



CAPITALINDIA

Rediscover Business

CAPITAL INDIA FINANCE LIMITED

(formerly known as Bhilwara Tex-Fin Ltd)

25th ANNUAL REPORT 2018-19



CAPITAL INDIA FINANCE LIMITED

(formerly known as Bhilwara Tex-Fin Limited)

CORPORATE INFORMATION

BOARD OF DIRECTORS

	DIN
Mr. Vinod Somani	: 00327231
Mr. Yogendra Pal Singh	: 08347484
Mrs. Promila Bhardwaj*	: 06428534
Mr. Keshav Porwal	: 06706341
Mr. Amit Sahai Kulshreshtha	: 07869849
Mr. Vineet Kumar Saxena	: 07710277
Ms. Shraddha Suresh Kamat	: 07555355
Mr. Subodh Kumar	: 07781250

KEY MANAGERIAL PERSONNEL (KMP)

Mr. Keshav Porwal	: Managing Director
Mr. Amit Sahai Kulshreshtha	: Executive Director & Chief Executive Officer
Mr. Rachit Malhotra	: Company Secretary & Compliance Officer
Mr. Neeraj Toshniwal	: Chief Financial Officer

AUDIT COMMITTEE

Mr. Vinod Somani	: Chairman
Mr. Yogendra Pal Singh	: Member
Mr. Vineet Kumar Saxena	: Member

NOMINATION AND REMUNERATION COMMITTEE

Mrs. Promila Bhardwaj*	: Chairperson
Mr. Yogendra Pal Singh	: Member
Mr. Vineet Kumar Saxena	: Member

STAKEHOLDERS RELATIONSHIP COMMITTEE

Mr. Vinod Somani	: Chairman
Mrs. Promila Bhardwaj*	: Member
Mr. Vineet Kumar Saxena	: Member

INVESTMENT COMMITTEE

Mr. Vineet Kumar Saxena	: Chairman
Mr. Keshav Porwal	: Member
Mr. Amit Sahai Kulshreshtha	: Member

RISK MANAGEMENT COMMITTEE

Mr. Achal Kumar Gupta	: Chairman
Mr. Keshav Porwal	: Member
Mr. Amit Sahai Kulshreshtha	: Member

ASSET-LIABILITY COMMITTEE

Mrs. Promila Bhardwaj*	: Chairperson
Mr. Keshav Porwal	: Member
Mr. Amit Sahai Kulshreshtha	: Member

MANAGEMENT COMMITTEE

Mr. Keshav Porwal	: Chairman
Mr. Amit Sahai Kulshreshtha	: Member
Mr. Vineet Kumar Saxena	: Member

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CREDIT COMMITTEE

Mr. Vinod Somani	:	Chairman
Mr. Keshav Porwal	:	Member
Mr. Amit Sahai Kulshreshtha	:	Member
Mr. Vineet Kumar Saxena	:	Member

SECURITIES ISSUANCE COMMITTEE

Mrs. Promila Bhardwaj	:	Chairperson
Mr. Vinod Somani	:	Member
Mr. Keshav Porwal	:	Member
Mr. Amit Sahai Kulshreshtha	:	Member

IT STRATEGY COMMITTEE

Mrs. Promila Bhardwaj	:	Chairperson
Mr. Amit Sahai Kulshreshtha	:	Member
Mr. Vineet Kumar Saxena	:	Member
Mr. Manish Gupta	:	Member

STATUTORY AUDITORS

M/s Deloitte Haskins & Sells LLP,
Chartered Accountants,
Indiabulls Finance Centre Tower 3, 27th – 32nd Floor
Senapati Bapat Marg, Elphinstone Road (West), Mumbai-400013

SECRETARIAL AUDITORS

M/s Naveen Garg & Associates,
Company Secretaries,
A – 2/ 73, New Kondly, Mayur Vihar – III, New Delhi-110096

INTERNAL AUDITORS

M/s Aneja Associates,
Chartered Accountants,
301, Peninsula Towers, Peninsula Corporate Park,
Ganpatrao Kadam Marg, Lower Parel, Mumbai, 400013

REGISTRAR & SHARE TRANSFER AGENT

Karvy Fintech Private Limited,
(formerly known as KCPL Advisory Services Pvt. Ltd.),
Karvy Selenium Tower B, Plot 31-32, Gachibowli,
Financial District, Nanakramguda, Hyderabad – 500 032

*resigned with effect from April 1, 2019.

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BOARD'S REPORT

To,

The Members,
CAPITAL INDIA FINANCE LIMITED
(formerly known as Bhilwara Tex-Fin Limited)

Your Board of Directors ("**Board**") take pride in presenting their 25th Annual Report together with the Audited Financial Statements (both on standalone and consolidated basis) ("**Financial Statements**") for the Financial Year ended on March 31, 2019 ("**FY 2018-19**" or "**period under review**"). The summarised consolidated and standalone financial performance of your Company is as follows:

1. FINANCIAL HIGHLIGHTS

(Amount in Rupees)

Particulars	Consolidated		Standalone	
	Year ended 31 st March, 2019	Year ended 31 st March, 2018	Year ended 31 st March, 2019	Year ended 31 st March, 2018
Total Income	59,40,53,091	26,04,60,113	56,26,31,821	25,70,90,477
Total Expenditure	49,27,91,427	21,61,13,566	41,69,96,713	21,06,34,455
Profit before tax	10,12,61,664	4,43,46,547	14,56,35,108	4,64,56,022
Provision for tax (including Deferred Tax)	4,25,36,291	1,64,59,174	4,36,80,839	1,69,69,426
Profit after tax	5,87,25,373	2,78,87,373	10,19,54,269	2,94,86,596
Add: Profit and Loss account balance brought forward from previous year	2,46,36,542	26,46,488	2,62,35,765	26,46,488
Transfer to Special Reserve under Section 45-IC of the RBI Act, 1934	2,03,90,854	58,97,319	2,03,90,854	58,97,319
Dividend on equity shares	35,02,700	-	35,02,700	-
Tax on Dividend	7,13,069	-	7,13,069	-
Surplus carried to Balance Sheet	5,87,55,292	2,46,36,542	10,35,83,411	2,62,35,765

2. RESERVES

In order to comply with the provisions of Section 45-IC of the Reserve Bank of India Act, 1934, ("**RBI Act, 1934**") the Company has transferred Rs. 2,03,90,854 (Rupees Two crores three lakhs ninety thousand eight hundred and fifty four only) to Special Reserve Funds and has also made a provision of Rs. 2,80,18,945 (Rupees Two crores eighty lakhs eighteen thousand nine hundred and forty five only) for Employee Stock Options and Rs. 1,82,90,836 (Rupees One crore eighty two lakhs ninety thousand eight hundred and thirty six only) for Standard Assets during the period under review. Total provisions for Standard Assets of the Company as at the end of FY 2018-19 is Rs. 2,24,48,586 (Rupees Two crores twenty four lakhs forty eight thousand five hundred eighty six only).

Except as mentioned above, no amount was transferred to any reserve by the Company during the period under review.

3. SHARE CAPITAL

During the period under review, pursuant to the allotment of 3,96,83,000 (Three crores ninety six lakhs eighty three thousand) equity shares of the Company having face value of Rs. 10 (Rupees Ten only) each on preferential allotment basis, at a price of Rs. 63 (Rupees Sixty three only) (including a share premium of Rs. 53 (Rupees Fifty three only) per equity share aggregating to Rs. 2,50,00,29,000 (Rupees Two hundred fifty crores and twenty nine thousand only) and the allotment of 3,45,48,560 (Three crores forty five lakhs forty eight thousand five hundred and sixty) equity shares of the Company having face value of Rs. 10 (Rupees Ten only) each on rights basis, at a price of Rs. 72 (Rupees Seventy two only) each (including a share premium of Rs. 62 (Rupees Sixty two only) each) for an aggregate amount of Rs. 2,48,74,96,320 (Rupees Two hundred forty eight crores seventy four lakhs ninety-

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six thousand three hundred and twenty only), the paid-up share capital of the Company have been increased from Rs. 3,50,27,000 (Rupees Three crores fifty lakhs and twenty seven thousand only) to Rs. 77,73,42,600 (Rupees Seventy seven crores seventy three lakhs forty two thousand and six hundred only).

4. INFORMATION ON THE STATE OF AFFAIRS OF THE COMPANY

The Company is engaged in the business of finance and investments as a Non-Banking Financial Company without accepting public deposits for which the certificate of registration has been obtained from the Department of Non-Banking Supervision, Reserve Bank of India.

During the period under review, on standalone basis, the Company's total income was Rs. 56,26,31,821 (Rupees Fifty six crores twenty six lakhs thirty one thousand eight hundred and twenty one only) as compared to Rs. 25,70,90,477 (Rupees Twenty five crores seventy lakhs ninety thousand four hundred and seventy seven only) during the previous financial year and the Company has earned a Profit Before Tax of Rs. 14,56,35,108 (Rupees Fourteen crores fifty six lakhs thirty five thousand one hundred and eight only) as compared to Rs. 4,64,56,022 (Rupees Four crores sixty four lakhs fifty six thousand and twenty two only) during the previous financial year.

The inter-corporate loans and investments made by the Company during the period under review, were in the ordinary course of business and at arm's length. The Financial Statements are forming part of this Annual Report.

5. CHANGE IN NATURE OF BUSINESS

There was no change in the nature of business activity of the Company during the period under review.

6. DETAILS OF HOLDING, SUBSIDIARY, JOINT VENTURE OR ASSOCIATE COMPANY(IES)

During the period under review, the Company does not have any Holding/Joint Venture/Associate Company and has the following 5 (five) subsidiaries:

S.No.	Name of Subsidiary	Percentage of Shareholding
1	Capital India Home Loans Limited	100%
2	Capital India Asset Management Private Limited	100%
3	Capital India Wealth Management Private Limited	100%
4	CIFL Holdings Private Limited	100%
5	CIFL Investment Manager Private Limited	100%

Note:

- As required under Rule 8 (1) of the Companies (Accounts) Rules, 2014, the Board's Report has been prepared on Standalone Financial Statements and a Report on the Performance and Financial Position of each of the subsidiaries, as included in the Consolidated Financial Statements, is presented herewith in Form AOC-I as **Annexure-I**.
- In terms of Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**"), the Board adopted a Policy for Determining Material Subsidiary ("**Material Subsidiary Policy**") in terms of which none of the subsidiaries are material subsidiaries of the Company. Details of the Material Subsidiary Policy are given in the Corporate Governance Report which is annexed to and forms an integral part of this Board's Report.
- The standalone audited financial statements of each of the subsidiaries are available on the website of the Company at <https://capitalindia.com> under the "Investors" tab. Members interested in obtaining a copy of the standalone audited financial statements of the subsidiaries may write to the Company Secretary at the Registered Office of the Company.
- In accordance with the third proviso of Section 136 (1) of the Companies Act, 2013 and rules made thereunder, the Annual Report of the Company, containing therein its Financial Statements would be placed on the website of the Company at <https://capitalindia.com> ("**Website**") under the "Investors" tab.

7. DIVIDEND

Your Directors recommend a final dividend of Rs. 0.40 (Forty paise) per equity share for the FY 2018-19. The final dividend on 7,77,34,260 (Seven crores seventy seven lakhs thirty four thousand two hundred and sixty) equity

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shares, if approved by the members of the Company at the ensuing Annual General Meeting, would entail an outflow of Rs. 3,10,93,704 (Rupees Three crores ten lakhs ninety three thousand seven hundred and four only) towards dividend and Rs. 63,91,417 (Rupees Sixty three lakhs ninety one thousand four hundred and seventeen only) towards dividend distribution tax @20.56%, resulting in a total outflow of Rs. 3,74,85,121 (Rupees Three crores seventy four lakhs eighty five thousand one hundred and twenty one only).

8. INTERNAL CONTROL SYSTEM AND INTERNAL FINANCIAL CONTROLS

The Company has in place an adequate Internal Financial Control System with reference to the financial statements and Internal Control System, commensurate with the size, scale and complexity of its operations.

The Directors have laid down Internal Financial Control procedures to be followed by the Company which ensures the compliance with various policies, practices and statutes, keeping in view the organization's pace of growth and increasing complexity of operations for orderly and efficient conduct of its business.

The Audit Committee of the Board, is vested with the powers to evaluate the adequacy and effectiveness of the Internal Financial Control system of the Company, thereby ensuring that:-

1. Systems have been established to ensure that all the transactions are executed in accordance with the management's general and specific authorisation.
2. Systems and procedures exist to ensure that all the transactions are recorded so as to permit preparation of Financial Statements in conformity with the Generally Accepted Accounting Principles (GAAP) or any other criteria applicable to such Statements, and to maintain accountability for effective and the timely preparation of reliable financial information.
3. Access to assets is permitted only with the management's general and specific authorisation. No assets of the Company are allowed to be used for personal purposes, except in accordance with the terms of employment or except as specifically permitted.
4. The existing assets of the Company are verified /checked at reasonable intervals and appropriate action is taken with respect to differences, if any.
5. Appropriate systems are in place for prevention and detection of frauds and errors and for ensuring adherence to the Company's various policies as listed on the Website and otherwise disseminated internally.

9. DIRECTORS AND KEY MANAGERIAL PERSONNEL

The composition of the Board is governed by the relevant provisions of the Companies Act, 2013 and rules made thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Articles of Association of the Company, and all other applicable laws and is in accordance with the best practices in corporate governance from time to time.

i. Board of Directors

As on March 31, 2019, the Board of the Company consists of following 8 (eight) Directors:

Sr.No	Name	DIN	Designation	Details
1.	Mr. Vinod Somani	00327231	Independent Director	Appointed as an Additional Director in the capacity of Non – Executive Independent Director by the Board w.e.f. December 20, 2017 and as an Independent Director by the shareholders in their Annual General Meeting held on June 2, 2018.
2.	Mr. Yogendra Pal Singh	08347484	Additional Director - Independent	Appointed as an Additional Director in the capacity of Non – Executive Independent Director by the Board w.e.f. February 13, 2019.
3.	Mrs. Promila Bhardwaj*	06428534	Independent Director	Appointed as an Additional Director in the capacity of Non – Executive Independent Director by the Board w.e.f. December 20, 2017 and as an Independent Director by the shareholders in their Annual General Meeting held on June 2, 2018.

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Sr.No	Name	DIN	Designation	Details
4.	Mr. Keshav Porwal	06706341	Managing Director	Appointed as an Additional Director in the capacity of Managing Director by the Board w.e.f. November 27, 2017 and as Managing Director by the shareholders in their Annual General Meeting held on June 2, 2018.
5.	Mr. Amit Sahai Kulshreshtha	07869849	Executive Director & CEO	Appointed as an Additional Director in the capacity of Executive Director & CEO by the Board w.e.f. November 27, 2017 and as an Executive Director & CEO by the shareholders in their Annual General Meeting held on June 2, 2018.
6.	Mr. Vineet Kumar Saxena	07710277	Non-Executive Director	Appointed as an Additional Director of the Company in the capacity of Non – Executive Director by the Board w.e.f. November 27, 2017 and as Non – Executive Director by the shareholders in their Annual General Meeting held on June 2, 2018.
7.	Ms. Shraddha Suresh Kamat	07555355	Non-Executive Director	Appointed as an Additional Director of the Company in the capacity of Women Non-Executive Director by the Board w.e.f. November 27, 2017 and as Women Non-Executive Director by the shareholders in their Annual General Meeting held on June 2, 2018.
8.	Mr. Subodh Kumar	07781250	Non-Executive Director	Appointed as an Additional Director of the Company in the capacity of Non – Executive Director by the Board w.e.f. November 27, 2017 and as Non – Executive Director by the shareholders in their Annual General Meeting held on June 2, 2018.

* Mrs. Promila Bhardwaj resigned from the position of Independent Director with effect from April 1, 2019.

Further, none of the Directors of your Company are disqualified under the provisions of Section 164 of the Companies Act, 2013 and rules made thereunder.

ii. Fit and Proper Criteria

All the Directors of the Company duly meet the fit and proper criteria stipulated by the Reserve Bank of India.

iii. Directorships ceased during the year:

Mr. Achal Kumar Gupta resigned from the position of Independent Director w.e.f. February 13, 2019 due to his personal reasons. Mr. Rahul Rameshkumar Jain retired from the position of Non-Executive Director w.e.f. June 2, 2018, consequent to his unwillingness to continue as Director on retirement by rotation.

iv. Declaration of Independence:

All the Independent Directors of the Company have submitted the declaration of their independence in conformity of Section 149(7) of the Companies Act, 2013 and rules made thereunder, stating that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and are not disqualified from continuing as Independent Directors.

During the period under review, the Independent Directors of the Company had no pecuniary relationship or transactions with the Company, other than the sitting fees, commission and reimbursement of expenses incurred by them for the purpose of attending the meetings of the Company.

v. Retirement by Rotation

In accordance with the provisions of the Companies Act, 2013 and rules made thereunder, and the Articles of Association of the Company, Mr. Amit Sahai Kulshreshtha, Executive Director & Chief Executive Officer of the Company, is liable to retire by rotation at the ensuing Annual General Meeting and has offered his

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candidature for re-appointment as a Director of the Company at the ensuing Annual General Meeting.

vi. Key Managerial Personnel

During the period under review, there was no change in the Key Managerial Personnel (“KMP”) of the Company.

As on March 31, 2019, the Company has the following KMPs in accordance with the provisions of the Companies Act, 2013 and rules made thereunder:

Mr. Keshav Porwal	-	Managing Director
Mr. Amit Sahai Kulshreshtha	-	Executive Director & Chief Executive Officer
Mr. Neeraj Toshniwal	-	Chief Financial Officer
Mr. Rachit Malhotra	-	Company Secretary & Compliance Officer

vii. Board Meetings

During the period under review, 7 (seven) Board meetings were held and the intervening gap between the meetings were within the period prescribed under the Companies Act, 2013 and rules made thereunder.

viii. Committees of the Board

The following are the Committees constituted by the Board:

- i) Audit Committee;
- ii) Nomination & Remuneration Committee;
- iii) Stakeholder Relationship Committee;
- iv) Investment Committee;
- v) Risk Management Committee;
- vi) Asset-Liability Committee;
- vii) Management Committee;
- viii) Credit Committee;
- ix) Securities Issuance Committee; and
- x) IT Strategy Committee.

ix. Composition of the Committees:

The following was the composition of the Committees during the period under review:

S.No	Committee meeting	Composition
1	Audit Committee	Mr. Vinod Somani (Chairman)
		Mr. Yogendra Pal Singh (Member) ¹
		Mr. Vineet Kumar Saxena (Member)
		Mr. Achal Kumar Gupta ²
2	Nomination & Remuneration Committee	Mrs. Promila Bhardwaj (Chairperson) ³
		Mr. Yogendra Pal Singh (Member) ¹
		Mr. Vineet Kumar Saxena (Member)
		Mr. Vinod Somani ⁴
		Mr. Achal Kumar Gupta ²

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3	Stakeholders Relationship Committee	Mr. Vinod Somani (Chairman)
		Mrs. Promila Bhardwaj (Member) ⁵
		Mr. Vineet Kumar Saxena (Member)
		Mr. Achal Kumar Gupta ⁴
4	Investment Committee	Mr. Vineet Kumar Saxena (Chairman) ⁶
		Mr. Keshav Porwal (Member)
		Mr. Amit Sahai Kulshreshtha (Member)
		Mr. Achal Kumar Gupta ⁷
5	Risk Management Committee	Mr. Achal Kumar Gupta (Chairman) ⁸
		Mr. Keshav Porwal (Member)
		Mr. Amit Sahai Kulshreshtha (Member)
6	Asset-Liability Committee	Mrs. Promila Bhardwaj (Chairperson) ³
		Mr. Keshav Porwal (Member)
		Mr. Amit Sahai Kulshreshtha (Member)
		Mr. Vinod Somani ⁹
7	Management Committee	Mr. Keshav Porwal (Chairman)
		Mr. Amit Sahai Kulshreshtha (Member)
		Mr. Vineet Kumar Saxena (Member)
8	Credit Committee	Mr. Vinod Somani (Chairman) ³
		Mr. Keshav Porwal (Member)
		Mr. Amit Sahai Kulshreshtha (Member)
		Mr. Vineet Kumar Saxena (Member)
9	Securities Issuance Committee	Mrs. Promila Bhardwaj (Chairperson)
		Mr. Vinod Somani (Member)
		Mr. Keshav Porwal (Member)
		Mr. Amit Sahai Kulshreshtha (Member)
10	IT Strategy Committee	Mrs. Promila Bhardwaj (Chairperson)
		Mr. Amit Sahai Kulshreshtha (Member)
		Mr. Vineet Kumar Saxena (Member)
		Mr. Manish Gupta (Member)

¹ Appointed as member w.e.f. March 27, 2019.

² Ceased to be member w.e.f. February 13, 2019.

³ Appointed as Chairperson/Chairman w.e.f. May 3, 2018.

⁴ Ceased to be member w.e.f. May 3, 2018.

⁵ Appointed as member w.e.f. May 3, 2018.

⁶ Re-designated as Chairman w.e.f. March 27, 2019.

⁷ Ceased to be Chairman w.e.f. February 13, 2019.

⁸ Re-designated as Chairman in the capacity of Independent Expert with effect from March 27, 2019 consequent to resignation from the position of Independent Director on February 13, 2019.

⁹ Ceased to be Chairman w.e.f. May 3, 2018.