

Independent Auditor's Report on the Financial Results of Kogta Financial (India) Limited Pursuant to the Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To
The Board of Directors of
Kogta Financial (India) Limited

Report on the audit of the Financial Results

Opinion

We have audited the accompanying statement of financial results of Kogta Financial (India) Limited (the "Company"), for the year March 31, 2020 ("Statement"), attached herewith, being submitted by the Company pursuant to the requirements of Regulation 52(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

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

- i. is presented in accordance with the requirements of the Listing Regulations in this regard; and
- ii. gives a true and fair view in conformity with the applicable accounting standards and other accounting principles generally accepted in India, of the net profit and other comprehensive loss and other financial information of the Company for the year ended March 31, 2020.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SA) specified under section 143(10) of the Companies Act, 2013, as amended ("the Act"). Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Results" section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Assessment of COVID 19 Impact

We draw attention to Note 6 to the Statement, which describes the uncertainty arising from COVID 19 pandemic and impacting the Company's operations and estimates related to impairment of assets, which are dependent on future developments regarding the severity and duration of the pandemic.

Our opinion is not modified in respect of this matter.

Management's Responsibilities for the Financial Results

The Statement has been prepared on the basis of the annual financial statements. The Board of Directors of the Company are responsible for the preparation and presentation of the Statement that gives a true and fair view of the net profit and other comprehensive loss of the Company and other financial information in accordance with the applicable accounting standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 52 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting



frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Results

Our objectives are to obtain reasonable assurance about whether the Statement as a whole is 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 SA 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 the Statement.

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

- i. Identify and assess the risks of material misstatement of the Statement, 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.
- ii. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- iv. Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- v. Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represents 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.



S.R. BATLIBOI & CO. LLP

Chartered Accountants

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

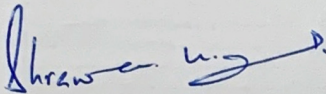
Other Matter

Further, we report that figures for the half year ended March 31, 2020 included in the Statement represent the derived figures between the audited figures in respect of the financial year ended March 31, 2020 and the published unaudited figures for the half year ended September 30, 2019, which were subjected to a limited review by us, as required under the Listing Regulations.

For S.R. BATLIBOI & CO. LLP

Chartered Accountants

ICAI Firm registration number: 301003E/E300005



per Shrawan Jalan

Partner

Membership No.: 102102

UDIN: 20102102AAAAGJ9866

Place: Mumbai

Date: June 18, 2020



KOGTA FINANCIAL (INDIA) LIMITED
CIN -U67120RJ1996PLC011406
Regd Office: Kogta House, Azad Mohalla, Bijainagar-305624
Tel.: +0141-6767000 | Website: www.kogta.in

Audited Financial Results for the year ended March 31, 2020

Particulars	(Amount in Rs. Lacs unless otherwise stated)	
	As at March 31, 2020 Audited	As at March 31, 2019 Audited
ASSETS		
A. Financial Assets		
Cash and cash equivalents	671.04	1,149.78
Bank Balances other than cash and cash equivalents	19,751.98	6,612.32
Loans	98,055.45	65,851.60
Other Financial Assets	3,308.54	503.66
Sub-total-Financial assets (A)	1,21,787.01	74,117.36
B. Non-Financial Assets		
Deferred Tax Assets (net)	527.71	339.28
Property, plant and equipment	639.74	431.06
Right of Use Assets	875.12	-
Other Intangible Assets	79.70	70.58
Other non-financial assets	1,724.31	674.76
Sub-total-Non-financial assets (B)	3,846.58	1,515.68
Total - Assets (A+B)	1,25,633.59	75,633.04
LIABILITIES AND EQUITY		
LIABILITIES		
A. Financial Liabilities		
Trade Payables	195.42	154.51
Debt securities	8,592.78	6,101.36
Borrowings (Other than debt securities)	59,463.96	44,881.30
Subordinated Liabilities	-	1,498.16
Lease Liability	928.02	-
Other financial liabilities	609.71	547.11
Sub-total-Financial liabilities (A)	69,789.89	53,182.44
B. Non-Financial liabilities		
Provisions	855.47	140.56
Other non-financial liabilities	117.38	80.91
Sub-total-Non-financial liabilities (B)	972.85	221.47
C. EQUITY		
Equity share capital	7,652.94	6,357.74
Other equity	47,217.91	15,871.39
Sub-total - Equity (C)	54,870.85	22,229.13
Total - Liabilities and Equity (A+B+C)	1,25,633.59	75,633.04



Place: Jaipur
Date: June 18, 2020

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



[Signature]
Arun Kogta
(Managing Director & CEO)
DIN-05109722

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Audited Financial Results for the half year and year ended March 31, 2020

Particulars	Half year ended		Year ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	Unaudited	Unaudited	Audited	Audited
A. Revenue from operations				
Interest Income	9,160.08	5,685.89	15,879.32	9,819.67
Fee and Commission Income	392.44	657.00	986.50	1,063.94
Net gain on fair value changes	65.18	8.29	65.18	8.29
Total Revenue from operations (A)	9,617.69	6,351.18	16,931.00	10,891.90
B. Other Income				
Total Income (A+B)	1.79	-	6.95	56.75
	9,619.48	6,351.18	16,937.95	10,948.65
C. Expenses				
Finance Costs	3,542.32	2,795.77	6,758.96	5,086.36
Impairment on financial instruments	(43.69)	298.24	814.87	1,047.35
Employee Benefits Expenses	2,366.80	1,344.75	4,271.00	2,407.23
Depreciation and amortization expenses	257.88	90.33	420.73	139.99
Others expenses	773.75	572.00	1,426.75	996.90
Total expenses (C)	6,897.06	5,101.09	13,692.31	9,677.83
Profit before taxes (A+B-C)	2,722.42	1,250.09	3,245.64	1,270.82
D. Tax expenses				
- Current Taxes	704.30	401.12	940.06	563.58
- Deferred Taxes	23.21	45.74	(188.42)	(122.97)
Profit for the period (A+B-C-D)	1,994.91	803.23	2,494.00	830.21
E. Other Comprehensive Income				
(i) Items that will not be reclassified to profit or loss				
(a) Re-measurements of net defined benefit plans	7.25	2.38	(15.63)	2.38
(ii) Income tax relating to items that will not be reclassified to profit or loss	1.83	0.69	(3.93)	0.70
Other Comprehensive Income (E)	5.42	1.69	(11.70)	1.68
Total Comprehensive Income for the period (net of tax) (A+B-C-D+E)	2,000.33	804.92	2,482.30	831.89
Earnings per equity share *				
Basic (Rs.)	20.79	8.38	25.83	8.67
Diluted (Rs.)	7.44	4.44	10.44	5.26

* Not annualised for the half year ended March 31, 2020 & March 31, 2019

Place: Jaipur
Date: June 18, 2020



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

[Signature]
Arjun Kogta
(Managing Director & CEO)
DIN 05109722

Audited Financial Results for the year ended March 31, 2020

Notes:

- The above results have been reviewed by the Audit Committee at their meeting held on June 17, 2020 and approved by the Board of Directors at their meeting held on June 18, 2020, in accordance with the requirements of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The above results for the year ended March 31, 2020 have been audited by the Statutory Auditors of the Company.
- The company has adopted Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act 2013 ('the Act') read with the companies (Indian Accounting Standards) Rules, 2015 from April 1, 2019 and effective date of the transition is April 1, 2018. Such transition has been carried out from the erstwhile Accounting Standards under the Act, read with the relevant rules issued thereunder and guidelines issued by Reserve Bank of India ('RBI') (collectively referred as "the previous GAAP"). Accordingly, the impact of transition has been recorded in the opening reserve as at April 1, 2018.

The corresponding figures presented in these results have been prepared on the basis of the previously published results under previous GAAP for the relevant periods duly re-stated to Ind AS.

- As required by the paragraph 32 of Ind AS 101:

a) Reconciliation of the financial results to those reported under Previous GAAP is summarized as follows:

Particulars	(Amount in Rs. Lacs)	
	Year ended March 2019	Half Year ended March 2019
Profit after Tax as per Previous GAAP	1,125.44	751.22
EIR impact on financial assets	(197.29)	(143.78)
ECL on financial assets	(236.81)	65.19
Interest spread on assignment transaction	37.12	165.48
Impact of securitization transactions	1.60	(27.60)
EIR impact on financial liabilities	(20.23)	(8.40)
Others		
- Provision for Repossessed assets	12.28	35.66
- ESOP Expenses	(10.48)	(10.48)
- Security deposit & Lease 116	(0.35)	(0.31)
Tax impact on above adjustments	121.30	(21.37)
Other comprehensive income on account of reamusement of defined benefit obligation	(2.38)	(2.38)
Profit after tax as per Ind AS	830.20	803.23
Other comprehensive income (net of taxes) on account of reamusement of defined benefit obligation	1.69	1.69
Total comprehensive income as per Ind AS	831.89	804.92

- Reconciliation of equity:

Particulars	(Amount in Rs. Lacs)	
	Year ended March 2019	
Net worth as reported under Previous GAAP	22,952.77	
EIR impact on financial assets	(415.58)	
ECL on financial assets	(1,042.23)	
Interest spread on assignment transaction	330.06	
Impact of securitization transactions	258.55	
EIR impact on financial liabilities	(75.26)	
Others		
- Provision for Repossessed assets	(80.42)	
- Security deposit & Lease 116	(0.35)	
Recognition of deferred tax	301.60	
Net worth as reported under Ind AS	22,229.14	



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4. The figures of half year ended March 31, 2020 and March 31, 2019 are the balancing figures between audited figures in respect of full financial year ended March 31, 2020 and March 31, 2019 and published year to date figures up to the half year ended September 30, 2019 and September 30, 2018 respectively which was subject to limited review by the statutory auditors.
5. In terms of the requirement as per RBI notification no. RBI/2019-20/170 DOR (NBFC).CC.PD.No. 109/22.10.106/2019-20 dated March 13, 2020 on implementation of Indian Accounting Standards, Non-Banking Financial Companies (NBFCs) are required to create an impairment reserve for any shortfall in impairment allowances under Ind AS 109 and income recognition, Asset classification and Provisioning (IRACP) norms (including provision on standard asset). The impairment allowances under Ind AS 109 made by company exceeds the total provision required under IRACP (including standard asset provisioning), as at March 31, 2020 and accordingly, no amount is required to be transferred to impairment reserve.
6. A national lockdown was declared by Government of India with effect from March 24, 2020 as a result of the recent outbreak of Novel Corona Virus (COVID-19), which was further extended in phases up to May 31, 2020. The COVID-19 pandemic has resulted in significant decrease in the economic activities across the country and has also affected the Company's business operations in the last week of March 2020, due to such lockdown. Further in accordance with RBI guidelines relating to "COVID-19 Regulatory Package" dated March 27, 2020, April 17, 2020 and dated May 23, 2020 ("RBI Circulars"), the Company offered moratorium on payment of instalments and/or interest, as applicable, falling due between March 1, 2020 and August 31, 2020 to its customers based on a suo moto basis.

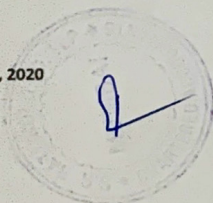
Estimates and associated assumptions applied in preparing these financial results/statements, especially for determining the impairment allowance for the Company's financial assets (Loans), are based on historical experience and other emerging/forward looking factors on account of the pandemic. The Company believes that the factors considered are reasonable under the current circumstances. The Company has used estimation of potential stress on probability of default and exposure at default due to Covid-19 situation in developing the estimates and assumptions to assess the impairment loss allowance on Loans. Given the dynamic nature of the pandemic situation, these estimates are subject to uncertainty and maybe affected by severity and duration of the pandemic. In the event the impacts are more severe or prolonged than anticipated, this will have a corresponding impact on the carrying value of financial assets, the financial position and performance of the Company.

The Company holds impairment allowances of Rs. 1,768.11 lakhs as at March 31, 2020, including potential impact of COVID-19 based on the information available at this point in time.

7. The Company has elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised provision for Income Tax for the year ended March 31, 2020 and re-measured its Deferred tax assets/liability basis the rate prescribed in the aforesaid section and recognised the effect of change by revising the annual effective income tax rate.
8. Effective April 1, 2019, the company has adopted Ind AS 116 - Leases and applied to applicable lease contracts existing as on April 1, 2019 using the modified retrospective approach. Based on the same and as permitted under the specific transitional provision in the standard, the company is not required to restate the comparative figures.
9. The Company operates in a single reportable segment i.e. lending to retail customers under various product lines, having similar risks and returns for the purpose of Ind AS 108 on 'Operating Segments'. The Company operates in a single geographic segment i.e. domestic.
10. The figures for the previous periods have been regrouped/rearranged wherever necessary to conform to current period presentation.

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

Place: Jaipur
Date: June 18, 2020




Arun Kogta
Managing Director & CEO
DIN 05109722