



DIRECTORS' REPORT

To the Members of Paragon Finance Limited

Dear Members,

The Board of Directors hereby presents the 33rd Annual Report on the business and operations of your Company for the year ended 31st March, 2019.

FINANCIAL RESULTS

(Rs. in Lakhs)

Particulars	2018-19	2017-18
Total Income	563.09	521.79
Gross Profit	372.77	332.81
Less: Interest	8.00	48.32
Less: prov. For standard asset	0.21	-0.42
Less: prov for bad and doubtful debts	6.03	11.04
Cash profit	358.54	273.87
Depreciation	10.47	14.54
Profit/loss before tax	348.07	259.33
Prov for tax	72.71	54.57
Transfer from prov. For deferred tax	(0.73)	(2.55)
Profit after tax	276.09	207.31
Add: Profit b/f	1239.34	1073.49
Profit available for appropriation	1515.43	1280.80
Less: Transfer to statutory reserves	55.22	41.46
Balance credited to balance sheet	1460.21	1239.34
Reserve excl. revaluation reserve	2069.43	1793.34

DIVIDEND

The Board has not recommended any dividend for the year.

STATE OF THE COMPANY'S AFFAIRS

The Income from Operation for the financial year 2018-19 was Rs. 38,802,253. The Shareholders Funds as on 31.03.2019 were Rs. 2494.43 Lakhs reflecting the inherent financial strength of the Company. The return on networth of the Company in FY 18-19 was 11.07% as compared to FY 17-18 9.35%, net change being 1.72%.

MATERIAL CHANGES AND COMMITMENTS

No material changes and commitments affecting the financial position of the company occurred between the end of the financial year to which this financial statements relates and the date of this report.



EXTRACT OF ANNUAL RETURN

Pursuant to section 92(3) of the Companies Act, 2013 ('the Act') and rule 12(1) of the Companies (Management and Administration) Rules, 2014, extract of annual return (MGT-9) is Annexed as Annexure 1.

DETAILS OF SUBSIDIARY/ASSOCIATE COMPANY/ JOINT VENTURE

The Company does not have any Subsidiary, Joint Venture or an Associate company.

DETAILS OF BOARD MEETINGS

During the year, 7 (seven) number of Board meetings were held as on April 6, 2018, May 25, 2018, August 14, 2018, September 28, 2018, November 14, 2018 February 13, 2019 and March 4, 2019 details of which are given below:

Name of Directors	No. of meeting attended
Mr. Sanjay Kumar Gupta	7
Mr. Alope KumarGupta	7
Mrs. Shreya Gupta	7
Mr. Suvobrata Ganguly	7
Mr. Ravi Agarwalla	7
Mr. Sanjay Goenka	7
Mrs. Anny Jain	7
Ms. Parul Rajgaria	5

COMMITTEES OF BOARD

The details of composition of the Committees of the Board of Directors are as under:-

a. Audit Committee

Sl. No.	Name	Chairman/ Members
1	Mr. Ravi Agarwalla	Chairman
2	Mrs. Anny Jain	Member
3	Mr. Sanjay Kumar Gupta	Member

During the year, the Committee had met on 25.05.2018, 14.08.2018, 14.11.2018 & 13.02.2019.

Vigil mechanism

In pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013, a vigil mechanism for directors and employees to report genuine concerns has been established. To strengthen its policy of corporate transparency, the company has established an innovative and empowering mechanism for employees. Employees can report to the management their concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy.

Paragon Finance Limited, being a Listed Company has established a Vigil (Whistle Blower) Mechanism and formulated a Policy in order to provide a framework for responsible and



secure whistle blowing/vigil mechanism. The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations and in order to maintain these standards, the Company encourages its employees who have concerns about suspected misconduct to come forward and express these concerns without fear of punishment or unfair treatment.

b. Nomination & Remuneration Committee

SI. No.	Name	Chairman/ Members
1	Mrs. Anny Jain	Chairman
2	Mr. Sanjay Goenka	Member
3	Mrs. Shreya Gupta	Member

During the year, the Committee had met on 25.05.2018 and 28.09.2018.

c. Stakeholders Relationship Committee

SI. No.	Name	Chairman/ Members
1	Mrs. Anny Jain	Chairman
2	Mrs. Shreya Gupta	Member
3	Mr. Alope Kumar Gupta	Member

During the year, the Committee had met on 25.05.2018 & 14.11.2018.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provision of section 134 (3) (c) of the Companies Act, 2013 the Directors give hereunder the Directors' Responsibility Statement relating to the Accounts of the Company:

- (1) In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- (2) The Directors have 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 as at March 31, 2019 and of the Profit and Loss of the Company for the said period;
- (3) 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;
- (4) The Directors had prepared the annual accounts on a going concern basis; and
- (5) 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.

DIRECTORS & KEY MANAGERIAL PERSONNEL

In accordance with the provisions of section 152 of the Companies, Act, 2013 and in terms of the Articles of Association of the Company, Mr. Alope Kumar Gupta, Director, is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

The proposals regarding the re- appointment of Mr. Alope Kumar Gupta as the Director of the company is placed for your approval.



The Board of Directors of the Company recommends the above re-appointment.

In Compliance with clause 36(3) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, brief resume, expertise and other details of the Director proposed to be re-appointed are attached to the Notice of the ensuing Annual General Meeting.

Also, Ms. Swati Sharma has been appointed as a Company Secretary with effect from 04.03.2019 and Mr. Sanjay Kumar Gupta has been appointed as a Chief Financial Officer of the Company with effect from 04.03.2019 and Ms. Parul Rajgaria ceases to be the Director, Company Secretary and CFO of the Company on 18.02.2019.

PERCENTAGE INCREASE IN REMUNERATION OF KMP FROM LAST YEAR :

1. Mr. Sanjay Kumar Gupta – WTD – 100%

RISK MANAGEMENT POLICY

In terms of the requirement of the Act, the Company has developed and implemented the Risk Management Policy and the Audit Committee of the Board reviews the same periodically.

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to business objectives. Major risks identified by the business and functions are systematically addressed through mitigating actions on a continuous basis. They are discussed at the meetings of the board of directors of the company.

The Company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. These are routinely tested and certified by statutory as well as Internal Auditors. Significant Audit observations and follow up actions thereon are reported to the Board. The Board of Directors review adequacy and effectiveness of the company's internal control environment and monitors the implementation of audit recommendations.

DECLARATION BY INDEPENDENT DIRECTORS

The Company has received the necessary declaration from each Independent Directors under section 149(7) of the Companies Act, 2013 that he/she meets the criteria of independence laid down in section 149(6) of the Companies Act, 2013 and Clauses of SEBI (LODR) regulations, 2015.

COMPANY'S POLICY ON APPOINTMENT AND REMUNERATION

The current policy is to have an appropriate mix of executive and independent directors to maintain the independence of the board, and separate its functions of governance and management. As on 31st March, 2019, the board consists of seven members, one of whom is executive or whole time director and KMP, two of whom are Non-Executive directors and four are independent directors. The Board periodically evaluates the need for change in its composition and size.

The policy of the Company on director's appointment and remuneration, including criteria for determining qualifications' positive attributes, independence of a director and other matters



provided under sub-section (3) of section 178 of the Companies Act, 2013 adopted by Board is annexed to the Board's Report. We affirm the remuneration paid to the directors is as per the terms laid out in the nomination and remuneration policy of the company.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS

No significant or material orders were passed by the Regulators or courts or Tribunals which impact the going concern status and Company's operation in future.

PUBLIC DEPOSITS

The Company has not accepted any fixed deposits during the year 2018-19 from the public/shareholders.

INTERNAL FINANCIAL CONTROLS

The internal financial controls with reference to the Financial Statements are commensurate with the size and nature of business of the Company. Details are given in Management Discussion & Analysis Report.

STATUTORY AUDITORS, THEIR REPORT AND NOTES TO FINANCIAL STATEMENTS

In the AGM held on 26.09.2017, M/s. Agarwal Maheshwari & Co., Chartered Accountants have been appointed as Statutory Auditors of the Company for a period of 5 financial years starting from the FY 2017-18 till 2021-22.

Further, the report of the Statutory Auditors along with notes forming part of the Company's accounts as given under Notes (No. 1 – 20) are enclosed to this report. The observations made in the Auditors' Report are self-explanatory and therefore do not call for any further comments.

INTERNAL AUDITOR

M/s. S. Ratan & Co. has served as an internal auditor for the financial year 2018-19.

CASH FLOW STATEMENT

In conformity with the provisions of Clause 34 of the SEBI (LODR) Regulations, 2015, the Cash Flow Statement for the year 2018-19 is annexed hereto.

PARTICULARS OF LOAN, GUARANTEES OR INVESTMENTS UNDER SECTION 186

No such transaction has been entered by the company during the year.

RELATED PARTY TRANSACTIONS

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions.



PARAGON FINANCE LIMITED (CIN) L65921WB1986PLC040980

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website - <https://www.paragonfinanceltd.com/files/Policy%20on%20Materiality%20as%20per%20Reg%2023.pdf>

Your Directors draw attention of the members to Note 1.B.3 to the financial statement which sets out related party disclosures.

PARTICULARS OF EMPLOYEES

Pursuant to rule 5(2) & (3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, there is no such employee meeting the criteria under this rule.

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in the Annual Report.

SECRETARIAL AUDIT

In terms of Section 204 of the Act and Rules made there under, Rashmi Choudhury, Practicing Company Secretary has been appointed as Secretarial Auditors of the Company. The report of the Secretarial Auditors is enclosed as Annexure 2 to this report. The report is self-explanatory and do not call for any further comments.

LISTING

The Company's shares are listed with BSE having nationwide trading terminal under SEBI (ICDR) Regulations, 2009. The Listing fees to the Stock Exchanges for the year 2018-19 have been paid. The address of the said Stock Exchange is as follows:

The Bombay Stock Exchange
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort
Mumbai – 400001.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis has been annexed to this report in terms of Part B of Schedule V of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 in Annexure 3.

DETAILS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company does not engage in any manufacturing activity so there is no consumption of energy. The activities of the company do not involve any technology absorption.

Foreign Exchange Earning and Outgo	(In Lakhs)
I) Foreign Exchange Earnings	NIL
II) Foreign Exchange outgo	NIL



BOARD EVALUATION

The board of directors has carried out an annual evaluation of its own performance, Board committees and individual directors pursuant to the provisions of the Act and the corporate governance requirements as prescribed under SEBI (LODR) Regulations, 2015 as amended and Companies Act, 2013.

The performance of the Board was evaluated by the Board after seeking inputs from all the directors on the basis of the criteria such as the Board composition and structure, effectiveness of board processes, information and functioning, etc.

The performance of the committees was evaluated by the board after seeking inputs from the committee members on the basis of the criteria such as the composition of committees, effectiveness of committee meetings, etc. The Board and the Nomination and Remuneration Committee ("NRC") reviewed the performance of the individual directors on the basis of the criteria such as the contribution of the individual director to the Board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc. In addition, the Chairman was also evaluated on the key aspects of his role.

In a separate meeting of independent Directors, performance of non-independent directors, performance of the board as a whole and performance of the Chairman was evaluated, taking into account the views of executive directors and non-executive directors. The same was discussed in the board meeting that followed the meeting of the independent Directors, at which the performance of the Board, its committees and individual directors was also discussed.

ARCHIVAL POLICY

As per Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 every listed company is required to formulate an Archival Policy for the records which it maintains in Electronic Form. The said policy is available on the company's website at <https://www.paragonfinanceltd.com/files/Archival%20Policy.pdf>

ID FAMILIARISATION PROGRAMME

Independent Directors have been given adequate Documents and Annual Reports so that they get an understanding regarding the working of the company.

The IDs have also visited various sites of the company and have met the stakeholders of the company so as to get a detailed understanding regarding the Business, which would enable them to form an Independent view regarding the company.

DEMAT SUSPENSE A/C

There are no shares in demat suspense account or unclaimed suspense account as on 31.03.2019.



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CORPORATE SOCIAL RESPONSIBILITY

Your company does not fall under the compulsory compliance of CSR u/s 135 of the Companies Act 2013.

DISCLOSURE UNDER SEXUAL HARRASEMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013

The Company is committed to provide a safe and conducive work environment to its employees. During the year under review, no case of sexual harassment was reported.

ACKNOWLEDGEMENT

The Board of Directors would like to place on record their grateful appreciation of the cooperation and assistance received from the company's customers, shareholders, employees, brokers, dealers, banks, financial institutions and all others associated with the company.

Your Directors also thank the Central and State Governments, and other statutory authorities for their continuous support.

Place: Kolkata
Date: 29.05.2019

On behalf of the Board of Director
Sanjay Kumar Gupta

Executive Director



Form No. MGT-9
EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March, 2019
Of
PARAGON FINANCE LIMITED

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

I. REGISTRATION AND OTHER DETAILS:

- i) CIN - L65921WB1986PLC040980
- ii) Registration Date – 21.07.1986
- iii) Name of the Company – PARAGON FINANCE LIMITED
- iv) Category / Sub-Category of the Company - NBFC
- v) Address of the Registered Office and contact details – 4/1, Middleton Street, Sikkim House, Kolkata – 700071, 033-40612288, 9331116100
- vi) Whether listed company Yes
- vii) Name, Address and contact details of Registrar & Transfer Agents (RTA) -

Niche Technologies Pvt. Ltd., 3A, Auckland Place, Room No. 7A and 7B, 7th Floor, Kolkata – 700 017.
Dial : 033-22806616/17/18

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products /services	NIC Code of the Product/ service	% to total turnover of the company
1.	Interest from Financial Activities	64990	100.00%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES – No Companies – Not Applicable

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

(i) Category-wise Share Holding



Category of Shareholders		No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.	PROMOTERS									
(1)	Indian									
	a) Individual / HUF	749195	0	749195	17.63	744194	0	744194	17.51	-0.12
	b) Central Government	0	0	0	0.00	0	0	0	0.00	0.00
	c) State Government	0	0	0	0.00	0	0	0	0.00	0.00
	d) Bodies Corporate	1720312	0	1720312	40.48	1720312	0	1720312	40.48	0.00
	e) Banks / Financial Institutions	0	0	0	0.00	0	0	0	0.00	0.00
	f) Any Other	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-total (A)(1)	2469507	0	2469507	58.11	2464506	0	2464506	57.99	-0.12
(2)	Foreign									
	a) NRIs - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
	b) Other - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
	c) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
	d) Banks / Financial Institutions	0	0	0	0.00	0	0	0	0.00	0.00
	e) Any Other	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-total (A)(2)	0	0	0	0.00	0	0	0	0.00	0.00
	Total Shareholding of Promoter (A) = (A)(1)+(A)(2)	2469507	0	2469507	58.11	2464506	0	2464506	57.99	-0.12
B.	PUBLIC SHAREHOLDING									
(1)	Institutions									
	a) Mutual Funds	0	0	0	0.00	0	0	0	0.00	0.00
	b) Banks / Financial Institutions	0	0	0	0.00	0	0	0	0.00	0.00
	c) Central Governments	0	0	0	0.00	0	0	0	0.00	0.00
	d) State Governments	0	0	0	0.00	0	0	0	0.00	0.00

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	e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
	f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
	g) Foreign Institutional Investors (FII)	0	0	0	0.00	0	0	0	0.00	0.00
	h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
	i) Others (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-total (B)(1)	0	0	0	0.00	0	0	0	0.00	0.00
(2)	Non-Institutions									
	a) Bodies Corporate									
	i) Indian	1037262	4300	1041562	24.51	1005877	4300	1010177	23.77	-0.74
	ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
	b) Individuals									
	i) Individual shareholders holding nominal share capital upto Rs 1 lakh	197901	103406	301307	7.09	230325	98505	328830	7.74	0.65
	ii) Individual shareholders holding nominal share capital in excess of Rs 1 l	426460	0	426460	10.03	436460	0	436460	10.27	0.24
	c) Others Specify	0	0	0	0.00	0	0	0	0.00	0.00
	1. NRI	4000	2400	6400	0.15	4250	2400	6650	0.16	0.01
	2. Overseas Corporate Bodies	0	0	0	0.00	0	0	0	0.00	0.00
	3. Foreign Nationals	0	0	0	0.00	0	0	0	0.00	0.00
	4. Clearing Members	4764	0	4764	0.11	3377	0	3377	0.08	-0.03
	5. Trusts	0	0	0	0.00	0	0	0	0.00	0.00
	6. Foreign Bodies - D.R.	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-total (B)(2)	1670387	110106	1780493	41.89	1680289	105205	1785494	42.01	0.12
	Total Public Shareholding (B) = (B)(1)+(B)(2)	1670387	110106	1780493	41.89	1680289	105205	1785494	42.01	0.12
C.	Shares held by Custodian for	0	0	0	0.00	0	0	0	0.00	0.00

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GDRs & ADRs										
GRAND TOTAL (A+B+C)	4139894	110106	4250000	100.00	4144795	105205	4250000	100.00	0.00	

(ii) Shareholding of Promoters

S I N O.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% of change in shareholding during the year
		No. of Shares	% of total shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total shares of the company	% of Shares Pledged/encumbered to total shares	
1	BASERA ABASAN LLP	234383	5.51	0.000	234383	5.52	0.000	0.00
2	GAYATRI GUPTA	18800	0.44	0.000	18800	0.44	0.000	0.00
3	KIT COMMERCIAL PRIVATE LIMITED	322700	7.59	0.000	322700	7.59	0.000	0.00
4	KRISHNA KANT JHA	51195	1.20	0.000	46194	1.09	0.000	-0.12
5	MAHANT VANIJYA PVT LTD	800429	18.83	0.000	800429	18.83	0.000	0.00
6	NAMAN BARTER PRIVATE LIMITED	172800	4.07	0.000	172800	4.07	0.000	0.00
7	PRAGMA ESTATES LLP	190000	4.47	0.000	190000	4.47	0.000	0.00
8	SANJAY KUMAR GUPTA	185100	4.36	0.000	185100	4.36	0.000	0.00
9	SHREE SECURITIES	315700	7.43	0.000	315700	7.43	0.000	0.00
10	SHREYA GUPTA	178400	4.20	0.000	178400	4.20	0.000	0.00
	TOTAL	2469507	58.11	0.000	2464506	57.99	0.000	-0.12



(iii) Change in Promoters' Shareholding

Sl No.	Name	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	BASERA ABASAN LLP				
	a) At the Beginning of the Year	234383	5.515		
	b) Changes during the year	[NO CHANGES DURING THE YEAR]			
	c) At the End of the Year			234383	5.515
2	GAYATRI GUPTA				
	a) At the Beginning of the Year	18800	0.442		
	b) Changes during the year	[NO CHANGES DURING THE YEAR]			
	c) At the End of the Year			18800	0.442
3	KIT COMMERCIAL PRIVATE LIMITED				
	a) At the Beginning of the Year	322700	7.593		
	b) Changes during the year	[NO CHANGES DURING THE YEAR]			
	c) At the End of the Year			322700	7.593
4	KRISHNA KANT JHA				
	a) At the Beginning of the Year	51195	1.205		
	b) Changes during the year				
	Date Reason				
	06/04/2018 Transfer	-5000	0.118	46195	1.087
	08/06/2018 Transfer	-1	0.000	46194	1.087
	c) At the End of the Year			46194	1.087
5	MAHANT VANIJYA PVT LTD				
	a) At the Beginning of the Year	800429	18.834		
	b) Changes during the year	[NO CHANGES DURING THE YEAR]			
	c) At the End of the Year			800429	18.834
6	NAMAN BARTER PRIVATE LIMITED				
	a) At the Beginning of the Year	172800	4.066		
	b) Changes during the year	[NO CHANGES DURING THE YEAR]			
	c) At the End of the Year			172800	4.066
7	PRAGMA ESTATES LLP				
	a) At the Beginning of the Year	190000	4.471		
	b) Changes during the year	[NO CHANGES DURING THE YEAR]			
	c) At the End of the Year			190000	4.471
8	SANJAY KUMAR GUPTA				
	a) At the Beginning of the Year	185100	4.355		
	b) Changes during the year	[NO CHANGES DURING THE YEAR]			
	c) At the End of the Year			185100	4.355
9	SANJAY KUMAR GUPTA				
	a) At the Beginning of the Year	315700	7.428		
	b) Changes during the year	[NO CHANGES DURING THE YEAR]			
	c) At the End of the Year			315700	7.428
10	SHREYA GUPTA				
	a) At the Beginning of the Year	178400	4.198		
	b) Changes during the year	[NO CHANGES DURING THE YEAR]			
	c) At the End of the Year			178400	4.198
	T O T A L	2469507	58.106	2464506	57.988



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

Sl. No.	For Each of the Top 10 Shareholders	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	BEEKAY CHEMICALS PRIVATE LIMITED				
	a) At the Beginning of the Year	125000	2.941		
	b) Changes during the year			[NO CHANGES DURING THE YEAR]	
	c) At the End of the Year			125000	2.941
2	BHOWMICK MARKETING PRIVATE LIMITED				
	a) At the Beginning of the Year	125000	2.941		
	b) Changes during the year			[NO CHANGES DURING THE YEAR]	
	c) At the End of the Year			125000	2.941
3	BRITE ASBESTOS AND ENGINEERING PRIVATE LTD.				
	a) At the Beginning of the Year	198200	4.664		
	b) Changes during the year				
	Date Reason				
	10/08/2018 Transfer	-958	0.023	197242	4.641
	17/08/2018 Transfer	-4790	0.113	192452	4.528
	24/08/2018 Transfer	-260	0.006	192192	4.522
	31/08/2018 Transfer	-111	0.003	192081	4.520
	14/09/2018 Transfer	-298	0.007	191783	4.513
	23/11/2018 Transfer	-21465	0.505	170318	4.007
	30/11/2018 Transfer	-3503	0.082	166815	3.925
	c) At the End of the Year			166815	3.925
4	CRAWFORD PLANTATIONS PRIVATE LIMITED				
	a) At the Beginning of the Year	125000	2.941		
	b) Changes during the year			[NO CHANGES DURING THE YEAR]	
	c) At the End of the Year			125000	2.941
5	DOVER TIE-UP PVT.LTD.				
	a) At the Beginning of the Year	125000	2.941		
	b) Changes during the year			[NO CHANGES DURING THE YEAR]	
	c) At the End of the Year			125000	2.941
6	HEERA SHARMA				
	a) At the Beginning of the Year	61450	1.446		
	b) Changes during the year			[NO CHANGES DURING THE YEAR]	
	c) At the End of the Year			61450	1.446
7	SANATAN SHARMA				
	a) At the Beginning of the Year	61450	1.446		
	b) Changes during the year			[NO CHANGES DURING THE YEAR]	
	c) At the End of the Year			61450	1.446
8	SHAMBHU SHARMA				
	a) At the Beginning of the Year	71265	1.677		
	b) Changes during the year			[NO CHANGES DURING THE YEAR]	
	c) At the End of the Year			71265	1.677
9	SIPHON MARKETING PVT. LTD.				
	a) At the Beginning of the Year	125000	2.941		
	b) Changes during the year			[NO CHANGES DURING THE YEAR]	
	c) At the End of the Year			125000	2.941
10	TOBOCK TRADE AND SALES PVT LTD				
	a) At the Beginning of the Year	191000	4.494		
	b) Changes during the year			[NO CHANGES DURING THE YEAR]	
	c) At the End of the Year			191000	4.494
	TOTAL	1208365	28.432	1176980	27.694

**(v) Shareholding of Directors and Key Managerial Personnel:**

Sl. No.	Name	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	SANJAY KUMAR GUPTA				
	a) At the Beginning of the Year	185100	4.355		
	b) Changes during the year	[NO CHANGES DURING THE YEAR]			
	c) At the End of the Year			185100	4.355
2	SHREYA GUPTA				
	a) At the Beginning of the Year	178400	4.198		
	b) Changes during the year	[NO CHANGES DURING THE YEAR]			
	c) At the End of the Year			178400	4.198
	TOTAL	363500	8.553	363500	8.553

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	0	12113374	0	12113374
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	1408833	0	1408833
Total (i+ii+iii)	0	13522207	0	13522207
Change in Indebtedness during the financial year				
• Addition	5006994	27287994	0	32294988
• Reduction	5006994	26873161	0	31883761
Net Change	0	414833	0	411227
Indebtedness at the end of the financial year				
i) Principal Amount	0	12528207	0	12528207
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	398360	0	398360
Total (i+ii+iii)	0	12926567	0	12926567

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. Remuneration to Managing Director, Whole-time Directors (WTD) and/or Manager:**

Sl. No.	Particulars of Remuneration	Name	Age	Designation	Experience	Amount
1.	Gross salary (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	Mr. Sanjay Kumar Gupta	52	WTD	27	3300000
2.	Stock Option					0
3.	Sweat Equity					0
4.	Commission -as % of profit -others, specify...					0
5.	Others, please specify					0
6.	Total (A)					3300000

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name	Age	Designation	Experience	Amount
	<u>Independent Directors</u> · Fee for attending board committee meetings · Commission · Others, please specify					0
	Total (1)					0
	<u>Other Non-Executive Directors</u> · Fee for attending board committee meetings · Commission · Others, please specify	Mr. Alope Kumar Gupta	60	Director	35	2400000
	Total (2)					0
	Total (B)=(1+2)					0
	Total Managerial Remuneration					2400000



C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD / MANAGER/WTD

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0	516500	XX	XX
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0	0
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0	0
2.	Stock Option	0	0	0	0
3.	Sweat Equity	0	0	0	0
4.	Commission -as % of profit - others, specify...	0	0	0	0
5.	Others, please specify	0	0	0	0
6.	Total	0	516500	XX	XX

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL



SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st DAY OF MARCH, 2019
[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies
(Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
Paragon Finance Limited
CIN: L65921WB1986PLC040980
Sikkim House, 4/1 Middleton Street,
4th Floor, Kolkata - 700071

I have conducted the **Secretarial Audit** of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Paragon Finance Limited (hereinafter called "the Company")**. Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of 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, and authorized representatives during the conduct of **Secretarial Audit**, I hereby report that in my opinion the Company has, during the audit period covering the financial year ended **31st March, 2019** 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:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended **31st March, 2019** according to the provisions of:

- I. The Companies Act, 2013(the Act) and the rules made thereunder;
- II. The Securities Contracts (Regulation) Act, 1956 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;
- V. The following Regulations (as amended from time to time) and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 :-

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;



- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

VI. Other Laws that are applicable specifically to the company, namely:

- (a) The regulations made by the Reserve Bank of India (under the Reserve Bank Act, 1934) with regard to Non-Banking Financial Companies (“NBFC”);
- (b) The Information Technology Act, 2000 and the rules made thereunder.

I have also examined the compliance of the applicable clauses by the company of the following statutory provisions/standards/regulations:

- a. The uniform Listing Agreements entered into by the Company, with **BSE Limited** ;
- b. The Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- c. The Secretarial Standards (SS - 1 and SS – 2) issued by the Institute of Company Secretaries of India.

I 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 a 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 and Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance by the company of applicable financial laws such as direct and indirect tax laws and maintenance of financial records and books of accounts have not been reviewed in this audit since the same have been subject to review by the statutory financial auditors, tax auditors and other designated professionals.

Adequate Notice is given to all Directors to schedule the Board/Committee Meetings. Information and circulation of the agenda with detailed information thereof, convening of meetings was done in compliance with the applicable laws, rules, regulations and guidelines, etc. A system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meetings.

I 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 as also represented by the management.

I further report that during the period under review below were noted:

Ms. Parul Rajgaria discontinued her services as Director, Chief Financial Officer, Company Secretary and Compliance Officer of the company with effect from 18th February, 2019.



PARAGON FINANCE LIMITED (CIN) L65921WB1986PLC040980

Mr. Swati Sharma has been appointed as the Company Secretary and Compliance Officer of the company with effect from 4th March, 2019.

Mr. Sanjay Kumar Gupta has been appointed as the Chief Financial Officer of the Company with effect from 4th March, 2019.

Rashmi Choudhary

**Practicing Company Secretary
Membership no. : 33640
COP No.: 16091**

**Place: Kolkata
Date: 19th July'19**

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



'Annexure A'

**To,
The Members
M/s. Paragon Finance Limited
(CIN: L65921WB1986PLC040980)**

My 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. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I 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. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I 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 the management. My examination was limited to the verification of procedure 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.

Rashmi Choudhary

**Practicing Company Secretary
Membership no. : 33640
COP No.: 16091**

**Place: Kolkata
Date: 19th July'19**



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Directors have pleasure in presenting the Management Discussion and Analysis Report for the year ended on 31st March, 2019. This Report has been included in consonance with the Code of Corporate Governance as approved by the Securities and Exchange Board of India (SEBI).

ECONOMIC OVERVIEW

In 2018-19, the global economy began its journey on a firm footing with estimated global economic growth of 3.6% (IMF). A gradually declined was noted in the second half of 2018, owing to increasing US-China trade dispute and some slowdown across developed markets. Emerging and developing markets of Asia maintained their steady progress at 6.4% during 2018.

The Indian economy has retained its tag of the fastest growing major economy in the world in 2018-19. However, overall growth for 2018-19 slumped to a five-year low of 6.8%. India has emerged as the fastest growing major economy in the world as per the Central Statistics Organisation (CSO) and International Monetary Fund (IMF). NITI Aayog's target is to take steps that will keep India's \$2.7 trillion economy steadily expanding by about 8%, which could quicken to 9-10% by 2022-23, making India a \$4 trillion economy. But the Prime Minister has something else in his mind. The Prime Minister at the fifth meeting of the Governing Council of NITI Aayog said that *"the goal is to make India a 5 trillion dollar economy by 2024. He also said that the goal is challenging but can be achieved with the concerted efforts of states."*

INDUSTRY OVERVIEW

Domestic sales of commercial vehicles slowed down in the latter half of 2018-19, amid multiple headwinds that have spilt on to this financial year as well. Nevertheless, robust growth in the first few months of the present financial year have supported overall growth, with domestic sales expanding 18 per cent in volume terms this year. The growth slowdown in the second half of 2018-19 was led by the medium and heavy commercial vehicle (truck) segment.

The pre-owned commercial vehicles segment has been the focus area for the Company ever since its inception. The pre-owned commercial vehicles are affordable to aspiring owner-cum-drivers who are small road transport operators with limited banking habits and credit history for verification of creditworthiness. The pre-owned commercial vehicles financing industry in India is dominated by private financiers in the unorganized sector.



FINANCIAL PERFORMANCE

The details of the financial performance of the Company is given in the Directors' Report.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The foundation for internal control of the Company is set by its policies, vision, mission and audit. The Internal Control Systems are being constantly updated with new / revised standard operating procedures.

The aim of the Company's internal control framework is to assure that operations are effective and well aligned with the strategic goals. The internal control framework is intended to ensure correct, reliable, complete and timely financial reporting and management information. The framework endorses ethical values, good corporate governance and risk management practices.

The Audit Committee of the Company consisting of Non-Executive Independent Directors, periodically reviews and recommends the financial statements of the Company. The Audit Committee also monitors the implemented suggestions.

RISK MANAGEMENT

The Company ensures that all the risk associated with the functioning of the Company are identified, controlled and mitigated. The Company lays down procedures regarding managing and mitigating the risk through Integrated Risk Management Systems, Strategies and policies. Your Company has built a robust risk management framework over the years. Engaged, as it is, in retail financing, the Company has to manage various risks, such as credit risk, liquidity risk, interest rate risk and operational risk. The Company manages credit risk through stringent credit norms. The liquidity and interest rate risk are managed through regular monitoring of the market. Operational risks are addressed by the internal control systems and are continuously reviewed and monitored.

HUMAN RESOURCES

Your Company believes that its greatest assets are its people and Training is an investment in long term people development, for organisational excellence. During the year under review, your Company has taken several new initiatives to ensure that the knowledge and wisdom gained over decades is handed down to the next generation of employees.

To foster a positive workplace environment, free from harassment of any nature, the Company has framed a policy for Prevention of Sexual Harassment at Workplace and reviews the same periodically.



CAUTIONARY STATEMENT

Statements in the MD&A, describing the Company's objective, projections and estimates, are forward looking statements and progressive within the meaning of applicable security laws and regulations. These statements involve a number of risks, uncertainties and other factors namely; economic conditions, Government Policies that could cause actual results to differ materially from those that may be implied by these forward looking statements..

KEY FINANCIAL RATIOS

In accordance with the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 (Amendment Regulations) the company is required to give details of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in key financial ratios. The company has identified below ratios as the key financial ratios:

Particulars	FY 2018-19	FY 2017-18
(i) Interest Coverage Ratio	45.81	6.67
(ii) Debt Equity Ratio	0.063	0.084

Place: Kolkata

For and behalf of the Board Directors

Sanjay Kumar Gupta
Executive Director
DIN-00213467



INDEPENDENT AUDITOR'S REPORT

To The Members of
PARAGON FINANCE LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Paragon Finance Limited** ("the Company"), which comprise the Balance Sheet as at **31st March, 2019**, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the 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 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

1. In the case of the Balance Sheet, of the state of affairs of the Company as at **31st March, 2019**
2. In the case of the Profit and Loss Account, of the **PROFIT** for the year ended on that date; and
3. In the case of Cash Flow Statement, of the 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 specified under section 143(10) of the Act (SAs). 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 independence requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's 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 judgement, were of most significance in our audit of the financial statements of the current period. 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.

We have determined that there are no key audit matters to communicate in our report.



Information other than the Financial Statement and Auditor's Report thereon

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility 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 Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies(Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 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 standalone financial statement, 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.

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

Auditor's Responsibility

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 the 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 the users taken on the basis of these standalone financial statements.



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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained upto the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentations, structure and content of the standalone financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements

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 of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosures 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 issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act [hereinafter referred to as the Order], we give in the Annexure 'A' 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 Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 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 control over financial reporting of the company and the operating effectiveness of such control, refer to our separate report in Annexure 'B'.
 - (g) With respect to the matter to be included in the Auditors' Report under section 197(16):
In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provision of Section 197 of 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, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Company has disclosed the impact of pending litigation and its impact on financial position in the financial statement as referred to in Note No. 1.B.8 of the Financial Statements.
 - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection fund by the Company.

For, AGARWAL MAHESWARI & CO.
Chartered Accountants
Firm Reg. No. : 314030E

Place: Kolkata

Dated: The 29th day of May, 2019

[CA. APURVA MAHESWARI]
Partner
Membership No. 304538



ANNEXURE – A TO AUDITORS' REPORT

The Annexure referred to in paragraph 1 of Our Report of even date to the members of Paragon Finance Limited on the accounts of the company for the year ended March 31, 2019.

- 1) a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
b) All the assets have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of company and the nature of its assets. No material discrepancies were noticed on such verification.
c) According to the information and explanations given to us and on the basis of our examination of the records of the company, the Title Deeds of Immovable properties are held in the name of the Company.
- 2) According to the information and explanations given to us The Company does not have any Inventory. Therefore, the provisions of Clause (ii) of paragraph 3 of the CARO 2016 are not applicable to the Company.
- 3) In respect of the loans, secured or unsecured, granted by the Company to Companies, Firms, Limited Liability Partnership or other parties covered in the register maintained pursuant to provision of section 189 of the Companies Act, 2013-
 - a) The Terms and Conditions of the loans granted are not prejudicial to the interest of the Company.
 - b) In our opinion and according to the information and explanations given to us, the receipt of the Principal amount and interest are regular.
 - c) In respect of the said loans and interest thereon, there are no overdue amounts.
- 4) In our opinion and according to the information and explanation given to us, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013, in respect of Loans, Investments, Guarantees and Security.
- 5) According to the information and explanations given to us, the Company has not accepted any deposit from the public and hence the directives issued by the Reserve Bank of India and the provisions of section 73, 74, 75 & 76 of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable. Therefore, Clause 3(v) of the CARO 2016 are not applicable to the Company.
- 6) The Central Government of India has not prescribed the maintenance of cost records under sub section (1) of section 148 of the Companies Act, 2013 for any of the products of the company.
- 7) a) The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respects of the aforesaid dues were outstanding, as at 31st March, 2019 for a period of more than six months from the date they became payable.
b) Details of dues of Income Tax, Sales Tax, duty of Custom, Wealth Tax, Service Tax, duty of Excise, Value Added Tax and Cess, which have not been deposited as on 31st March, 2019 on account of dispute are given below :



Sl. No.	Name of Statute	Nature of Dues	Amount in `	Period	Forum where dispute is pending
1.	Finance Act, 1994	Service Tax	26,81,414/-	A. Y. 2003-08	Commissioner of Service Tax – Kolkata
2.	Income Tax Act, 1961	Income Tax	12,56,340/-	A. Y. 2013-14	CIT (Appeal) – 21 / Kolkata
3.	Income Tax Act, 1961	Income Tax	6,15,010/-	A. Y. 2014-15	CIT (Appeal) – 21 / Kolkata

- 8) According to the records of the company examined by us and the information and explanations given to us, we are of the opinion that the company has not defaulted in repayment of dues to financial institutions, banks and debenture holders.
- 9) The company has not raised any money by way of initial public offer or further public offer and Term Loan have been applied for the purposes for which they were raised.
- 10) In our opinion and according to the information and explanation given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- 11) According to the information and explanation given to us and based on our examination of the records of the Company, the Managerial Remuneration paid by the Company has been paid or provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act.
- 12) The Company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company.
- 13) According to the information and explanations given to us and based on our examination of records of the Company, 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 Financial Statements, as required by the applicable accounting standards.
- 14) According to the information and explanations given to us by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- 15) According to the audit procedure performed and the information and explanations given to us by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the order are not applicable to the Company.
- 16) According to the audit procedures performed and the information and explanation given to us by the management, the company is registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For, AGARWAL MAHESWARI & CO.
Chartered Accountants
Firm Reg. No. : 314030E

Place: Kolkata

Dated: The 29th day of May, 2019

[CA. APURVA MAHESWARI]
Partner
Membership No. 304538



ANNEXURE – B TO AUDITORS’ REPORT

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 Paragon Finance Limited (“the Company”) as of **31st March, 2019** in conjunction with our audit of 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 (‘ICAI’). 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 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.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting 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, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both 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 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, 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 Company’s internal financial controls system over financial reporting.



Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting 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 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

Because of the inherent limitations of internal financial controls over financial reporting, 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 to future periods are subject to the risk that the internal financial control over financial reporting 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, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 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, AGARWAL MAHESWARI & CO.
Chartered Accountants
Firm Reg. No. : 314030E

Place: Kolkata

Dated: The 29th day of May, 2019

[CA. APURVA MAHESWARI]
Partner
Membership No. 304538

PARAGON FINANCE LIMITED

4/1, MIDDLETON STREET, 4TH FLOOR,
KOLKATA - 700 071.

BALANCE SHEET AS AT 31ST MARCH, 2019

<u>Particulars</u>	<u>Note No.</u>	<u>As at 31st March, 2019</u> (<u>₹</u>)	<u>As at 31st March, 2018</u> (<u>₹</u>)
A. <u>EQUITY AND LIABILITIES</u>			
1. <u>Shareholders' Fund</u>			
(a) Share Capital	2	4,25,00,000	4,25,00,000
(b) Reserves and Surplus	3	20,69,43,474	17,93,33,871
		<u>24,94,43,474</u>	<u>22,18,33,871</u>
2. <u>Non-Current Liabilities</u>			
(a) Long-Term Borrowings	4	1,25,28,207	1,21,13,374
(b) Long-Term Provisions	5	58,165	1,48,168
		<u>1,25,86,372</u>	<u>1,22,61,542</u>
3. <u>Current Liabilities</u>			
(a) Short-Term Borrowings	6	11,68,698	37,98,640
(b) Other Current Liabilities	7	19,18,028	27,98,768
(c) Short-Term Provisions	8	20,90,600	13,77,016
		<u>51,77,326</u>	<u>79,74,424</u>
	TOTAL	<u>26,72,07,172</u>	<u>24,20,69,837</u>
B. <u>ASSETS</u>			
1. <u>Non-Current Assets</u>			
(a) Fixed Assets			
-Property, Plant and Equipment	9	22,28,338	37,35,195
(b) Non-Current Investments	10	5,45,85,261	4,50,38,245
(c) Deferred Tax Assets (Net)	1.B.4	10,08,772	9,35,644
(d) Long-Term Loans and Advances	11	2,62,98,212	6,12,50,886
(e) Other Non-Current Assets	12	3,139	3,139
		<u>8,41,23,722</u>	<u>11,09,63,109</u>
2. <u>Current Assets</u>			
(a) Trade Receivables	13	0	350
(b) Cash and Bank Balances	14	1,54,27,557	67,47,890
(c) Short-Term Loans and Advances	15	16,76,55,893	12,43,58,488
		<u>18,30,83,450</u>	<u>13,11,06,728</u>
	TOTAL	<u>26,72,07,172</u>	<u>24,20,69,837</u>
Significant Accounting policies & Notes to the Financial statements	1		
The accompanying notes are integral part of the Financial statements			

In terms of our report on even date

For, **AGARWAL MAHESWARI & CO.**
Chartered Accountants

For and on behalf of the Board

[**CA. APURVA MAHESWARI**]
Partner

FRN: 314030E, M. NO: 304538

78, Bentinck Street,
3rd Floor, Suite No. 1C,
Kolkata - 700 001.

Dated : The 29th day of May, 2019

PARAGON FINANCE LIMITED

4/1, MIDDLETON STREET, 4TH FLOOR,
KOLKATA - 700 071.

STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2019

<u>Particulars</u>	<u>Note No.</u>	<u>For the year ended 31st March, 2019</u> (₹)	<u>For the year ended 31st March, 2018</u> (₹)
1. Revenue from Operations	16	3,88,02,253	3,88,90,951
2. Other Income	17	1,75,07,147	1,32,88,256
3. Total Revenue (1+2)		5,63,09,400	5,21,79,207
4. Expenses			
(a) Employee Benefits Expense	18	85,60,889	66,28,626
(b) Finance Costs	19	8,00,129	48,32,333
(c) Depreciation and Amortisation Expense	9	10,46,602	14,53,699
(d) Other Expenses	20	1,04,71,075	1,22,69,239
(e) Provision for Standard Assets		20,935	-41,996
(f) Provision for Bad and Doubtful Debts		6,02,645	11,04,124
5. Total Expenses		2,15,02,275	2,62,46,025
6. Profit Before Tax (3 - 5)		3,48,07,125	2,59,33,182
7. Tax Expense:			
(a) Tax Expense for Current Year		71,50,112	52,68,789
(b) Tax Expense for Prior Years		22,143	0
(c) Security Transaction Tax		98,395	1,88,637
(d) Deferred Tax Liability (Assets)		-73,128	-2,55,379
		71,97,522	52,02,047
8. Profit For The Year (6 - 7)		2,76,09,603	2,07,31,135
9. Earnings per share (of ₹10/- each):			
Basic / Diluted	1.B.6	6.50	4.88
Significant Accounting policies & Notes to the Financial statements	1		
The accompanying notes are integral part of the Financial statements			

In terms of our report on even date

For, AGARWAL MAHESWARI & CO.
Chartered Accountants

For and on behalf of the Board

[CA. APURVA MAHESWARI]

Partner

FRN: 314030E, M. NO: 304538

78, Bentinck Street,
3rd Floor, Suite No. 1C,
Kolkata - 700 001.

Dated : The 29th day of May, 2019

PARAGON FINANCE LIMITED

Cash Flow Statement for The Year Ended 31st March, 2019

	March 31, 2019	March 31, 2018
A. CASH FLOW FROM OPERATING ACTIVITIES	(□)	(□)
Net Profit before Tax & Extra ordinary items & interest	3,56,07,254	3,07,65,515
Adjustment for :		
Depreciation	10,46,602	14,53,699
Contingent Provision against Standard Assets	20,935	-41,996
Provision for Bad & Doubtful Debts	6,02,645	11,04,124
Profit/ Loss on Sale of Fixed Assets	2,88,164	-9,75,200
	3,75,65,600	3,23,06,142
Operating Profit before Working Capital changes		
Adjustment for:		
Long Term Loans and Advances	3,49,52,674	83,20,063
Trade Receivables	350	4,19,120
Short Term Loans and Advances	-4,32,97,405	1,89,96,293
Other Current Liabilities	-8,80,740	-84,83,336
Cash generated from Operation	2,83,40,479	5,15,58,282
Interest Paid	-8,00,129	-48,32,333
Tax Paid	-72,70,650	-54,57,426
Net Cash from Operating activities (A)	2,02,69,700	4,12,68,523
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets - Property, Plant & Equipments	-69,407	-22,07,411
Sale of Fixed Assets - Property, Plant & Equipments	2,41,499	30,28,750
Sale of Investments	-95,47,016	1,14,39,037
Net Cash from Investing activities (B)	-93,74,924	1,22,60,376
C. CASH FLOW FROM FINANCING ACTIVITIES		
Loans borrowed (Net of repayments)	-22,15,109	-7,03,18,207
Net Cash from Financing activities (C)	-22,15,109	-7,03,18,207
Net increase in Cash and Bank Balances (A+B+C)	86,79,667	-1,67,89,308
Cash and Bank Balances at the begining of the year	67,47,890	2,35,37,198
Cash and Bank Balances of close of the year	1,54,27,557	67,47,890

In terms of our report on even date

For, AGARWAL MAHESWARI & CO.
Chartered Accountants

For and on behalf of the Board

[CA. APURVA MAHESWARI]
Partner

FRN: 314030E, M. NO: 304538

78, Bentinck Street,
3rd Floor, Suite No. 1C,
Kolkata - 700 001.

Dated : The 29th day of May, 2019

PARAGON FINANCE LIMITED

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

NOTE - 1 : SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

(A) SIGNIFICANT ACCOUNTING POLICIES

(1) Nature of Operation

The company is engaged in providing loan against security of vehicles, investment in shares & mutual fund, and finance business concerns, individuals, companies, etc, as per the directions prescribed by the Reserve Bank Of India (RBI) for Non-Banking Financial Companies (NBFC).

(2) Basis of Preparation

The financial statements have been prepared to comply in all material respects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India, the relevant provision of the Companies Act, 2013 and the guidelines issued by the RBI as applicable to Non-Deposit accepting NBFC.

The financial statements have been prepared under the historical cost convention on an accrual basis unless otherwise stated. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

(3) Property, Plant and Equipments and Depreciation

Property, Plant and Equipments are stated at Cost less Depreciation.

Depreciation on Property, Plant and Equipments are provided to the extent of depreciable amount on the Written down Value (WDV) Method. Depreciation is provided based on useful life of the assets as prescribed in schedule II to the Companies Act, 2013.

(4) Revenue Recognition

- I. Income from operation represents earnings from Loan against security of vehicles arrived at by amortising the installment containing the interest, as and when these become due, as per the related agreement. Such amortisation being based on Even Spread Method on individual agreements.
- II. Additional Interest for Delayed payment and rebate allowed on timely payment are recognised as and when received / paid.
- III. As a part of prudent financial management, the Company had decided to progressively follow the international accepted accounting principles on revenue recognition, provisioning and assets classification. These principles stipulate de-recognition income on 5 (Five) installment dues progressive provisioning and recognition of the contracts with 365 days past dues as loss assets. These principles are more stringent than the guidelines prescribed by the Reserve Bank of India for compliance.

In accordance with these prudent accounting policies, all contracts with 365 days past dues treated as Doubtful assets and as per prudential Norms of Reserve Bank of India, required provision has been made.

PARAGON FINANCE LIMITED

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

IV. Prudential Norms

Subject to Para III above, the Company has followed the Prudential Norms issued by Reserve Bank of India, as applicable, and revenue / assets have been represented (considering adjustments / written - off / net - off, as applicable) keeping in line therewith and management prudence.

V. Dividend income on investment is accounted for when the company's right to receive dividend is established.

VI. The Company makes provision of 0.25% on Standard Assets in accordance with RBI Guidelines issued on 17th January, 2011.

(5) Expenses

All the expenses have been accounted for on accrual basis.

(6) Investment Valuation

Investment being Long term Investments are stated at cost. Provisions for diminution in value of investments are made only when such diminution is permanent in nature.

(7) Income Tax

a) Provision for Current Income Tax is made on the basis of relevant provisions of the Income Tax Act, 1961 as applicable to the financial year.

b) Deferred Tax on timing differences is measured based on the Tax Rates and the Tax laws enacted or substantively enacted as on the Balance Sheet date. Deferred Tax Assets are recognized only to the extent that there is virtual certainty with convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

(8) Gratuity

The company has been legally advised that Payment of Gratuity Act, 1972 is not applicable to the company during the year.

(B) NOTES TO THE ACCOUNTS

(1) As required by schedule III, the Company has classified assets and liabilities into current and non-current based on the operating cycle. An operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. Since the normal operating cycle is not determinable, the operating cycle has been considered as 12 months and the Assets & Liabilities are segregated between Current & Non Current on the basis of management's decision.

(2) Loan against security of vehicles

Loan against security of vehicle are valued at agreement value less Installment received and Unmatured interest.

PARAGON FINANCE LIMITED

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

(B) NOTES TO THE ACCOUNTS

(1) As required by schedule III, the Company has classified assets and liabilities into current and non-current based on the operating cycle. An operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. Since the normal operating cycle is not determinable, the operating cycle has been considered as 12 months and the Assets & Liabilities are segregated between Current & Non Current on the basis of management's decision.

(2) Loan against security of vehicles

Loan against security of vehicle are valued at agreement value less Installment received and Unmatured interest.

(3) Related Party disclosures as required by Accounting Stanadard (AS 18) Related Party Disclosures" are as under:

Names of related parties with whom transactions have taken place during the year

a) Key Management Personnel

Mr.Sanjay Kumar Gupta - Whole Time Director & CFO

Mr. Alope Kumar Gupta - Director

Ms Parul Rajgaria - Director & CFO

Ms Swati Sharma - Company Secretary

b) Relative of Key Management Personnel

Gayatri Gupta - Mother of Director

c) Enterprises over which Management Personnel, or his relative has significant influence :

Ipsa Credit Pvt Ltd

Kit Commercial Pvt Ltd

Mahant Vanijya Pvt Ltd

Naman Barter Pvt Ltd

PARAGON FINANCE LIMITED

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

Particulars of Transactions

(₹)

Nature of Transactions	(a)	(b)	(c)	Total
Salary paid	6216500	NIL	NIL	6216500
	<i>3836000</i>	<i>NIL</i>	<i>NIL</i>	<i>3836000</i>
Interest Paid	NIL	7408	435215	442623
	<i>2201</i>	<i>NIL</i>	<i>1850863</i>	<i>1853064</i>
Interest Received	NIL	NIL	454136	454136
	<i>384</i>	<i>NIL</i>	<i>484801</i>	<i>485185</i>
Rent Paid	NIL	NIL	127440	127440
	<i>NIL</i>	<i>NIL</i>	<i>132000</i>	<i>132000</i>
Net Borrowings and Net of Loans Given	NIL	NIL	4494802	4494802
	<i>(455336)</i>	<i>NIL</i>	<i>(37894929)</i>	<i>(38350265)</i>
Balances outstanding at the end of the year				
Borrowings & Advances	NIL	NIL	12919900	12919900
	<i>NIL</i>	<i>NIL</i>	<i>10842207</i>	<i>10842207</i>
Loans Given	NIL	NIL	7508722	7508722
	<i>NIL</i>	<i>NIL</i>	<i>4382321</i>	<i>4382321</i>

Note: Figures in Italic are those for previous year

(4) **Deffered Tax Assets**

In terms of Accounting Standard 22, issued by the Institute of Chartered Accountants of India, For the Current Year, there is a net Deferred Tax Assets of ₹ 73,129/-. The Deffered Tax Assets as on 31st March, 2019 was ₹ 10,08,773/- due to Timing Difference in depreciable assets.

(5) **Business Segments**

The Company is engaged primarily in the business of financing and there are no separate reportable segments as per Accounting Standard 17 (Segment Reporting).

(6) **Earning Per Share:**

Calculation of Earning Per Share (Basic and Diluted) as required by AS - 20 :

Particulars	Units	Year Ended on 31.03.2019	Year Ended on 31.03.2018
Total No. of Shares	Nos.	42,50,000	42,50,000
Profit(Loss) After Tax	₹	2,76,09,603	2,07,31,135
Earning Per Share	₹	6.50	4.88

PARAGON FINANCE LIMITED

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

- (7) The Reserve Bank of India (RBI) vide its Notification No. DNBS. 223/CGM(US) – 2011 dated 17th January, 2011 has issued directions to all NBFCs to make provision of 0.25% against Standard Assets with immediate effect. Accordingly, the Company has created provision of ₹ 20,935/- during the year against Standard Assets which has been credited to Profit & Loss Account.
- (8) **Contingent Liabilities :** **NIL**
- (i) A Search & Seizure operation was conducted by the Service Tax Department on 19.07.2006 and subsequently the Service Tax Commissionerate raised a demand of Service Tax including Education Cess amounting to ₹ 26,81,414/- vide their order dated 31.03.2009. In respect of the said demand, the Company has obtained legal opinion and accordingly an appeal before the Appropriate Authority is preferred. Consequently no provision has been made in the Accounts.
- (ii) The company has received a demand order from the Income Tax Department of ₹ 12.56 Lakhs for the Assessment Year 2013-14 for which the case is pending before CIT (Appeals) – 21/Kolkata.
- (iii) The company has received a demand order from the Income Tax Department of ₹ 6.15 Lakhs for the Assessment Year 2014-15 for which the case is pending before CIT (Appeals) – 21/Kolkata.
- (9) Expenditure in Foreign Currency for Directors' Foreign Travelling Expenses - ₹ 3,32,620 /-
- (10) Previous year figures have been regrouped and re-arranged, wherever necessary, to confirm to the current year's classification.

PARAGON FINANCE LIMITED

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

Note - 2 : Share Capital

(a) Authorised, Issued, Subscribed and Paid-Up Share Capital

<u>Particulars</u>	<u>As at 31st March, 2019</u>		<u>As at 31st March, 2018</u>	
	Number of Shares	Amount (₹)	Number of Shares	Amount (₹)
<u>Authorised</u>				
Equity Shares of ₹10 each with voting rights	62,50,000	6,25,00,000	62,50,000	6,25,00,000
	<u>62,50,000</u>	<u>6,25,00,000</u>	<u>62,50,000</u>	<u>6,25,00,000</u>
<u>Issued, Subscribed and Fully Paid- Up</u>				
Equity Shares of ₹10 each with voting rights	42,50,000	4,25,00,000	42,50,000	4,25,00,000
Total	<u>42,50,000</u>	<u>4,25,00,000</u>	<u>42,50,000</u>	<u>4,25,00,000</u>

(b) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

<u>Particulars</u>	<u>Opening Balance</u>	<u>Fresh Issue</u>	<u>Closing Balance</u>
<u>Equity shares with voting rights</u>			
<u>Year ended 31st March, 2019</u>			
- Number of Shares	42,50,000	0	42,50,000
- Amount (₹)	4,25,00,000	0	4,25,00,000
<u>Year ended 31st March, 2018</u>			
- Number of Shares	42,50,000	0	42,50,000
- Amount (₹)	4,25,00,000	0	4,25,00,000

(c) Terms/Rights attached to Equity shares:

The company has only one class of equity shares having par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(d) Details of shares held by each shareholder holding more than 5% shares:

<u>Class of shares / Name of shareholder</u>	<u>As at 31st March, 2019</u>		<u>As at 31st March, 2018</u>	
	Number	% age	Number	% age
<u>Equity shares with voting rights</u>				
KIT COMMERCIAL (P) LTD	3,22,700	7.59	3,22,700	7.59
BASERA ABASAN LLP	2,34,383	5.52	2,34,383	5.52
SHREE SECURITIES	3,15,700	7.43	3,15,700	7.43
MAHANT VANIJYA PVT. LTD.	8,00,429	18.83	8,00,429	18.83

PARAGON FINANCE LIMITED

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

<u>Particulars</u>	As At 31st March, 2019 (₹)	As At 31st March, 2018 (₹)
<u>Note - 3 : Reserves and Surplus</u>		
(a) <u>Statutory Reserve</u>		
Balance at the beginning of the year	3,02,62,505	2,61,16,278
Add: Additions during the year	55,21,921	41,46,227
Less: Utilised / transferred during the year	0	0
Closing Balance	3,57,84,426	3,02,62,505
(b) <u>Securities Premium Account</u>		
Balance at the beginning of the year	2,51,37,500	2,51,37,500
(c) <u>Surplus / (Deficit) in Statement of Profit & Loss</u>		
Opening Balance	12,39,33,866	10,73,48,958
Add: Profit / (Loss) for the year	2,76,09,603	2,07,31,135
	15,15,43,469	12,80,80,093
Less: Transferred to Statutory Reserve	55,21,921	41,46,227
Closing Balance	14,60,21,548	12,39,33,866
Grand Total (a+b+c)	20,69,43,474	17,93,33,871

Note - 4 : Long-Term Borrowings

(a) Loans from other Body Corporates		
- Unsecured	1,25,28,207	1,21,13,374
(For Related Party - Refer Note 1.B.3)		
Total	1,25,28,207	1,21,13,374

Note - 5 : Long-Term Provisions

(a) Contingent Provision against Standard Assets	58,165	1,48,168
[As per RBI Directions dated 17.01.2011]		
Total	58,165	1,48,168

PARAGON FINANCE LIMITED

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

<u>Particulars</u>	As at 31st March, 2019 (₹)	As at 31st March, 2018 (₹)
Note - 6 : Short-Term Borrowings		
(a) <u>Loans repayable on demand From Banks</u>		
- Secured		
Overdraft from SBI	11,68,698	37,98,640
Total	11,68,698	37,98,640

Notes - 6.1 : Details of security for the secured short-term borrowings:

(a) Overdraft from Banks are secured by Hypothecation of Fixed Deposits given by third party.

Note - 7 : Other Current Liabilities

(a) Current Maturities of Long-Term Debt	3,98,360	14,08,833
- (Refer Note 7.1 below)		
(b) <u>Other Payables</u>		
(i) Liabilities for Expenses	5,77,218	3,54,803
(ii) ESI Payble	2,123	0
(iii) P Tax Payble	350	0
(iv) TDS Payble	3,67,013	4,19,614
(v) Trade / Security Deposits Received	31,643	0
(vi) Advances from Customers	2,57,450	2,97,000
(vii) Other Payables	2,83,871	57,353
(viii) Advance against Properties	0	2,61,165
Total	19,18,028	27,98,768

Note - 7.1 : Detail of Current Maturities of Long-Term Debt

(a) Loans from Other Body Corporate		
- Unsecured	3,91,693	14,08,833
(For Related Party - Refer Note 1.B.3)		
(b) Loans from Director's Relative		
- Unsecured (Refer Note 1.B.3)	6,667	0
Total	3,98,360	14,08,833

Note - 8 : Short-Term Provisions

(a) Contingent Provision against Standard Assets	3,83,830	2,72,892
(b) Provision for Bad & Doubtful Debts	17,06,770	11,04,124
Total	20,90,600	13,77,016

PARAGON FINANCE LIMITED

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

Note - 10 : Non - Current Investments

<u>Particulars</u>	As at 31st March, 2019			As at 31st March, 2018		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)
<u>Non Trade Investments</u>						
(a) Investment in Equity Instruments						
- Quoted, Fully Paid Up (For Details Refer Note 10(a))	3,37,84,903	0	3,37,84,903	4,50,37,899	0	4,50,37,899
(c) In Preference Shares, Quoted, Fully Paid Up -Zee Entertainment - 80010 No.s (Bonus)	0	0	0	0	0	0
(b) In Mutual Funds						
- HDFC Liquid Fund	2,01,00,000	0	2,01,00,000	0	0	0
- UTI Nifty Index Fund	3,00,000	0	3,00,000	0	0	0
-UTI Nifty Net 50 Index Fund	4,00,000	0	4,00,000	0	0	0
(c) In 8.49% NTPC Debenture - 20000 (Bonus)	0	0	0	0	0	0
(d) In Reliance ETF Liquid BeES	358	0	358	346	0	346
Total	5,45,85,261	0	5,45,85,261	4,50,38,245	0	4,50,38,245
Less: Provision for diminution in value of investments			0			0
Total			5,45,85,261			4,50,38,245
Aggregate market value of quoted Investment			4,46,41,668			5,55,59,803

PARAGON FINANCE LIMITED

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

Note - 10(a) : Investment in Equity Instruments - Quoted, Fully Paid Up

Name of the Script	<u>Quantity</u>		<u>Purchase Value</u>	
	<u>(No.)</u>	<u>(No.)</u>	<u>(₹)</u>	<u>(₹)</u>
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
ACCEL Trans	3000	3000	85,920	85,920
Adani Port & Sez Ltd	0	500	0	2,11,228
Adani Power	0	9659	0	4,35,238
Aditya Birla Capital	700	700	1,34,004	1,34,004
Adhunik Metal	0	35000	0	11,16,843
Aksharchem India Ltd	100	100	79,366	79,366
Alkali Metals	1000	1000	1,37,940	1,37,940
Apex frozen Foods Ltd	350	350	2,69,888	2,69,888
Arvind	0	5000	0	3,30,351
Asahi Songwon Color	0	250	0	80,468
Ashco Industries	5000	5000	2,13,000	2,13,000
Asian Granito Ind Ltd	1000	1000	5,22,872	5,22,872
Asian Paints Limited	0	200	0	2,40,267
Assam Co.	0	3000	0	67,980
Axis Bank	0	200	0	1,11,070
Bajaj Finance Limited	0	250	0	4,78,090
Bajaj Finserv Ltd.	0	175	0	9,19,221
Bank Of Baroda	1000	5000	1,60,798	85,318
Bartronics India Ltd.	0	1250	0	2,08,873
Berger Paints (I) Lt	0	300	0	81,879
Bharat Electronics Ltd	3401	401	4,49,067	75,007
Bharat Fin Inclusions	0	100	0	1,06,196
BLS Intl Servs Ltd	250	250	61,499	61,499
BHEL	4000	3000	3,52,948	2,74,638
Brigade Enter. Ltd	1000	1000	3,02,317	3,02,317
BSE Ltd	200	200	1,91,229	1,91,229
Can Fin Homes Ltd	1500	1500	8,63,811	8,63,811
Capital First	0	200	0	1,70,258
Central Depo Ser (i)	800	800	2,96,702	2,96,702
Clutch Auto	1000	1000	1,65,123	1,65,123
Corporation Bank	3500	3500	1,78,188	1,78,188
Cummins India Ltd	250	250	2,34,558	2,34,558
Deccan Chroncile	2500	2500	2,32,808	2,32,808
Deep Industrise Ltd	1500	1500	3,33,470	3,33,470
Dena Bank	9000	9000	3,48,010	3,48,010
Dewan Housing Finance Co.	0	1000	0	6,32,205
Dish TV India Ltd	3000	1000	1,11,233	87,206
Dr. Lal Pathlabs Ltd	0	600	0	5,63,768
Dollar Industries Ltd	3000	2000	13,53,786	9,25,307
Duncan Ind	2000	2000	1,95,984	1,95,984
Eclerx Services Ltd	99	99	1,58,526	1,58,526
Elecon Eng. Co. Ltd	2100	2100	1,90,273	1,90,273

Name of the Script	Quantity		Purchase Value	
	(No.)	(No.)	(₹)	(₹)
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
Everest kanto Cyl Ltd.	500	500	47,430	47,430
FIEM INDUSTRIES LTD	50	50	55,647	55,647
Financial Technologie	1000	1000	1,28,820	1,28,820
Freshtrop Fruits Ltd	0	1500	0	2,62,045
Gammon India LTD.	200	200	1,30,856	1,30,856
GATI Ltd	1000	1000	1,31,775	1,31,775
GIC Housing Finance	500	500	2,34,926	2,34,926
Givo Ltd	5000	5000	96,073	96,073
Glenmark Pharmaceuti Ltd	0	100	0	68,399
GMR Infrastructure Ltd	0	2500	0	46,375
GMDC Ltd	2000	0	1,90,643	0
Godrej Consumer Prod	300	0	2,52,537	0
Great Offshore	8500	8500	6,01,233	6,01,233
Greenply Industries	1500	0	4,63,995	0
HDFC Bank Ltd	100	0	2,08,156	0
Hester Biosciences Limited	200	200	3,04,765	3,39,514
Himachal Futuristic Ltd	100000	100000	13,90,275	13,90,275
Hindalco Ltd	500	0	1,11,083	0
IDFC First Bank Ltd	2780	0	1,70,258	0
IDFC Ltd	4000	54000	2,80,597	26,09,263
Indusind Bank Ltd	200	0	3,61,647	0
IL & FS Eng And Cons	1000	1000	42,782	42,782
Indian Oil Corp Ltd	0	1000	0	1,92,695
Indo Count Industries	1928	928	2,61,064	1,64,504
INOX WIND LTD	1200	1200	3,33,495	3,33,495
J P Associates	0	50000	0	10,41,886
JAY Bharat Maruti Ltd	1500	1500	8,66,149	8,66,149
JBM Auto Ltd	500	0	1,83,245	0
Kalyani Steels Ltd	1000	1000	4,18,750	4,18,750
Karut Global Ltd.	0	2500	0	89,950
Karnataka Bank Ltd	1000	0	1,31,098	0
Kaveri Seeds Co. Ltd	1875	1175	13,49,571	10,14,453
Kingfisher Ariline Ltd	1000	1000	45,780	45,780
KRIDHAN INFRA	1000	0	48,987	0
K S Oils	2500	2500	1,56,364	1,56,364
Kovai Medical Center	163	8	1,65,606	9,349
Lanco Infra	0	4500	0	1,15,470
Larsen & Toubro Ltd	0	100	0	1,35,365
L&T Finance Holdings	0	2000	0	3,23,470
Lupin Ltd	850	650	9,61,716	8,00,773
L&T Ltd	300	0	4,20,715	0
Magma Fincorp Ltd	1000	0	1,82,357	0
Mahanagar Gas Ltd	700	200	6,79,117	2,33,153
Mahindra CIE Auto Ltd.	0	200	0	53,959
Mahindra & Mahindra Ltd	200	0	1,58,119	0
Mandhana Indus Ltd.	0	2500	0	1,02,518
MARUTI	40	80	2,93,404	7,57,200
Mayur Uniquoters Ltd	1100	501	5,39,597	2,53,947

Name of the Script	Quantity		Purchase Value	
	(No.)	(No.)	(₹)	(₹)
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
MBL Infrastructures	0	494	0	1,33,590
Mcdowell Holdings Ltd	3500	3500	2,55,847	2,55,847
Mercator Lines Ltd	0	1000	0	65,130
MMTC Ltd	3450	3450	1,99,174	1,99,174
MRF Ltd	10	0	7,44,402	0
Murli Industries	3500	3500	2,94,767	2,94,767
MVL Limited	0	10000	0	54,631
National Buildings L	10000	2500	9,39,073	5,72,106
NIIT Ltd	0	3000	0	2,92,905
NECTAR LIFE	6000	0	1,32,659	0
Niraj Cement	3000	3000	1,40,790	1,40,790
Nirlon Ltd.	0	275	0	59,147
NTPC Ltd	2000	0	2,73,205	0
Oil India	0	1000	0	44,681
Page Industries	10	5	2,75,206	1,11,962
Parag Milk Foods Ltd	500	0	1,56,670	0
Panasonic Carbon Ind.	458	200	3,30,449	1,73,631
Pennar Engineered BU	1500	1500	1,97,200	1,97,200
President Systems Ltd.	0	200	0	1,58,933
Precision wires india Ltd	1000	0	1,94,146	0
PI industries Ltd	100	200	92,854	1,85,708
Plastiblends India L	0	1000	0	2,40,204
PNB Housing Fin Ltd	0	600	0	8,46,081
Punj Lloyd	0	5000	0	1,14,800
Punjab National Bank	1500	500	1,52,730	69,310
Quess Corp Ltd	200	0	1,84,647	0
Reliance Industries	0	200	0	1,81,058
R S Software (India)	800	800	73,168	73,168
Ruchira Papers Ltd	1554	1000	2,67,964	1,78,045
Rural Elec Corp. Ltd	1000	1000	1,46,900	1,46,900
Rupa & Company Ltd.	1500	1500	7,42,493	7,42,493
SAMKRG Pistons & Rin	1300	800	4,26,526	2,75,116
SANGHVI Movers Ltd	0	1400	0	2,46,021
SBI	1400	500	4,42,804	1,44,765
SEA T V	1950	2000	2,23,509	2,29,240
SHARON BIO-MEDI LTD	0	11000	0	1,74,260
S H Kelkar And Co. Ltd	500	500	1,45,998	1,45,998
Shree Rama Multy	0	1591	0	40,459
Shree Cement	0	10	0	1,73,541
Sintex Plastic Tech Ltd	1500	1500	92,575	92,575
Skipper Ltd	1000	0	1,70,585	0
Smurthi Org.	750	750	1,75,189	1,75,189
Southern Online	49975	49975	2,36,252	2,36,252
Southern Online Bio Tech Ltd	50000	50000	1,63,500	1,63,500
SQS India BFSI Ltd	200	200	1,48,939	1,48,939
SRS Ltd	0	10000	0	56,915
Sun Pharmaceuticals	3950	4450	27,16,603	31,14,587
Supreme Infra Ltd	393	393	38,954	38,954

Name of the Script	Quantity		Purchase Value	
	(No.)	(No.)	(₹)	(₹)
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
Surana Solar Ltd	0	2000	0	74,586
Suven Life Sciences	500	1200	1,45,950	3,49,945
Suzlon Energy Ltd	0	15000	0	2,68,750
Swaraj Engines Ltd	0	17	0	34,402
Talwalkar Fitness	0	800	0	2,46,180
Talwalkar Life Style	800	0	0	0
Tanla Solution Ltd	500	500	23,515	23,515
Tanu Health Care	2000	2000	15,847	15,847
Tata Chemical	0	1500	0	9,67,755
Tata Global Beverage	500	0	1,47,875	0
Tata Motors Limited	1500	1000	5,61,925	4,33,205
Tata Motors DVR A OR	900	900	2,14,996	2,14,996
Tata Steel Ltd	0	500	0	3,06,840
Tata Teleserv (Mahara)	0	5000	0	46,525
TCS	0	50	0	1,44,459
The Byke Hospitality	1000	1000	2,09,865	2,09,865
Thirumalai Chemicals	1000	0	1,12,184	0
Tribhuvandas Bhimji Zaveri	1000	500	1,26,390	70,590
Ugar Sugar	5141	5141	2,12,713	2,12,713
Ujaas Energy Ltd	0	1500	0	51,810
Ultratech Cement Ltd	0	50	0	2,20,535
UPL Ltd	0	1200	0	9,96,654
V2 Retail Limited	0	300	0	1,42,284
Varun Globl Ltd	6500	6500	2,60,605	2,60,605
Varun Resources	26000	26000	0	0
VA TECH WABAGE LTD	500	200	2,73,578	1,54,758
V-Guard Ind Ltd	0	1000	0	2,28,620
Vedanta Ltd	2000	0	4,68,657	0
Vivimed Labs Ltd	500	500	73,164	73,164
Vishal Information Technoligs	600	600	1,25,506	1,25,506
Waterbase Ltd	50	50	14,404	14,404
Yes Bank Ltd.	0	500	0	1,87,354
Zee Entertainment	0	36000	0	22,81,921
Total			3,37,84,903	4,50,37,899

PARAGON FINANCE LIMITED

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

<u>Particulars</u>	As at 31st March, 2019 (₹)	As at 31st March, 2018 (₹)
<u>Note - 11 : Long-Term Loans and Advances</u>		
(a) Loans against Security of Vehicles		
- Secured, Considered Good	2,32,66,130	5,92,67,385
(b) <u>Balances with Government Authorities</u>		
(i) Advance Income Tax including TDS/TCS (Net of Provisions ` 78,77,470.40/-,P/Y - ₹ 1,72,36,406.00/-)	23,61,082	13,12,501
(ii) Service Tax	6,71,000	6,71,000
Total	2,62,98,212	6,12,50,886
<u>Note - 12 : Other Non-Current Assets</u>		
(a) Security Deposit	3,139	3,139
Total	3,139	3,139
<u>Note - 13 : Trade Receivables</u>		
Trade receivables outstanding for a period exceeding six months from the date they were	0	0
Other Trade Receivables		
- Secured, Considered Good	0	350
Total	0	350
<u>Note - 14 : Cash and Bank Balances</u>		
(a) Cash & Cash Equivalents		
- Balances with Banks		
(i) In Current Accounts	1,19,29,651	39,08,090
(ii) In Overdraft Accounts	1,47,889	0
-Cash in Hand	20,44,527	16,11,248
[As certified by the Management]		
(b) Other Bank Balances		
(i) In Deposit Accounts (with Original maturity more than 3 months but less than 12 months)	13,05,490	12,28,552
Total	1,54,27,557	67,47,890
<u>Note - 15 : Short-Term Loans and Advances</u>		
(a) Loans against Security of Vehicles		
- Secured, Considered Good	5,98,38,104	8,52,03,578
- Secured, Considered Doubtful	43,80,426	34,61,278
(b) Advance to Parties		
- Unsecured, Considered Good	96,95,581	1,16,83,454
(c) Other Loans		
- Unsecured, Considered Good	9,36,93,766	2,39,53,371
(For Related party Refer Note 1.B.3)		
(d) Prepaid Expenses	48,016	56,807
Total	16,76,55,893	12,43,58,488

PARAGON FINANCE LIMITED

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

<u>Particulars</u>	For the year ended 31st March, 2019 (₹)	For the year ended 31st March, 2018 (₹)
<u>Note - 16 : Revenue from Operations</u>		
(a) <u>Income Form Financing Activity</u>		
(i) Interest on Loan	1,02,41,372	24,47,391
(ii) Interest on Loan against security of vehicles	2,85,60,881	3,64,43,560
Total	3,88,02,253	3,88,90,951
<u>Note - 17 : Other Income</u>		
(a) <u>Interest Income:</u>		
- Interest from Banks	85,487	5,49,560
(b) <u>Dividend Income:</u>		
- From Long-Term Investments	5,79,946	6,93,732
(c) <u>Net Gain on Sale of:</u>		
- Long-Term Investments	1,54,18,546	50,10,767
- Short-Term Investments	6,48,850	54,73,848
(d) Other Non-Operating Income (Refer note 17.1)	7,74,318	15,60,349
Total	1,75,07,147	1,32,88,256
<u>Note - 17.1 : Other Non-Operating Income Comprises:</u>		
Profit on Sale of Fixed Assets	0	9,75,200
Speculation Profit (Loss)	46,910	-5,859
Bad Debts Recovered	4,74,700	0
Miscellaneous Income	2,52,708	5,91,008
Total	7,74,318	15,60,349
<u>Note - 18 : Employee Benefits Expense</u>		
Salaries and Wages	77,48,297	59,93,982
ESI	2,50,872	1,98,666
Staff Welfare Expenses	5,61,720	4,35,978
Total	85,60,889	66,28,626
<u>Note - 19 : Finance Costs</u>		
(a) Interest Expense on :		
(i) Bank Loan	2,68,020	8,42,378
(ii) Other Loans	5,32,109	39,89,955
Total	8,00,129	48,32,333

PARAGON FINANCE LIMITED

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

<u>Particulars</u>	For the year ended 31st March, 2019 (₹)	For the year ended 31st March, 2018 (₹)
<u>Note - 20 : Other Expenses</u>		
Electricity Charges	4,45,977	4,72,867
Rent	1,27,440	1,32,000
<u>Repairs and Maintenance</u>		
- Others	5,69,791	12,53,868
Insurance	61,863	1,04,397
Advertisement	1,65,954	83,408
Rates and Taxes	7,150	68,012
Telephone Charges	1,89,937	2,12,038
Travelling and Conveyance	7,69,151	6,49,187
Foreign Travelling Expenses	3,32,620	0
Printing and Stationery	4,85,401	2,12,749
Commission & Brokerage	39,32,500	50,35,000
Business Promotion	3,32,673	6,23,589
Vehicle Maintenance Expenses	6,66,373	7,50,333
Legal and Professional	2,98,426	2,57,970
Loss on Sale of Fixed Assets	2,88,164	0
Payments to Auditors (Refer Note 20.1 below)	2,01,100	1,89,300
Non-Performing Asset Written Off	0	7,55,616
Miscellaneous Expenses	15,96,556	14,68,905
Total	1,04,71,076	1,22,69,239

Note - 20.1 : Payment to Auditors Comprises:

As Auditors - Statutory Audit	1,18,000	1,06,200
For Internal Audit	30,000	47,700
For Secretarial Audit	53,100	35,400
Total	2,01,100	1,89,300

In terms of our report on even date

**For, AGARWAL MAHESWARI & CO.
Chartered Accountants**

For and on behalf of the Board

**[CA. APURVA MAHESWARI]
Partner
FRN: 314030E, M. NO: 304538**

78, Bentinck Street,
3rd Floor, Suite No. 1C,
Kolkata - 700 001.

Dated : The 29th day of May, 2019

(4) Break - up of Investments :			
Current Investments :			
1. Quoted :			
(i) Shares :	(a) Equity	NIL	
	(b) Preference	NIL	
(ii) Debentures and Bonds		NIL	
(iii) Units of Mutual funds		NIL	
(iv) Government Securities		NIL	
(v) Others (Please Specify)		NIL	
2. Unquoted :			
(i) Shares :	(a) Equity	NIL	
	(b) Preference	NIL	
(ii) Debentures and Bonds		NIL	
(iii) Units of Mutual funds		NIL	
(iv) Government Securities		NIL	
(v) Others (Please Specify)		NIL	
Long Term Investment :			
1. Quoted :			
(i) Shares :	(a) Equity		337.85
	(b) Preference	NIL	
(ii) Debentures and Bonds		NIL	
(iii) Units of Mutual funds			208.00
(iv) Government Securities		NIL	
(v) Others (Please Specify)		NIL	
2. Unquoted :			
(i) Shares :	(a) Equity	NIL	
	(b) Preference	NIL	
(ii) Debentures and Bonds		NIL	
(iii) Units of Mutual funds		NIL	
(iv) Government Securities		NIL	
(v) Others (Please Specify)		NIL	

(5) Borrower group-wise classification of assets financed as in (2) and (3) above

Please see Note 2 below

Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties **			
(a) Subsidiaries	NIL	NIL	NIL
(b) Companies in the same group	NIL	75.09	75.09
(c) Other related parties	NIL	NIL	NIL
2. Other than related parties	853.36	958.80	1,812.16
Total	853.36	1,033.89	1,887.25

(6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) : Please see note 3 below		
Category	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties **		
(a) Subsidiaries	NIL	NIL
(b) Companies in the same group	NIL	NIL
(c) Other related parties	NIL	NIL
2. Other than related parties	446.42	545.85
Total	446.42	545.85
(7) Other Information		
Particulars	Amount	
(i) Gross Non-Performing Assets		
(a) Related parties	NIL	
(b) Other than related parties	43.80	
(ii) Net Non-Performing Assets		
(a) Related parties	NIL	
(b) Other than related parties	26.74	
(iii) Assets acquired in satisfaction of debt	NIL	

IN TERMS OF OUR REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD

FOR, AGARWAL MAHESWARI & CO.
Chartered Accountants

[CA. APURVA MAHESWARI]
Partner
FRN: 314030E, M. NO: 304538

78, Bentinck Street,
3rd Floor, Suite No. 1C,
Kolkata - 700 001.

Dated : The 29th day of May, 2019

Notes :

- As defined in Paragraph 2 (1) (xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- Provisioning norms shall be applicable as prescribed in the Non Systematically Important Non - Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015
- All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debts. However, market value in respect of quoted investments and break up / fair value / NAV in respect of unquoted investment should be disclosed irrespective of whether they are classified as long term or current in column (4) above.

** As per Accounting Standard of ICAI (Please see Note 3)



NOTICE

NOTICE is hereby given that the Thirty-third Annual General Meeting of the Members of the Company will be held at its Registered Office at "Sikkim House" 4/1, Middleton Street, 4th Floor, Kolkata – 700071 on Monday, the 30th day of September, 2019 at 10.00 A.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended on 31st March, 2019 and the Balance Sheet as at that date together with the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Alope Kumar Gupta [DIN – 00825331] who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

3. To consider and if thought fit to pass with or without modification(s) the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198, Schedule V and other applicable provisions, if any, of the Companies Act, 2013, and such other necessary approval(s), consent(s) or permission(s), as may be required, the consent of the Members of the Company be and is hereby accorded to pay the remuneration as set out in the statement annexed hereto, to Mr. Sanjay Kumar Gupta (DIN: 00213467), Whole-time Director of the Company, for the financial year in absence of adequate profits, during the period commencing from April 1, 2019 till the expiry of his term."

"FURTHER RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198, Schedule V and other applicable provisions, if any, of the Companies Act, 2013, and such other necessary approval(s), consent(s) or permission(s), as may be required, the consent of the Members of the Company be and is hereby accorded to ratify payment of the remuneration paid, to Mr. Sanjay Kumar Gupta (DIN: 00213467), Whole-time Director of the Company, of Rs. 33,00,000 instead of Rs. 30,00,000 for the financial year 2018-19 in absence of adequate profits."

By and on behalf of the Board

SWATI SHARMA
Company Secretary

Date - 14.08.2019
Place - Kolkata



NOTES:

1. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Rules made hereunder, Companies can serve Annual Reports and other communications through electronic mode to those shareholders who have registered their e-mail address either with the Company or with the Depository. Accordingly, the Notice of the AGM along with the Annual Report 2018-19 is being sent by electronic mode to those shareholders whose e-mail addresses are registered with the Company/Depositories, unless any shareholder has requested for a physical copy of the same. For shareholders who have not registered their e-mail addresses, physical copies are being sent by the permitted mode.
2. Members may also note that the Notice of the 33rd Annual General Meeting and the Annual Report for Financial Year 2018-19 will also be available on the Company's website i.e. www.paragonfinanceltd.com.
3. **A SHAREHOLDER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A SHAREHOLDER OF THE COMPANY.**

The instrument appointing the proxy, in order to be effective, must be deposited at the registered office of the Company, duly completed and signed, not less than 48 HOURS before the commencement of the meeting. Proxies submitted on behalf of companies, societies, etc., must be supported by an appropriate resolution/authority, as applicable. A person can act as proxy on behalf of shareholders not exceeding fifty (50) and/or holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by shareholder(s) holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.

Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.

4. Brief resume of the Director who is proposed to be re-appointed, nature of his expertise in specific functional areas, names of companies in which he hold directorships and memberships/ chairmanships of Board Committees, shareholding and relationships between directors *inter-se* as stipulated under Clause 36(3) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 is annexed in this notice.
5. Pursuant to Section 91 of the Companies Act, 2013, Register of shareholders and Share Transfer Books of the Company will remain closed from 24th September, 2019 to 30th September 2019, both days inclusive, for the purpose of the Annual General Meeting.
6. To support the 'Green Initiative', the Members who have not registered their e-mail addresses (as per Section 88 of the Companies Act 2013) are requested to register the same with Depositories.



7. Voting through electronic means:

- I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).
- II. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
- III. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

The remote e-voting period commences on **27th September, 2019 (9:00 am)** and ends on **29th September, 2019 (5:00 pm)**. During this period members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of **23rd September, 2019**, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1 : Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

Step 2 : Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 is mentioned below:

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.



4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Your password details are given below:

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need enter the 'initial password' and the system will force you to change your password.
- c) How to retrieve your 'initial password'?
 - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - (ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.

6. If you are unable to retrieve or have not received the " Initial password" or have forgotten your password:

- a) Click on "Forgot User Details/Password?"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
- b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
- c) If you are still unable to get the password by aforesaid two options, you can send a



- request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
- d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
 8. Now, you will have to click on “Login” button.
 9. After you click on the “Login” button, Home page of e-Voting will open.

Details on Step 2 is given below:

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle is in active status.
3. Select “EVEN” of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
6. Upon confirmation, the message “Vote cast successfully” will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

- 1 Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to mayur@alpassociates.in with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event,



you will need to go through the “[Forgot User Details/Password?](#)” or “[Physical User Reset Password?](#)” option available on www.evoting.nsdl.com to reset the password.

3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in

- IV. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 23rd September, 2019. A person who is not a member as on cutoff date should treat this notice for information purpose only.
- V. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 23rd September, 2019, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or [Issuer/RTA](#).
However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using “Forgot User Details/Password” option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.
- VI. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- VII. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off of 23rd September, 2019, date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- VIII. CA Mayur Agrawal, of 4, Ganesh Chandra Avenue, 7th Floor, Kolkata - 700013 has been appointed as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- IX. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of “Ballot Paper” for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- X. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer’s report of the total votes cast in favor or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- XI. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company www.paragonfinanceltd.com and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by



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him in writing. The results shall also be immediately forwarded to the stock exchange BSE Limited, where the shares of the company are listed.

8. Since e-voting facility (including Ballot Forms) is provided to the Members pursuant to the provisions of Section 108 of the Companies Act, 2013, read with Companies (Management and Administration) Rules, 2014, voting by show of hands are not allowed.

By and on behalf of the Board

SWATI SHARMA
Company Secretary

Date – 14.08.2019

Place - Kolkata



Statement

(Pursuant to section 102 of the Companies Act, 2013)

As required by section 102 of the Companies Act, 2013, the following explanatory statement sets out all material facts relating to the business mentioned under Item No. 3 of the accompanying Notice:

Item No. 3

Mr. Sanjay Kumar Gupta, Executive Director and Chief Financial Officer of the Company.

The remuneration paid during the financial year 2018-19 in accordance with the terms of appointment of the above Directors is in excess of the limits prescribed under Section 197, 198 and other applicable provisions of the Companies Act, 2013 read with Schedule V thereto, due to absence of profits during the said financial year.

As per requirement of Schedule V of the Act (including Schedule XIII of the Companies Act, 1956 to the extent applicable), members approval by way of special resolution is required for payment of remuneration to Directors in excess of limits prescribed under the Companies Act, 2013, in case of absence of profits in any financial year.

Having regard to the vast knowledge, experience and dedicated services rendered by them towards the growth of the Company, it is incumbent that his services should continue to be available to the Company.

The Nomination & Remuneration Committee and Board of Directors of the Company at their meeting held on 14th August, 2019, have approved/ratified remuneration paid to the Directors for the financial year 2018-19 which is in excess of the limits prescribed under Schedule V of the Companies Act, 2013 in view of the absence of profits in the financial year 2018-19 and Rs. 66,00,000/-p.a. as Basic Salary to Mr. Sanjay Kumar Gupta as minimum remuneration in case Company has no profits or the profits of the Company are inadequate during any financial years during their tenure as the Director, subject to the approval of the shareholders by way of Special Resolution at this general meeting.

The Board recommends the special resolution as set out at this Item of the Notice for approval of the members.

None of the Directors and Key Managerial Personnel of the Company and their relatives other than Mr. Sanjay Kumar Gupta may be deemed to be concerned or interested in the aforesaid resolution.

The Board recommends the resolution for your approval.



ATTACHMENT TO THE EXPLANATORY STATEMENT FOR ITEM NO. 3

The following information pertaining to Mr. Sanjay Kumar Gupta are furnished pursuant to the provisions of Schedule V to the Companies Act, 2013:

I. GENERAL INFORMATION:

- (i) Nature of Industry
The Company is an NBFC engaged in the business of financing Heavy Commercial vehicles covering the eastern region of India.
- (i) Date of commencement of commercial production: - Not Applicable
- (ii) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus : Not Applicable
- (iii) Financial performance based on given indicators: Please refer Board's Report enclosed with the Notice
- (iv) Foreign investments or collaborators, if any : Not Applicable

II. INFORMATION ABOUT THE APPOINTEE:

No.	Particulars	Information
1.	Background Details	Mr. Sanjay Kumar Gupta is a degree holder of CA, CS and CFP. He has been affiliated with the Company as a member of the Board since 1991
2.	Past Remuneration	Rs. 33,00,000/- per annum
3.	Recognition or Awards	N.A.
4.	Job profile and his suitability	He has inherited an enormous legacy and shouldered higher assignments during his tenure with the Company. His sincerity, commitment and ideas have resulted in opening up of new opportunities for the Company. In view of his enriched experience, appreciable contribution and enlarged leadership, the Board proposes for increase of remuneration.
5.	Remuneration Proposed	Rs. 66,00,000/- per annum
6.	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person	Considering the responsibilities shouldered by him, the proposed remuneration is commensurate with the Industry standards in comparable Companies.
7.	Pecuniary relationship directly or indirectly with the Company personnel, if any	N.A.

III. OTHER INFORMATION:



i. Reasons for loss or inadequate profits

All over India there has been a liquidity crisis in the NBFC sector. Lenders are now scrutinising NBFC balance sheets more closely in order to avoid firms with high leverage, Asset Liability Management mismatches or shaky clients. Hence, there was inadequate profit in F.Y. 2018-19.

ii. Steps taken or proposed to be taken for improvement

CV demand is closely correlated with GDP growth rate, of the country and therefore, India's GDP is expected to grow 7.5 per cent in 2019-20, hence increase in sales of CV is also expected and thus leading to improvement in business.

The Company has been widening the customer base for better market penetration and also focusing on improving operating costs.

iii. Expected increase in productivity and profit in measurable terms :

It is difficult to forecast the productivity and profitability in measurable terms. However, the Company expects that productivity and profitability may improve and would be comparable with the industry average.

Date: 14.08.2019

Place: Kolkata

By and on behalf of the Board

Swati Sharma

Company Secretary



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Name of Director	Mr. Alope Kumar Gupta
Date of Birth	15/08/1959
Date of Appointment	21/08/1986
Expertise in specific functional areas	He is a grass-root financier. He is extremely well connected in the World of business and has a wealth of practical experience in risk assessments. He looks after the operations of the Company based in Ranchi office.
Qualifications	Commerce Graduate, having more than 30 years of experience in all financial areas.
Directorship held in other Companies	1. Olympia Credits & Mercantile Private Limited 2. Kit Commercial Pvt.Ltd. 3. Mahant Vanijya Pvt. Ltd. 4. Naman Barter Pvt.Ltd. 5. Jharkhand Hire Purchase & Lease Association
Membership/Chairmanship of Committees of other Public Companies (includes only Audit Committee and Shareholders'/Investors' Grievance Committee)	NIL
Shareholding in the Company	NIL