,19,824
Non-current liabilities			
Long term borrowings	3	176,71,73,223	156,79,32,256
Long term provisions	4	4,24,67,553	2,29,86,695
		180,96,40,776	159,09,18,951
Current liabilities			
Short term borrowings	5	104,35,74,665	47,13,90,571
Trade payables	6	1,62,92,399	86,04,039
Other current liabilities	6	149,68,65,933	116,81,77,691
Short term provisions	4	1,82,16,339	1,43,21,169
		257,49,49,336	166,24,93,470
TOTAL		667,98,67,214	393,52,32,245
Assets			
Non-current assets			
Property, plant and equipment	7	3,68,71,652	2,36,22,449
Intangible assets	7	44,89,008	49,28,373
Capital work in progress	7	62,34,826	-
Intangible asset under development	7	25,68,748	-
Non current investments	8	16,41,08,221	3,81,33,361
Deferred tax assets (net)	9	37,68,860	35,32,710
Loans and advances	10	358,46,76,216	204,96,60,940
Other non-current assets	11	9,26,56,561	6,36,36,788
		389,53,74,091	218,35,14,621
Current assets			
Cash and bank balances	12	66,73,60,330	16,03,44,931
Loans and advances	10	196,29,60,191	148,56,65,543
Other current assets	11	15,41,72,602	10,57,07,150
		278,44,93,123	175,17,17,624
TOTAL		667,98,67,214	393,52,32,245

Summary of significant accounting policies

I

The accompanying notes are an integral part of the financial statements.

II

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Reg. No. : 301003E/E300005

per **Shrawan Jalan**

Partner

Membership No. 102102

Place: Mumbai

Date: May 16, 2019

For and on behalf of the Board of Directors of

Kogta Financial (India) Limited
R. K. KOGTA

(Chairman)

DIN 00197552

RAHUL AGRAWAL

(Company Secretary)

Membership No. A34034

Place: Jaipur

Date: May 16, 2019

ARUN KOGTA

(Managing Director & CEO)

DIN 05109722

VARUN KOGTA

(Executive Director & CFO)

DIN 06844307

STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2019

(Amount in ₹)

	Notes	31 March 2019	31 March 2018
Income			
Revenue from operations	13	104,84,99,851	63,61,39,636
Other Income	14	96,83,712	2,27,50,998
Total revenue (I)		105,81,83,563	65,88,90,634
Expenses			
Employee benefits expense	15	24,32,74,939	11,92,28,349
Depreciation and amortization expense	16	1,39,98,537	74,45,339
Finance costs	17	42,80,05,548	28,30,67,869
Other expenses	18	15,76,50,955	10,05,87,602
Provisions & write offs	19	4,65,17,924	3,14,33,202
Total expenses (II)		88,94,47,903	54,17,62,361
III. Profit before tax (I-II)		16,87,35,660	11,71,28,273
IV. Tax expense:			
Current tax			
Pertaining to profit/(loss) for the current period		5,50,00,000	3,65,50,000
Adjustment of tax relating to earlier periods		14,27,596	4,652
Deferred tax		(236,150)	(2,694,869)
Total Tax expense		5,61,91,446	3,38,59,783
V. Profit/(loss) for the year from continuing operations (III-IV)		11,25,44,214	8,32,68,490
Earning per equity share [Nominal value of shares ₹ 10/- (31 March 2018: ₹ 10/-)]			
Basic			
Computed on the basis of total profit for the year		11.72	8.41
Diluted			
Computed on the basis of total profit for the year		7.13	6.15

Summary of significant accounting policies I

The accompanying notes are an integral part of the financial statements. II

For and on behalf of the Board of Directors of

Kogta Financial (India) Limited

R. K. KOGTA

(Chairman)

DIN 00197552

ARUN KOGTA

(Managing Director & CEO)

DIN 05109722

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Reg. No. : 301003E/E300005

per **Shrawan Jalan**

Partner

Membership No. 102102

RAHUL AGRAWAL

(Company Secretary)

Membership No. A34034

VARUN KOGTA

(Executive Director & CFO)

DIN 06844307

Place: Mumbai

Date: May 16, 2019

Place: Jaipur

Date: May 16, 2019

CASH FLOW STATEMENTS

for the year ended March 31, 2019

(Amount in ₹)

Particulars	31 March 2019	31 March 2018
A. Cash flow from operating activities:		
Profit before tax	16,87,35,660	11,71,28,273
Adjustment to reconcile profit before tax to net cash flows		
Depreciation and amortization	1,39,98,537	74,45,339
Impairment/ other write off on tangible/ intangible assets	2,55,95,749	1,78,08,568
Provision for standard and non performing assets	2,09,22,175	1,36,24,634
Provision for Gratuity	7,90,579	16,63,006
Loss/(Profit) on sale of property, plant and equipment	(5,103,771)	(17,029,206)
Net (gain)/ loss on sale of current investments	(829,464)	(1,400,235)
Interest expenses on vehicle loans	8,84,209	3,76,972
Rental Income	(451,944)	(408,454)
Amortization of ancillary cost	3,16,61,581	1,66,72,127
Employee stock option expenses	4,04,022	-
Operating profit before working capital changes	25,66,07,333	15,58,81,024
Movements in working capital:		
(Increase)/decrease in loans and advances	(2,069,567,256)	(1,508,843,261)
(Increase)/decrease in other current assets	(59,798,689)	(25,427,984)
(Increase)/decrease in other non current assets	(877,316)	(912,868)
(Increase)/decrease in bank deposits	(563,310,473)	(36,388,261)
(Increase)/decrease in investments	(125,974,860)	(38,133,361)
Increase/(decrease) in long term borrowings	19,18,72,475	77,49,07,877
Increase/(decrease) in short term borrowings	57,21,84,094	(440,345)
Increase/(decrease) in other current liabilities	32,86,88,242	59,56,15,621
Increase/(decrease) in trade payables	76,88,360	72,15,002
Cash generated from/(used in) operations	(1,462,488,089)	(76,526,556)
Direct taxes paid(net of refunds)	(43,431,084)	(25,200,000)
Net Cash flow from/(used in) operating activities (A)	(1,505,919,173)	(101,726,556)
B. Cash Flow from Investing Activities :		
Purchase of fixed assets, including CWIP and capital advances	(39,320,457)	(14,630,180)
Proceeds from sale of fixed assets	88,12,280	1,94,94,700
Purchase of current investments	(300,000,000)	(520,000,000)
Proceeds from sale/maturity of current investments	30,08,29,464	62,14,00,235
Rental income	4,51,944	4,08,454
Net Cash Flow from/(used in) Investing Activities (B)	(29,226,769)	10,66,73,209

CASH FLOW STATEMENTS (contd.)

for the year ended March 31, 2019

(Amount in ₹)

Particulars	31 March 2019	31 March 2018
C. Cash Flow from Financing Activities :		
Proceeds from issuance of equity share capital	100	-
Proceeds from issuance of preference share capital	50,13,73,043	51,20,000
Securities Premium received on issue of Share Capital	99,91,40,144	3,48,32,000
Interest paid on vehicle loan	(884,209)	(376,972)
Proceeds from vehicle loans	1,12,38,100	51,67,500
Repayment of vehicle loans	(3,869,608)	(2,742,227)
Dividend paid on equity shares	-	(9,600,100)
Dividend paid on preference shares	(3,527)	(1,477)
Tax on equity dividend paid	-	(1,954,388)
Tax on preference dividend paid	(718)	(301)
Net Cash Flow from/(used in) Financing Activities (C)	150,69,93,325	3,04,44,035

(Amount in ₹)

Particulars	31 March 2019	31 March 2018
Net increase/(decrease) in cash and cash equivalents (A + B + C)	(28,152,617)	3,53,90,687
Effect of exchange differences on cash & cash equivalents held in foreign currency	-	-
Cash and cash equivalents at the beginning of the year	14,31,20,264	10,77,29,577
Cash and cash equivalents at the end of the year	11,49,67,647	14,31,20,264
Components of cash and cash equivalents		
Cash on hand	5,11,63,447	2,33,56,038
With banks - on current account	6,38,04,200	8,75,42,226
- on deposit account	-	3,22,22,000
Total Cash and cash equivalents	11,49,67,647	14,31,20,264

Summary of significant accounting policies

I

The accompanying notes are an integral part of the financial statements.

II

For and on behalf of the Board of Directors of

Kogta Financial (India) Limited

R. K. KOGTA

(Chairman)

DIN 00197552

ARUN KOGTA

(Managing Director & CEO)

DIN 05109722

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Reg. No. : 301003E/E300005

per **Shrawan Jalan**

Partner

Membership No. 102102

RAHUL AGRAWAL

(Company Secretary)

Membership No. A34034

VARUN KOGTA

(Executive Director & CFO)

DIN 06844307

Place: Mumbai

Date: May 16, 2019

Place: Jaipur

Date: May 16, 2019

SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 March, 2019

1. 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.

2. BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 as amended and Non-Banking Financial Company-Systematically Important Non Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 as amended from time to time. The financial statements have been prepared on an accrual basis and under the historical cost convention, except income from Non-performing assets which is recognized on receipt basis.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. Based on the nature of product and services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current - noncurrent classification of assets and liabilities.

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

In case of any contradiction in applicable provisions of Reserve Bank of India, schedule III and accounting standards issued by ICAI, the Company has adopted the provisions of master directions of RBI.

2.1 Summary of significant accounting policies

(a) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Interest

Interest income from financing activities is recognized on accrual basis by applying internal rate of return implicit in each loan agreement except in the case of non-performing assets, where it is recognised on the actual realization as per the Non-Banking Financial Company- Systematically Important Non Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and to the extent it is probable that the economic benefits will flow to the Company and revenue can be reliability measured.

Processing fees, late payment Interest and all other financial charges except cheque bounce charges or instrument dishonor charges pertaining to loan agreement are be recognized only on receipt basis.

Cheque bounce charges or instrument dishonor charges pertaining to performing loans are recognized on accrual basis i.e. as & when the cheque/instrument is dishonored or bounced.

Income from securitisation

Income arising on direct assignment transactions is recognized over the tenure of agreement on accrual basis.

Income from excess interest spread under PTC transactions is accounted for on accrual basis.

Income from servicing of assigned receivables is recognized when the services are rendered and right to receive payment is established.

Other income

Other 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.

SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 March, 2019

(b) Provisioning Norms for Standard & Sub Standard Assets

Non-performing assets are recognized and provided for, as per management estimates, subject to the minimum provision required as per Non- Banking Financial Company Systematically Important Non Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (ND-SI Directions) issued vide master direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 as amended from time to time and in accordance with circular DBR. No.BP.BC.37/21.04.048/2016-17 dated November 21, 2016 and DBR.No.BP.BC.49/21.04.048/2016-17 dated December 28, 2016 issued by RBI. Similarly, provision on standard assets is also made as per the RBI ND-SI Directions.

(c) Bad Debts

As per management estimates, the loan accounts which are considered as irrecoverable on account of collection is written off in the year of determination of irrecoverability. Interest income not realized on such loans is reversed and the principal outstanding as reduced by the total receipts is written off as Bad Debts.

(d) Repossession of Assets

The accounts, where underlying security is repossessed and where management estimates irrecoverability of portion of loans, are written off to the extent of difference between amount outstanding in the books and value of underlying security as determined by the approved valuer.

The accounts, where underlying asset is repossessed and sold, are written off to the extent of difference between principal outstanding in the books and the full & final amount recovered from sale of repossessed assets under the accounting head "principal loss on repossession".

Further, interest income recognized on such loans is also reversed to the extent not actually realized by debiting to account head "interest loss on repossession".

(e) Investments

Investments, which are readily realizable and intended to be held for not more than one year from

the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

(f) Property, Plant and Equipment

Property, plant and equipment, capital work in progress are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, nonrefundable taxes or levies, borrowing costs if capitalization criteria are met, directly attributable cost of bringing the asset to its working condition for the intended use and initial estimate of decommissioning, restoring and similar liabilities. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditures related to an item of tangible assets are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance. All other repair and maintenance costs are recognised in profit or loss as incurred.

SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 March, 2019

Gains or losses arising from derecognition of property, plant and equipment 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.

(g) Depreciation on property, plant and equipment

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
Computer software	5

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(h) 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.

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.

(i) Lease

Where the company is lessee

All the leasing arrangements of the Company are operating lease in respect of its office premises where the lessor effectively retains substantially all the risks and benefits of ownership of the leased asset. Such operating lease rental payments are recognised as an expense on accrual basis in the Statement of Profit and Loss.

Where the company is the lessor

Assets subject to operating lease are included in the fixed assets. Lease income on operating lease is recognized in the Statement of Profit and Loss. Costs, including depreciation, are recognized as expenses in the Statement of Profit and Loss.

(j) Borrowing cost

Borrowing cost accrued or paid for working capital facility is deferred immediately and charged to the statement of profit and loss on the basis of principal amount matured during the particular financial year.

(k) Impairment of assets

The carrying amount of substantial assets is reviewed at each Balance Sheet date to identify if there is any indication of impairment based on internal/external factors. For any impairment, the recoverable amount of these assets is determined. The recoverable amount is determined for an

SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 March, 2019

individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss, if any is charged to the Profit & Loss accounting the year in which an asset is identified.

The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount. The reversal of impairment is recognized in Statement of Profit and Loss, unless the same is carried at revalued amount and treated as revaluation reserve.

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

(l) 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 expenditure, 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.

Employee State Insurance is a defined contribution scheme and the contributions as required by the statute are charged to the Statement of Profit and Loss as and when incurred.

The Company provides for the gratuity, a defined benefit retirement plan covering all employees. 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.

Actuarial gains and losses are recognised in the Statement of Profit and Loss as and when incurred.

(m) Income 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.

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

SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 March, 2019

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.

(n) Earnings 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.

(o) Provisions

A provision is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the

obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

(p) Contingent liabilities and Contingent assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent assets are neither recognized nor disclosed in the financial statement since this result in the recognition of the income that may never realize.

(q) Cash and cash equivalents

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

NOTES

to financial statements for the year ended 31 March, 2019

1. SHARE CAPITAL

(Amount in ₹)

	31 March 2019	31 March 2018
Authorized shares		
1,01,00,000 (31 March 2018: 1,00,00,000) equity shares of ₹ 10/- each	10,10,00,000	10,00,00,000
50,00,000 (31 March 2018: 50,00,000) Series A compulsory convertible preference shares of ₹ 10/- each	5,00,00,000	5,00,00,000
1,01,37,308 (31 March 2018: Nil) Series B compulsory convertible preference shares of ₹ 10/- each	10,13,73,080	-
17,74,600 (31 March 2018: Nil) Series C compulsory convertible preference shares of ₹ 225.41/- each	40,00,12,586	-
	65,23,85,666	15,00,00,000
Issued , subscribed & fully paid-up shares		
96,00,110 (31 March 2018: 96,00,100) equity shares of ₹ 10/- each	9,60,01,100	9,60,01,000
38,40,000 (31 March 2018: 38,40,000) Series A 0.0001% compulsory convertible preference shares of ₹ 10/- each	3,84,00,000	3,84,00,000
1,01,37,308 (31 March 2018: Nil) Series B 0.0001% compulsory convertible preference shares of ₹ 10/- each	10,13,73,080	-
17,74,544 (31 March 2018: Nil) Series C 0.0001% compulsory convertible preference shares of ₹ 225.41/- each	39,99,99,963	-
Total issued , subscribed & fully paid-up share capital	63,57,74,143	13,44,01,000

a. Reconciliation of the shares outstanding at the beginning and at the end of reporting period

Equity shares	31 March 2019		31 March 2018	
	No.	Amount	No.	Amount
Equity shares of ₹ 10/- each fully paid up				
At the beginning of the period	96,00,100	9,60,01,000	96,00,100	9,60,01,000
Issued during the period	10	100	-	-
Outstanding at the end of the period	96,00,110	9,60,01,100	96,00,100	9,60,01,000

Preference shares	31 March 2019		31 March 2018	
	No.	Amount	No.	Amount
At the beginning of the period	38,40,000	3,84,00,000	33,28,000	3,32,80,000
Issued during the period of ₹ 10/- each	1,01,37,308	10,13,73,080	5,12,000	51,20,000
Issued during the period of ₹ 225.41/- each	17,74,544	39,99,99,963	-	-
Outstanding at the end of the period	1,57,51,852	53,97,73,043	38,40,000	3,84,00,000

b. Terms/rights 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. 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.

During the period ended 31st March 2019, the amount of per share interim dividend recognized as distributions to equity shareholders was Nil (31 March 2018: ₹ 1/-).

NOTES

to financial statements for the year ended 31 March, 2019

Preference shares

The company has three class of compulsory convertible preference shares (CCPS). All the preference shareholders are entitled to receive preference dividend of 0.0001% (31 March 2018: 0.01%), 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:

During the year, 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:

During the year, 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.

c. Details of shareholders holding more than 5% shares in the company

	31 March 2019		31 March 2018	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Equity shares				
Bal Mukund Kogta	13,22,000	13.77%	13,22,000	13.77%
Arun Kogta, Director	7,91,000	8.24%	7,91,000	8.24%
Radha Krishan Kogta, Director	7,29,500	7.60%	7,29,500	7.60%
Varun Kogta, Director	6,27,000	6.53%	6,27,000	6.53%
Nidhi Kogta	5,80,000	6.04%	5,80,000	6.04%
Banwari Lal Kogta HUF	5,74,500	5.98%	5,74,500	5.98%
Nayan Kogta	5,67,000	5.91%	5,67,000	5.91%
Banwari Lal Kogta	5,49,000	5.72%	5,49,000	5.72%
Arun Kogta HUF	5,21,500	5.43%	5,21,500	5.43%
Preference shares				
IIFL Seed Ventures Fund I	56,14,544	35.64%	38,40,000	100.00%
NHPEA Rimo Holding BV	1,01,37,308	64.36%	-	

As per records of the company, including its register of shareholders and other declaration received from shareholders regarding beneficial interest, the above shareholding represents both legal & beneficial ownership of shares.

2. RESERVE & SURPLUS

(Amount in ₹)

	31 March 2019		31 March 2018	
General reserve				
Balance as per the last financial statements	8,00,00,000		7,00,00,000	
Add : amount transferred from surplus balance in the statement of profit and loss	1,00,00,000	9,00,00,000	1,00,00,000	8,00,00,000
Securities premium account				
Balance as per the last financial statements	31,04,16,647		27,55,84,647	

NOTES

to financial statements for the year ended 31 March, 2019

(Amount in ₹)

	31 March 2019		31 March 2018	
Add : premium on issue of compulsory convertible preference shares	104,11,54,372		3,48,80,000	
Less : share issue expenses	4,20,14,228	130,95,56,791	48,000	31,04,16,647
Statutory reserve fund (U/s 451C of RBI Act)				
Balance as per the last financial statements	5,64,71,364		3,98,17,666	
Add : amount transferred from the surplus in the statement of profit & loss	2,25,08,843	7,89,80,207	1,66,53,698	5,64,71,364
Capital reserve		40,00,000		40,00,000
Stock Options Outstanding Account		4,04,022		-
Surplus in the statement of profit & loss				
Balance as per the last financial statements	9,65,30,813		5,14,70,509	
Profit for the year	11,25,44,214		8,32,68,490	
Less : Appropriations				
Transfer to statutory reserve fund	2,25,08,843		1,66,53,698	
Transfer to general reserve	1,00,00,000		1,00,00,000	
Interim dividend on equity shares	-		96,00,100	
Tax on interim dividend on equity shares	-		19,54,388	
Dividend on Preference shares	3,527		-	
Tax on dividend on Preference shares	718	17,65,61,939	-	9,65,30,813
Total Reserves & surplus		165,95,02,959		54,74,18,824

3. LONG-TERM BORROWINGS

(Amount in ₹)

	31 March 2019	31 March 2018
A. Secured		
Term loan		
Term loan from banks	19,55,12,030	26,59,22,006
Term loan from financial institutions	70,61,93,764	77,13,10,250
Bonds/debentures		
Redeemable non convertible debentures (senior)	60,60,90,478	38,07,00,000
Total (A)	150,77,96,272	141,79,32,256
B. Unsecured		
Term loan		
Term loan from financial institutions	10,93,76,951	-
Bonds/debentures		
Redeemable non convertible debentures (subordinated)	15,00,00,000	15,00,00,000
Total (B)	25,93,76,951	15,00,00,000
Total (A+B)	176,71,73,223	156,79,32,256

a. Nature of security and terms of repayment for term loans

(Amount in ₹)

Repayment	Term loan from banks		Term loan from financial institutions	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
< 1 year	30,25,12,096	32,13,05,872	95,19,05,335	73,66,38,385
1 - 3 years	19,37,68,534	26,59,22,006	78,76,86,218	77,13,10,250
3 - 5 years	17,43,496	-	2,78,84,497	-

NOTES

to financial statements for the year ended 31 March, 2019

The term loan from banks & financial institutions are secured by hypothecation of specific assets covered by charge on hypothecation of loan receivables with security cover ranging from 100% to 133% and personal guarantee of promoters of the company, as per the terms of agreement. The term loan carries interest rate ranging from 10.70% p.a. to 14.00% p.a. Further, the loan is repayable as per the terms specified in the agreement.

Certain term loans consisting of vehicle loan from banks are secured by hypothecation of underlying vehicle owned by the company and carries interest rate ranging from 8.51% p.a. to 11.02% p.a.

Unsecured term loan from financial institution carries interest rate of 12.25%.

b. Terms of repayment for bonds/debentures

	No of debentures	Rate of interest	Date of redemption	Total amount
Secured debentures - senior (secured by hypothecation of receivables)				
Non convertible debentures of ₹ 4,50,781 each (31 March 2018: Nil)	500	11.75%	17 May 2021	22,53,90,478
Non convertible debentures of ₹ 50,000 each (31 March 2018: 3,807)	3807	12.23%	30 June 2020	19,03,50,000
Non convertible debentures of ₹ 50,000 each (31 March 2018: 3,807)	3807	12.23%	13 April 2020	19,03,50,000
Unsecured debenture - subordinated				
Non convertible debentures of ₹ 10,00,000 each (31 March 2018: 150)	150	15.90%	15 April 2022	15,00,00,000

4. PROVISIONS

(Amount in ₹)

	Long-term		Short-term	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Provision for employee benefits				
Provision for gratuity	29,07,085	21,16,506	-	-
	29,07,085	21,16,506	-	-
Other provisions				
Provision for standard assets	1,41,40,690	71,64,608	70,67,288	48,35,392
Provision for non-performing assets	2,54,19,778	1,37,05,581	-	-
Provision for income tax (net of advance tax and TDS)	-	-	1,11,49,051	94,85,777
	3,95,60,468	2,08,70,189	1,82,16,339	1,43,21,169
Total	4,24,67,553	2,29,86,695	1,82,16,339	1,43,21,169

Provision for income tax is net of advance tax paid and TDS receivable of ₹ 4,38,33,237 (31 March 2018: ₹ 2,59,44,652).

5. SHORT TERM BORROWINGS

(Amount in ₹)

	31 March 2019	31 March 2018
A. Secured		
Working capital loan repayable on demand	24,75,00,000	15,00,00,000
Cash credit from banks	71,21,39,296	31,55,38,904
Overdraft from bank against deposits	8,11,39,511	31,516
Total (A)	104,07,78,806	46,55,70,420
B. Unsecured		
Inter corporate deposits	27,95,859	58,20,151
Total (B)	27,95,859	58,20,151
Total (A+B)	104,35,74,665	47,13,90,571

NOTES

to financial statements for the year ended 31 March, 2019

- a. Working capital demand loan and cash credit limit from banks and financial institutions are primarily secured by hypothecation of specific present & future loan receivable of the company ranging from 110% to 133% of the sanctioned limit along with the first & pari passu charge and equitable mortgage of various immovable properties owned by company & promoters and further personally guaranteed by promoters of the company. The limit is repayable on demand and carries interest rate ranging from 9.85% to 11.25%
- b. Overdraft facility from bank is secured against the fixed deposit held in the name of the company and is repayable on demand.
- c. Inter corporate deposits from companies are unsecured and repayable within one year and carries interest rate ranging from 12.00% to 15.00%.

6. OTHER CURRENT LIABILITIES

	(Amount in ₹)	
	31 March 2019	31 March 2018
Trade payables		
• total outstanding dues of micro enterprises and small enterprises	-	-
• total outstanding dues of creditors other than micro enterprises and small enterprises (Note no. 53)	1,62,92,399	86,04,039
	1,62,92,399	86,04,039
Other liabilities		
Current maturities of long-term borrowings from banks	30,25,12,096	32,13,05,872
Current maturities of long-term borrowings from financial institutions	95,19,05,335	73,66,38,385
Interest accrued but not due on borrowings	1,90,07,908	1,50,29,610
Amount due on assets securitized/assigned (payable to investor)	15,02,65,877	6,27,23,725
Cash profit on loan transfer transactions pending recognition	6,42,30,572	2,18,55,335
Others		
TDS and withholding tax payable	49,79,207	49,23,185
Goods and service tax payable	12,45,261	14,36,103
PF & ESI payable	19,50,491	14,69,956
Professional tax payable	-	24,746
Bonus payable	-	13,03,800
Security Deposit	7,69,186	14,66,974
Total	149,68,65,933	116,81,77,691

NOTES

to financial statements for the year ended 31 March, 2019

7. FIXED ASSETS

S. Particulars no.		Gross Block			Depreciation/ amortization			Net Block		(Amount in ₹)
		As on 01.04.2018	Addition	Deduction	As on 31.03.2019	As on 01.04.2018	Charge for the year	Upto 31.03.2019	As on 31.03.2019	
A. Property, Plant and Equipment										
	Land	25,22,125	5,94,482	25,70,107	5,46,500	-	-	-	546,500	25,22,125
	Buildings	39,64,751	-	-	39,64,751	12,61,540	1,37,565	13,99,105	25,65,646	27,03,211
	Furniture & fixtures	65,86,265	59,82,843	-	1,25,69,108	24,41,792	19,37,340	43,79,132	81,89,976	41,44,473
	Computer & data processing units									
	a. Server & networks	1,78,111	17,23,636	-	19,01,747	1,45,065	3,11,189	4,56,254	14,45,493	33,046
	b. End user device	68,80,926	48,77,628	-	1,17,58,554	46,45,975	29,50,675	75,96,650	41,61,904	22,34,951
	Office equipment	36,59,308	9,68,150	-	46,27,458	25,50,310	8,54,183	34,04,493	12,22,965	11,08,998
	Air conditioner & DG set	9,69,579	3,21,954	-	12,91,533	4,59,348	1,27,514	5,86,862	7,04,671	5,10,231
	Vehicles									
	a. Two wheelers	4,61,216	65,600	-	5,26,816	3,77,288	37,356	4,14,644	1,12,172	83,928
	b. Four wheelers	1,74,71,508	1,50,98,600	1,138,402	3,14,31,706	71,90,022	63,19,359	1,35,09,381	1,79,22,325	1,02,81,486
	(A)	4,26,93,789	2,96,32,893	37,08,509	6,86,18,173	1,90,71,340	1,26,75,181	3,17,46,521	3,68,71,652	2,36,22,449
B. Intangible assets										
	Computer software	58,04,852	5,45,000	-	63,49,852	8,76,479	12,98,837	21,75,316	41,74,536	49,28,373
	Trademark	-	3,38,990	-	3,38,990	-	24,518	24,518	3,14,472	-
	(B)	58,04,852	8,83,990	-	66,88,842	8,76,479	13,23,355	21,99,834	44,89,008	49,28,373
C. Capital Work-in-progress										
	(C)	-	6,234,826	-	6,234,826	-	-	-	6,234,826	-
D. Intangible asset under development										
	(D)	-	25,68,748	-	25,68,748	-	-	-	25,68,748	-
	(D)	-	25,68,748	-	25,68,748	-	-	-	25,68,748	-
	TOTAL (A+B+C+D)	4,84,98,641	3,93,20,457	37,08,509	8,41,10,589	1,99,47,819	1,39,98,536	3,39,46,355	5,01,64,234	2,85,50,822

NOTES

to financial statements for the year ended 31 March, 2019

8. NON CURRENT INVESTMENTS

(Amount in ₹)

	31 March 2019	31 March 2018
Investment in securities	-	-
Other Investment (unquoted)		
Pass through Certificates representing securitization of loans receivable	16,41,08,221	3,81,33,361
Total	16,41,08,221	3,81,33,361
Aggregate amount of unquoted investments	16,41,08,221	3,81,33,361
Aggregate provision for diminution in value of investments	-	-

9. DEFERRED TAX ASSETS (NET)

(Amount in ₹)

	31 March 2019	31 March 2018
Deferred tax asset		
Difference between book and tax depreciation	-	3,89,931
Disallowances under section 43B of the Income Tax Act, 1961	8,46,543	6,12,376
Provision for non-performing assets	34,11,174	25,30,403
Gross deferred tax asset	42,57,717	35,32,710
Deferred tax liability		
Difference between book and tax depreciation	4,88,857	-
Gross deferred tax liability	4,88,857	-
Net deferred tax asset	37,68,860	35,32,710

10. LOANS AND ADVANCES

(Amount in ₹)

	Non-current		Current	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Loans & advances under finance activity				
Secured				
Considered good	353,51,72,293	202,04,28,111	172,50,08,826	126,48,77,224
Considered non-performing assets	4,94,70,702	2,92,04,608	13,64,02,360	7,86,21,530
Unsecured				
Considered good	-	-	3,74,00,000	9,62,59,944
Considered non-performing assets	-	-	-	-
	358,46,42,995	204,96,32,719	189,88,11,186	143,97,58,698
Security deposits				
Unsecured, considered good	33,221	28,221	91,05,180	43,30,100
Loans & advances to related parties				
Unsecured, considered good	-	-	20,20,960	64,586
Advance recoverable in cash or for value to be received				
Unsecured, considered good	-	-	96,03,725	69,03,821
Other loan and advances (unsecured, considered good)				
Prepaid Expenses	-	-	4,09,32,616	3,22,23,820
Loans to employees	-	-	23,92,258	23,84,518
Others	-	-	94,266	-
	33,221	28,221	6,41,49,005	4,59,06,845
Total	358,46,76,216	204,96,60,940	196,29,60,191	148,56,65,543

NOTES

to financial statements for the year ended 31 March, 2019

Loans & advances due by directors or other officers

(Amount in ₹)

	Non-current		Current	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Loans & advances to related parties include				
Due from directors	-	-	-	-
Due from officers	-	-	-	-
Due from relative of directors	-	-	19,46,986	64,586
Total	-	-	19,46,986	64,586

11. OTHER ASSETS

(Amount in ₹)

	Non-current		Current	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Unsecured, considered good unless stated otherwise				
Non-current bank balances (Note no. 12)	8,96,37,796	6,14,95,339	-	-
	8,96,37,796	6,14,95,339	-	-
Others				
Interest accrued on fixed deposits	30,18,765	21,41,449	1,61,82,522	29,49,655
Interest accrued on loans and advances	-	-	6,83,13,032	4,39,43,471
Income receivable on securitization transactions	-	-	38,69,851	91,94,468
Reposessed assets (at net realizable value)	-	-	6,48,90,886	4,89,83,583
Other current assets	-	-	9,16,312	6,35,973
	30,18,765	21,41,449	15,41,72,602	10,57,07,150
Total	9,26,56,561	6,36,36,788	15,41,72,602	10,57,07,150

12. CASH & BANK BALANCES

(Amount in ₹)

	Non-current		Current	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Cash & cash equivalents				
Balance with banks				
- On current accounts	-	-	6,38,04,200	8,75,42,226
- Deposits with original maturity of less than three months	-	-	-	3,22,22,000
- on unpaid dividend account	-	-	-	-
Cash in hand	-	-	5,11,63,447	2,33,56,038
(A)	-	-	11,49,67,647	14,31,20,264
Other bank balances				
Deposit with remaining maturity of more than or equal to 12 months	8,94,37,796	6,12,95,339	-	-
Deposit with remaining maturity of less than 12 months	-	-	55,23,92,683	1,72,24,667
Margin money deposits	2,00,000	2,00,000	-	-
(B)	8,96,37,796	6,14,95,339	55,23,92,683	1,72,24,667
Less: Amount disclosed under other non current assets (C)	8,96,37,796	6,14,95,339	-	-
Total [(A + B) - C]	-	-	66,73,60,330	16,03,44,931

NOTES

to financial statements for the year ended 31 March, 2019

- a. Deposits includes ₹ 9,91,83,446 (31 March 2018: 4,87,04,006) as credit enhancement for securitization transactions, ₹ 1,76,47,033 (31 March 2018: 1,99,99,000) as cash collateral for working capital term loan facilities.
- b. Margin money deposits represent the fixed deposits with bank pledged against overdraft limit.

13. REVENUE FROM OPERATION

	(Amount in ₹)	
	31 March 2019	31 March 2018
Income from finance activity	95,77,88,316	60,43,12,550
Income from securitization transaction	6,16,54,360	2,64,43,090
Income from portfolio buyout	5,07,300	10,56,179
Interest Income on		
Bank deposits	2,85,49,875	43,27,817
Total	104,84,99,851	63,61,39,636

14. OTHER INCOME

	(Amount in ₹)	
	31 March 2019	31 March 2018
Rental income	4,51,944	4,08,454
Income from insurance support services	32,98,533	39,13,103
Net gain on sale of current investments	8,29,464	14,00,235
Net gain on sale of fixed assets	51,03,771	1,70,29,206
Total	96,83,712	2,27,50,998

15. EMPLOYEE BENEFIT EXPENSE

	(Amount in ₹)	
	31 March 2019	31 March 2018
Salaries & bonus	22,91,10,672	10,99,15,570
Contribution to provident and other funds	1,06,00,334	70,41,602
Staff welfare expenses	23,39,093	6,08,171
Gratuity expense	8,20,818	16,63,006
Employee stock option expenses	4,04,022	-
Total	24,32,74,939	11,92,28,349

16. DEPRECIATION & AMORTIZATION EXPENSES

	(Amount in ₹)	
	31 March 2019	31 March 2018
Depreciation on tangible assets	1,26,75,181	66,38,550
Amortization of intangible assets	13,23,356	8,06,789
Total	1,39,98,537	74,45,339

17. FINANCE COST

	(Amount in ₹)	
	31 March 2019	31 March 2018
Interest expenses		
Cash credit and other demand loan facilities	3,81,17,400	3,87,87,097
Term loan	30,00,45,305	15,54,56,093
Non convertible debentures	7,93,86,616	8,15,29,944
Other borrowing cost		
Processing charges	87,31,570	57,17,575
Bank charges	17,24,657	15,77,160
Total	42,80,05,548	28,30,67,869

NOTES

to financial statements for the year ended 31 March, 2019

18. OTHER EXPENSES

(Amount in ₹)

	31 March 2019	31 March 2018
Share issue expenses	37,67,925	-
Commission & brokerage	3,39,94,182	2,92,01,324
Loss on repossessed assets	2,41,20,069	1,53,30,692
Rent	1,93,13,595	1,00,70,687
Finance business	98,34,083	55,88,098
Travelling & conveyance	53,86,043	58,45,062
Professional & filing fees	2,09,43,295	1,13,18,171
Rates and taxes	54,37,725	35,08,901
Office & other misc.	96,26,396	62,99,499
Postage, printing & stationery	63,57,153	33,98,949
Telecommunication	40,22,613	32,10,882
Legal	46,20,926	9,76,032
Electricity	34,00,590	20,09,490
Insurance	32,02,357	9,14,717
Advertisement and business promotion	1,84,187	2,13,388
Directors' sitting fees	1,11,000	1,25,000
Repair & maintenance	15,43,215	8,48,970
Charity & donation	93,101	77,200
CSR expenses (refer note A below)	4,92,500	8,50,540
Payment to auditors (refer note B below)	12,00,000	8,00,000
Total	15,76,50,955	10,05,87,602

A. Details of CSR expenditure

(Amount in ₹)

	31 March 2019	31 March 2018
(a) Gross amount required to be spend by the company during the year	13,29,300	9,62,063

Amount spent during the year:	Spent during the year	Yet to be spend	Total
- Construction/acquisition of any asset	-	-	-
- On purposes other than (i) above	4,92,500	8,36,800	13,29,300

B. Payment to auditor

(Amount in ₹)

	31 March 2019	31 March 2018
As auditor:	12,00,000	8,00,000
Audit fee	12,00,000	8,00,000

C. Loss on repossessed assets

Loss on Repossessed Assets includes amount written off to individual loan accounts, to the extent of difference between book value and valuation of underlying security determined by valuer, on management estimation of irrecoverability of amount, where underlying asset or security is repossessed.

NOTES

to financial statements for the year ended 31 March, 2019

19. PROVISIONS & WRITE OFFS

(Amount in ₹)

	31 March 2019	31 March 2018
Provision for		
- Standard assets	92,07,978	48,79,000
- Non performing assets	1,17,14,197	87,45,634
Bad debts written off (net of recoveries)	2,55,95,749	1,78,08,568
Total	4,65,17,924	3,14,33,202

20. ACCOUNTING FOR EMPLOYEE SHARE BASED PAYMENTS

(Amount in ₹)

Particulars	ESOP 2018
Date of grant of ESOP	12-May-2018
Vesting Period:	
2 years from the date of grant	40%
Expiry of 1 year from 1st vesting	30%
Expiry of 2 year from 1st vesting	30%
Exercise period	3 months from the date of vesting
Method of settlement	Equity
Vesting condition	Continuous service
Weighted average remaining contractual life (years)	2.41
Weighted average exercise price per option	90.00
Number of options outstanding as on April 01, 2018	0
Number of options granted during the period	1,27,000
Number of options forfeited during the period	7,000
Number of options exercised during the period	0
Number of options expired during the period	0
Number of options outstanding as on March 31, 2019	1,20,000
Number of options exercisable as on March 31, 2019	0
Weighted average fair values of the outstanding options	39.27

The company measures the cost of ESOP using the intrinsic value method. If the company would have used the fair value model to determine compensation expenses, its profit after tax and earning per share as reported would have been changed to the amounts indicated below:

(Amount in ₹)

	March 2019	March 2018
Profit after tax	11,25,44,214	8,32,68,490
Add: ESOP cost using intrinsic value method (net of tax)	2,86,371	-
Less: ESOP cost using fair value method (net of tax)	10,18,220	-
Profit after tax (adjusted)	11,18,12,365	8,32,68,490
Earnings per share		
Basic		
as reported	11.72	8.41
adjusted for ESOP cost using fair value method	11.65	8.41
Diluted		
as reported	7.13	6.15
adjusted for ESOP cost using fair value method	7.09	6.15

NOTES

to financial statements for the year ended 31 March, 2019

The company has calculated fair value of option at the time of Grant using Black-Scholes pricing model with the following assumptions for March 2019:

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%

21. EARNINGS PER SHARE (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

	(Amount in ₹)	
	31 March 2019	31 March 2018
Continuing operations for the year		
Profit/(loss) after tax	11,25,44,214	8,32,68,490
Less: dividends on convertible preference shares & tax thereon	3,125	4,245
Net profit/ (loss) for calculation of basic EPS	11,25,41,062	8,32,64,245
Net profit as above	11,25,41,062	8,32,64,245
Add: dividends on convertible preference shares & tax thereon	3,125	4,245
Net profit/ (loss) for calculation of diluted EPS	11,25,44,214	8,32,68,490
Weighted average number of equity shares in calculating basic EPS	96,00,103	96,00,100
Effect of dilution:		
Convertible preference shares	61,64,812	35,25,786
Stock options granted to employees	12,548	-
Weighted average no. of equity shares for Diluted EPS	1,57,77,464	1,31,25,886

22. POST RETIREMENT BENEFIT PLAN I.E. GRATUITY

The Company provides for the gratuity, a defined benefit retirement plan covering all employees.

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 ₹)	
	31 March 2019	31 March 2018
Interest cost on benefit obligation	1,64,664	1,32,081
Current service cost	8,94,154	6,37,516
Past Service Cost	-	-
Expected return on plan asset	-	-
Net actuarial (gain)/loss recognized in the period	(2,38,000)	(5,39,965)
Net benefit expense	8,20,818	2,29,632

NOTES

to financial statements for the year ended 31 March, 2019

Balance sheet

(Amount in ₹)

	31 March 2019	31 March 2018
Present value of defined benefit obligation	29,07,085	21,16,506
Fair value of plan assets	-	-
Plan assets/(liabilities)	29,07,085	21,16,506

(Amount in ₹)

	31 March 2019	31 March 2018
Opening defined benefit obligation	21,16,506	18,86,874
Interest cost	1,64,664	1,32,081
Current service cost	8,94,154	6,37,516
Past Service Cost	-	-
Benefits paid (if any)	(30,239)	-
Actuarial (gain)/losses on obligation	(2,38,000)	(539,965)
Closing defined benefit obligation	29,07,085	21,16,506

Discount rate	7.78% p.a	7% p.a
Salary Growth Rate	10% p.a	10% p.a
Mortality	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate
Expected rate of return	-	-
Withdrawal rate	34.00% p.a.	36.00% p.a.

23. RELATED PARTY DISCLOSURES (AS - 18)

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. Nayan Kogta (Executive Director till Jan-19) 5. Rahul Agrawal (Company Secretary)
Relatives of Key Managerial Personnel	:	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. Akansha Kogta 9. Neha Kogta 10. Aayush Kogta 11. Prem Lal Kogta HUF 12. Banwari Lal Kogta HUF 13. Bal Mukund Kogta HUF 14. Radha Krishan Kogta HUF 15. Arun Kogta HUF 16. Varun Kogta HUF 17. Nayan Kogta HUF

NOTES

to financial statements for the year ended 31 March, 2019

Relationship	:	Name of Related Party
		18. Giriraj Allied Industries
		19. Giriraj Construction
		20. Giriraj Industries
		21. Giriraj Automobiles
		22. Nidhi Freight Carrier
		23. Easy Recovery Solutions
		24. Shri Nath Marble Mines
		25. Shri Giriraj Marble
		26. Kogta Developers LLP
		27. Kogta Housing Development Private Limited
		28. Alka Estates Private Limited
		29. Jaipur Promoters Private Limited

B. Details of Transactions during the year with Related Parties

(Amount in ₹)

Nature of Transactions	Key Managerial Personnel		Relatives of Key Managerial Personnel	
	2018-19	2017-18	2018-19	2017-18
Remuneration	1,06,11,427	87,49,992	---	---
Rent	2,40,000	3,90,000	16,88,628	14,92,500
Loans Accepted	5,00,000	38,00,000	1,90,53,101	1,83,00,000
Repayment made	5,00,000	38,00,000	2,20,77,393	1,24,79,849
Loans/ Advances Given	19,50,000	10,81,185	3,77,42,119	1,01,54,534
Repayment received	19,50,000	36,54,543	3,35,40,475	2,88,15,474

(Amount in ₹)

Nature of Transactions	Key Managerial Personnel		Relatives of Key Managerial Personnel	
	2018-19	2017-18	2018-19	2017-18
Commission	---	---	17,77,530	9,15,275
Servicing Income	---	---	32,98,533	---
Interest Paid	---	32,923	6,81,006	2,18,950
Interest Received	---	2,06,276	8,88,875	20,87,378
Property Sold	42,25,000	---	42,25,000	---
BALANCE OUTSTANDING:				
Loans/ Advances Given	---	---	92,03,373	49,37,943
Loans Accepted	---	---	27,95,859	58,20,151

24. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

(Amount in ₹)

	As At 31 March 2019	As At 31 March 2018
1. Contingent Liabilities: -		
a. Claim not acknowledge as debt by the company	Nil	Nil
b. Bill Discounted & Outstanding	Nil	Nil
c. Guarantee and Letter of Credit issued by banker on behalf of the company	Nil	Nil
2. Capital commitments :-		
a. Estimated amount of the contract to be executed on capital account	Nil	Nil

NOTES

to financial statements for the year ended 31 March, 2019

25. LEASE

The Company's leasing arrangements in terms of Accounting Standard 19 on leases are in respect of operating leases for premises. These leasing arrangements, which are cancellable, are usually renewable by mutual consent on mutually agreeable terms.

26. CAPITAL

(Amount in ₹)

Particulars	2018-19	2017-18
i) CRAR (%)	39.23%	20.65%
ii) CRAR-Tier I Capital (%)	38.18%	17.73%
iii) CRAR-Tier II Capital (%)	1.05%	2.92%
iv) Amount of subordinated debt raised as Tier-II capital	15,00,00,000	15,00,00,000
v) Amount raised by issue of Perpetual Debt Instruments	---	---

27. INVESTMENTS

(Amount in ₹)

Particulars	2018-19	2017-18
(1) Value of Investments		
(i) Gross Value of Investments		
(a) In India	16,41,08,221	3,81,33,361
(b) Outside India	---	---
(ii) Provisions for Depreciation		
(a) In India	---	---
(b) Outside India	---	---
(iii) Net Value of Investments		
(a) In India	16,41,08,221	3,81,33,361
(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	---	---

28. DERIVATIVES

1. Forward Rate Agreement/Interest Rate Swap:

The company has no transactions/exposure in forward rate agreement/interest rate swap during the year 2018-19 and 2017-18.

2. Exchange Traded Interest Rate (IR) Derivatives

The company has no transactions/exposure in exchange traded interest rate (IR) derivatives during the year 2018-19 and 2017-18.

3. Currency derivatives and interest rate derivatives

The Company has no transactions/exposure in currency or interest rate derivatives during the year 2018-19 and 2017-18.

29. 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 2018-19 & 2017-18.

NOTES

to financial statements for the year ended 31 March, 2019

30. VALUE OF IMPORTS CALCULATED ON CIF BASIS

The company has not imported any goods therefore value of import on CIF basis is Nil during the year 2018-19. (2017-18 – Nil)

31. EXPENDITURE IN FOREIGN CURRENCY

The company does not have any expenditure in Foreign Currency during the year 2018-19 (2017-18 – Nil).

32. EARNING IN FOREIGN CURRENCY

The company does not have any earnings in Foreign Currency during the year 2018-19 (2017-18 – Nil).

33. DISCLOSURES RELATING TO SECURITIZATION

During the year 2018-19, the Company has securitized its portfolio through SPV route. The MRR and other exposure details are given herein below:

S. No.	Particulars	No./ Amount in ₹ Crore
1.	No of SPVs sponsored by the NBFC for securitization transactions	7
2.	Total amount of securitized assets as per books of the SPVs sponsored	124.74
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	Nil
	First loss	9.91
	Others	
	b) On-balance sheet exposures	
	First loss (in the form of fixed deposit)	9.91
	Others	Nil
4.	Amount of exposures to securitization transactions other than MRR	
	a) Off-balance sheet exposures	
	i)	
		Nil
		Nil
	ii)	
		Nil
		Nil
	b) On-balance sheet exposures	
	i)	
		Nil
		Nil
	ii)	
		Nil
		Nil

34. DISCLOSURE OF ASSIGNMENT TRANSACTIONS UNDERTAKEN

Particulars	(Amount in ₹)	
	2018-19	2017-18
(i) No. of accounts	2	1
(ii) Aggregate value (net of provisions) of accounts sold	33,25,74,125	34,74,00,000
(iii) Aggregate consideration	33,25,74,125	34,74,00,000
(iv) Additional consideration realized in respect of accounts transferred in earlier years	NIL	NIL
(v) Aggregate gain/(loss) over net book value	NIL	NIL

NOTES

to financial statements for the year ended 31 March, 2019

35. DETAILS OF NON-PERFORMING FINANCIAL ASSETS PURCHASED/SOLD

The company has neither purchased nor sold any non performing financial asset during 2018-19 and 2017-18.

36. ASSET LIABILITY MANAGEMENT MATURITY PATTERN OF CERTAIN ITEMS OF ASSETS AND LIABILITIES:

(Amount in ₹)

For the year 2018-19	Up to 30/31 days	Over 1 month up to 2 month	Over 2 months up to 3 months	Over 3 month & up to 6 month	Over 6 month & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-
Advances*	13,98,35,597	13,90,29,305	14,39,37,946	43,71,46,471	90,24,59,508	258,71,82,343	73,63,40,980	39,75,22,031	548,34,54,181
Investments	-	-	-	-	-	-	-	-	-
Borrowings	10,75,09,349	11,61,56,125	14,24,97,387	32,40,10,889	162,68,26,255	173,75,45,230	2,96,27,993	-	408,41,73,227
Foreign Currency assets	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-

(Amount in ₹)

For the year 2017-18	Up to 30/31 days	Over 1 month up to 2 month	Over 2 months up to 3 months	Over 3 month & up to 6 month	Over 6 month & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-
Advances*	18,48,41,960	10,27,56,477	10,49,97,203	31,33,87,376	73,37,75,680	169,85,95,029	26,49,04,066	8,61,33,625	348,93,91,417
Invest-ments	-	-	-	-	-	-	-	-	-
Borrow-ings	9,92,73,545	9,69,17,143	11,11,95,832	26,49,11,961	97,20,65,958	141,79,32,258	15,00,00,000	-	311,22,96,697
Foreign Currency assets	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-

*- Advances are gross of provision on Non-performing assets.

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,

37. EXPOSURE TO REAL ESTATE SECTOR:

The Company has no exposure to real estate sector as on March 31, 2019 and March 31, 2018.

38. EXPOSURE TO CAPITAL MARKET:

The Company has no exposure to capital market as on March 31, 2019 and March 31, 2018

39. 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 2018-19 and 2017-18.

40. 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 2018-19 and 2017-18.

NOTES

to financial statements for the year ended 31 March, 2019

41. PROVISIONS AND CONTINGENCIES

(Amount in ₹)

	2018-19	2017-18
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	1,17,14,197	87,45,634
Provision made towards Income tax (Net of Deferred Tax)	5,61,91,446	3,38,59,783
Other Provision and Contingencies	NIL	NIL
Provision for standard Assets	92,07,978	48,79,000

42. DRAW DOWN FROM RESERVES

No reserves have been draw down during the financial year 2018-19 and 2017-18.

43. CONCENTRATION OF ADVANCES

(Amount in ₹)

	2018-19	2017-18
Total Advances to twenty largest borrowers	15,91,65,069	16,38,91,032
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	2.90%	4.70%

44. CONCENTRATION OF EXPOSURES

(Amount in ₹)

	2018-19	2017-18
Total Exposure to twenty largest borrowers/customers	15,91,65,069	16,38,91,032
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the NBFC on borrowers/customers	2.82%	4.70%

45. CONCENTRATION OF NPAS

(Amount in ₹)

	2018-19	2017-18
Total Exposure to top four NPA accounts	1,40,29,204	1,19,93,073

46. SECTOR-WISE NPAS

(Amount in ₹)

Percentage of NPAs to Total Advances in that sector		
	2018-19	2017-18
1. Agriculture & allied activities	0.00	0.00
2. MSME	3.57%	3.50%
3. Corporate borrowers	0.00	0.00
4. Services	0.00	0.00
5. Unsecured personal loans	0.00	0.00
6. Auto loans	2.41%	2.69%
7. Other personal loans	0.00	0.00

NOTES

to financial statements for the year ended 31 March, 2019

47. MOVEMENT OF NPAS

(Amount in ₹)

Particulars	2018-19	2017-18
(i) Net NPAs to Net Advances (%)	2.94%	2.71%
(ii) Movement of NPAs(Gross)		
(a) Opening balance	10,78,26,138	4,62,06,841
(b) Additions during the year	16,47,17,148	9,74,64,888
(c) Reductions during the year	8,66,70,226	3,58,45,591
(d) Closing balance	18,58,73,061	10,78,26,138
(iii) Movement of Net NPAs		
(a) Opening balance	9,41,20,557	4,12,46,894
(b) Additions during the year	14,54,66,703	8,48,01,548
(c) Reductions during the year	7,91,33,977	3,19,27,885
(d) Closing balance	16,04,53,283	9,41,20,557
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	1,37,05,581	49,59,947
(b) Provisions made during the year	1,92,50,446	1,26,63,340
(c) Write-off/write-back of excess provisions	75,36,249	39,17,706
(d) Closing balance	2,54,19,778	1,37,05,581

48. OVERSEAS ASSETS (FOR THOSE WITH JOINT VENTURES AND SUBSIDIARIES ABROAD)

The company does not have any joint venture or subsidiary overseas during the year 2018-19 & 2017-18.

49. OFF-BALANCE SHEET SPVS SPONSORED

The company does not have any off balance sheet SPV sponsored either domestic or overseas during the year 2018-19 and 2017-18.

50. DISCLOSURE OF CUSTOMER COMPLAINTS

(Amount in ₹)

S. No.	Particulars	2018-19	2017-18
(a)	No. of complaints pending at the beginning of the year	Nil	Nil
(b)	No. of complaints received during the year	Nil	Nil
(c)	No. of complaints redressed during the year	Nil	Nil
(d)	No. of complaints pending at the end of the year	Nil	Nil

51. TRANSACTION WITH NON EXECUTIVE DIRECTOR

(Amount in ₹)

Name of Non-Executive Director	Particulars	2018-19	2017-18
Mr. P R Kalyanaraman	Payment of sitting fees	61,000	50,000
Mr. Ram Dayal Modi	Payment of sitting fees	50,000	75,000

52. DETAILS OF FINANCING OF PARENT COMPANY PRODUCTS

There is no parent company to finance any product. Hence the same is not applicable.

53. POSTPONEMENT OF REVENUE RECOGNITION.

There is no significant uncertainty which requires postponement of revenue recognition during the year 2018-19 and 2017-18.

NOTES

to financial statements for the year ended 31 March, 2019

54. 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.

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, 2019 is Nil. (as on March 31, 2018 is Nil).

The company has neither paid any interest nor such amount is payable to buyer covered under the MSMED Act, 2006.

55. 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, 2019 :-

S. No.	Instrument	Rating agency	Date of rating assigned/ reviewed	Rating valid upto	Rating assigned	
					2018-19	2017-18
1	Bank Loan Rating	CARE	January 07, 2019	January 06, 2020	BBB+/Stable	BBB/Stable
2	Non-Convertible Debentures	CARE	January 07, 2019	January 06, 2020	BBB+/Stable	BBB/Stable
3	Sub-ordinated Debt	CRISIL	February 25, 2019	February 24, 2020	BBB/Positive	BBB-/Positive

56. MISCELLANEOUS

- The company has a single reportable segment i.e. financing which has similar risk & return for the purpose of AS-17 on 'Segment Reporting' notified under the Companies (Accounting Standard) Rules, 2006 as amended. The company operates in a single geographical segment i.e. domestic.
- The Company has not obtained registration from other financial sector regulators except Reserve Bank of India.
- No penalties were imposed by the regulator during the year during the financial year ended March 31, 2019, (March 31, 2018: Nil)
- Previous year figures have been regrouped/ rearranged to conform to current year classification.

As per Our Report of even date

For S.R. Batliboi & Co. LLP

Chartered Accountants
ICAI Firm Reg. No. : 301003E/E300005

per **Shrawan Jalan**

Partner
Membership No. 102102

Place: Mumbai
Date: May 16, 2019

For and on behalf of the Board of Directors of

Kogta Financial (India) Limited

R. K. KOGTA

(Chairman)
DIN 00197552

RAHUL AGRAWAL

(Company Secretary)
Membership No. A34034

Place: Jaipur
Date: May 16, 2019

ARUN KOGTA

(Managing Director & CEO)
DIN 05109722

VARUN KOGTA

(Executive Director & CFO)
DIN 06844307



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