

Independent Auditor's Review Report on the Half-yearly Unaudited Financial Results of the Company Pursuant to Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

**Review Report to
The Board of Directors
Kogta Financial (India) Limited**

1. We have reviewed the accompanying statement of unaudited financial results of Kogta Financial (India) Limited (the "Company") for the half year ended September 30, 2020 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

Emphasis of Matter - Assessment of Covid-19 Impact

5. 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 conclusion is not modified in respect of this matter.

For S.R. BATLIBOI & Co. LLP
Chartered Accountants

ICAI Firm registration number: 301003E/E300005

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BHAGWATI
JALAN
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per Shrawan Jalan

Partner

Membership No.: 102102

UDIN: 20102102AAAEJT8235

Mumbai

November 11, 2020

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

Unaudited Financial Results for the half year ended September 30, 2020

Particulars	(Amount in Rs. Lacs unless otherwise stated)	
	As at	As at
	September 30, 2020	March 31, 2020
	Unaudited	Audited
ASSETS		
A. Financial Assets		
Cash and cash equivalents	2,125.97	671.04
Bank Balances other than cash and cash equivalents	12,595.63	19,751.98
Loans	104,918.64	98,055.45
Investments	8,005.25	-
Other Financial Assets	677.50	2,657.43
Sub-total-Financial assets (A)	128,322.99	121,135.90
B. Non-Financial Assets		
Deferred Tax Assets (net)	513.31	527.70
Property, plant and equipment	580.48	639.74
Intangible Assets under development	9.67	-
Right of Use Assets	779.79	875.12
Other Intangible Assets	73.97	79.70
Other non-financial assets	770.13	1,724.31
Sub-total-Non-financial assets (B)	2,727.35	3,846.57
Total - Assets (A+B)	131,050.34	124,982.47
LIABILITIES AND EQUITY		
LIABILITIES		
A. Financial Liabilities		
Trade Payables	176.81	194.79
Debt securities	19,190.63	8,592.78
Borrowings (Other than debt securities)	52,394.02	59,463.96
Lease Liability	861.00	928.02
Other financial liabilities	732.12	609.71
Sub-total-Financial liabilities (A)	73,354.58	69,789.26
B. Non-Financial liabilities		
Provisions	572.83	205.00
Other non-financial liabilities	76.17	117.38
Sub-total-Non-financial liabilities (B)	649.00	322.38
C. EQUITY		
Equity share capital	7,652.94	7,652.94
Other equity	49,393.82	47,217.89
Sub-total - Equity (C)	57,046.76	54,870.83
Total - Liabilities and Equity (A+B+C)	131,050.34	124,982.47

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

Arun Kogta
 Digitally signed by Arun Kogta
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 Arun Kogta
 (Managing Director & CEO)
 DIN 05109722

Place: Jaipur
 Date: November 11, 2020

KOGTA FINANCIAL (INDIA) LIMITED
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Regd Office: Kogta House, Azad Mohalla, Bijainagar, Rajasthan-305624
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Statement of Unaudited Financial Results for the half year ended September 30, 2020

Particulars	(Amount in Rs. Lacs unless otherwise stated)		
	Half year ended		Year ended
	September 30, 2020	September 30, 2019	March 31, 2020
	Unaudited	Unaudited	Audited
A. Revenue from operations			
Interest Income	10,451.33	6,859.45	16,290.33
Fee and Commission Income	261.63	453.85	575.49
Net gain on fair value changes	5.30	-	65.18
Total Revenue from operations (A)	10,718.26	7,313.30	16,931.00
B. Other Income	4.26	5.16	6.95
Total income (A+B)	10,722.52	7,318.46	16,937.95
C. Expenses			
Finance Costs	3,521.87	3,299.30	6,926.92
Impairment on financial instruments	1,245.65	858.56	814.87
Employee Benefits Expenses	2,509.59	1,904.20	4,271.00
Depreciation and amortization expenses	223.31	162.86	420.74
Others expenses	460.00	570.34	1,258.78
Total expenses (C)	7,960.42	6,795.26	13,692.31
Profit before taxes (A+B-C)	2,762.10	523.20	3,245.64
Tax expenses			
- Current Taxes	675.72	235.76	940.06
- Deferred Taxes	14.40	(211.63)	(188.42)
Income tax expenses (D)	690.12	24.13	751.64
Profit for the period (A+B-C-D)	2,071.98	499.07	2,494.00
E. Other Comprehensive Income			
(i) Items that will not be reclassified to profit or loss			
(a) Re-measurements of net defined benefit plans	(2.41)	(22.88)	(15.63)
(ii) Income tax relating to items that will not be reclassified to profit or loss	(0.61)	(5.76)	(3.93)
Other Comprehensive Income (E)	(1.80)	(17.12)	(11.70)
Total Comprehensive Income for the period (net of tax) (A+B-C-D+E)	2,070.18	481.95	2,482.30
Earnings per equity share *			
Basic (Rs.)	21.52	5.20	25.83
Diluted (Rs.)	7.66	2.42	10.44

* Not annualised for the half year ended September 30, 2020 & September 30, 2019

Place: Jaipur
Date: November 11, 2020

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

**Arun
Kogta**

Arun Kogta
(Managing Director & CEO)
DIN 05109722

Unaudited Financial Results for the half year ended September 30, 2020

Notes:

1. Kogta Financial (India) Limited (the 'Company') has prepared unaudited financial results (the 'Statement') for the half year ended September 30, 2020 in accordance with Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations, 2015') and the Accounting Standards specified under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended and the relevant provisions of the Companies Act, 2013, as applicable.
2. The above results have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on November 11, 2020, in accordance with the requirements of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The above results for the half year ended September 30, 2020 have been reviewed by the Statutory Auditors of the Company.
3. 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.
4. 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 September 30, 2020 and accordingly, no amount is required to be transferred to impairment reserve.
5. In accordance with Reserve Bank of India ("RBI") guidelines relating to 'COVID-19 – Regulatory Package' dated March 27, 2020 and subsequent guideline on EMI moratorium dated April 17, 2020 and May 23, 2020 ("RBI regulatory package"), the company has offered moratorium on the payment of installments falling due between March 1, 2020 to August 31, 2020 ("moratorium period") to all eligible borrowers. In accordance with RBI guidelines, the moratorium period, wherever granted, is excluded from no. of days past dues for the purpose of asset classification. The company holds provision as at September 30, 2020 against the potential impact of COVID-19 based on the information available up to a point in time.

Disclosures as required by RBI circular dated April 17, 2020 'COVID-19 Regulatory Package – Asset classification and provisioning are given below:

(Rs. in 'lacs')	
Particulars	As at September 30, 2020
Advance outstanding in SMA/Overdue categories where the moratorium/deferment was extended, in terms of paragraph 2 and 3 of the circular*	18,813.79
Respective amounts where assets classification benefit was extended*	4,401.24
Provision made in terms of paragraph 5 of the circular (As per paragraph 4 applicable to NBFC's covered under IND AS)**	205.21
Provision adjusted against slippages in terms pf paragraph 6 of the circular	-
Residual provision in terms of paragraph 6 of the circular	205.21

*Principal outstanding of accounts under SMA/Overdue category is as of September 30, 2020.

**Above provision does not include management overlay provision of Rs. 651.61 lacs on overall stage 1 and 2 assets on account of COVID-19 as of September 30, 2020.

6. Consequent to the outbreak of CoVID-19 pandemic, the Indian Government had announced a lockdown in March 2020. Subsequently, the lockdown has been lifted by the government for certain activities in a phased manner outside specified containment zones. While there have been some improvements in economic activity during the current half year, the continued slowdown has led to a decrease in loan origination and impacted efficiency in collection efforts during the half year. Further, in accordance with Reserve Bank of India guidelines relating to CoVID-19 Regulatory package dated March 27, 2020 April 17, 2020 and May 23, 2020, the Company has offered moratorium on the payment of all instalments and/or interest, as applicable, falling due between March 1, 2020 to August 31, 2020 to all eligible borrowers.

Further, the Hon'ble Supreme Court, in a public interest litigation, vide an interim order dated September 3, 2020 ('interim order') has directed that accounts classified which were not declared NPA till August 31, 2020 shall not be declared as NPA till further orders. Basis the said interim order, the Company has not declared any account as NPA, as per RBI norms, after August 31, 2020 which was not NPA till August 31, 2020. However, such loans have been classified as stage 3 and provided accordingly.

CIN -U67120RJ1996PLC011406

Estimates and associated assumptions applied in preparing these financial results, 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.

7. The Government of India, Ministry of Finance, vide its notification dated October 23, 2020, had announced COVID-19 Relief Scheme for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts ("the Scheme"), as per the eligibility criteria and other aspects specified therein and irrespective of whether RBI moratorium was availed or not. The Company has worked upon the operational aspects of the Scheme.
8. The figures for the previous periods have been regrouped/rearranged wherever necessary to conform to current period presentation.

Arun
Kogta

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Arun Kogta
Managing Director & CEO
DIN 05109722