



Centrum Financial Services Limited

Annual Report 2018-19

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Board of Directors

Ranjan Ghosh

MD & CEO

Rishad Byramjee

Director

R.S. Reddy

Director

Shailendra Apte

Director

Harish Engineer

Director

G. S. Sundararajan

Director

Dipali Sheth

Director

Corporate Information

Corporate Office

Centrum House, CST Road,
Vidyanagari Marg, Kalina, Mumbai
400098

Tel – 022 – 42159000

Email – info@centrum.co.in
cs@centrum.co.in

Website – www.centrum.co.in

Directors Report

DIRECTORS' REPORT

To
The Members,
Centrum Financial Services Limited,

Your Directors are pleased to present their Annual Report together with the Audited Financial Statements for the period ended March 31, 2019.

FINANCIAL HIGHLIGHTS

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Total Revenue	101,93,89,457	65,33,18,341
Total Expenses	101,74,10,638	62,51,26,834
Profit/ (Loss) before tax	19,78,819	2,81,91,507
Less: Taxation Expenses	(27,79,272)	1,23,16,425
Profit /(Loss) after tax	47,58,091	38,75,082
Balance of profit/ (loss) for earlier years	7,55,39,830	7,24,39,764
Transfers to reserve/profit or loss for the year	9,51,618	7,75,016
Balance carried forward	7,93,46,303	7,55,39,830

FINANCIAL PERFORMANCE AND STATE OF COMPANY'S AFFAIRS

The business focused on driving organic growth through its Structured Credit, Real Estate Finance and Financial Institutions finance divisions. During the year, it acquired L&T Finance's Supply Chain Finance loan book of Rs 646 crores. It was able to raise adequate debt to support growth despite, the macro-economic headwinds.

As on 31st March 2019, the loan book stood at Rs 1,134 crores as compared to Rs 368 crores in the previous year. Around 47 members from L&T Finance joined the business and have integrated well with the existing team. The business also entered the highly lucrative MSME lending space and has set up a capable team to drive growth. Additionally, it received an A-/A2+ Stable, rating from CARE.

The Gross income from operations of the Company increased from Rs. 51,18,53,846 in 2017-18 to Rs. 93,89,20,573 in financial year 2018-19. The net profit/loss under review is Rs. 47,58,091 in 2018-19 as against net profit of Rs. 38,75,082 due to hiring new team and infrastructure costs to build a sustainable platform.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report for the year under review is presented in a separate section forming part of this Annual Report. **(Annexure A)**

BUSINESS AND SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The Company executed a Business Transfer Agreement (BTA) with L&T Finance Limited on September 4, 2018, to acquire latter's Supply Chain Finance business on as is where is and a going concern basis pursuant to the slump sale. The transaction was completed on December 30, 2018 as the closing date. The entire Business along with People, Assets and Liabilities, have moved into the Company (CFSL) as of that date.

RESOURCES

The Company raised funds through a mix of borrowings. During the year, the net borrowings increased from Rs. 3,42,41,82,821 as at March 2018 to Rs. 9,90,58,38,822 as at March 2019, on account of increased business operations.

During the year under review, the Company raised an amount of Rs. 201,13,33,570 in multiple tranches through private placement by way of issue of secured, listed, unrated, redeemable, non-convertible principal protected market linked debentures bearing a face value of Rs. 1,00,000 /- each. Further, Debentures amounting to Rs. 17,75,000 raised earlier were redeemed.

The Company received a monetary support from the holding Company, viz. Centrum Capital Limited amounting to Rs. 5,88,68,196, in the form of interest subvention during the financial year 2018-19.

TRANSFER TO RESERVES

The Board of Directors have approved to transfer Rs. 9,51,618 /- to statutory reserves in terms of section 45IC of the RBI Act, 1934.

SHARE CAPITAL

- During the period under review, the authorized share capital of the company was raised to Rs. 150 crores.
- The Company made a rights issue at Rs. 30.00/- per equity share, having face value of Rs. 10 per share to Centrum Capital Limited. The paid up equity share capital of the Company was raised to Rs. 98,95,69,420/-
- The Company issued 5,00,00,000 (Five Crore) Unrated Unlisted Unsecured Compulsorily Convertible Debentures having Face Value of Rs. 10 (ten) each at par, for an aggregate amount of up to a maximum of Rs. 50,00,00,000 ("CCDs") to Centrum Capital Limited.

DIVIDEND

In order to conserve resources, the Directors did not recommend any dividend for the financial year 2018-19.

LISTING FEES

The Company's Market Linked Debentures (MLDs) shares are listed on BSE Limited and the Company has paid listing fees upto the financial year 2019-20.

SUBSIDIARIES, JOINT VENTURE AND ASSOCIATE COMPANIES

Centrum Capital Limited is the holding company of Centrum Financial Services Limited.

The Company has no subsidiary Company.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY BETWEEN THE END OF FINANCIAL YEAR AND DATE OF REPORT

A letter dated May 2, 2019 is received from RBI approving the application by the Company for transfer of shareholding of the Company from Centrum Capital Limited ("Transferor") to Centrum

Retail Services Limited (“Acquirer”). This would result in 100% shareholding held by the Transferor together with outstanding CCDs in the Company to be transferred to the Acquirer, thereby resulting in the change in shareholding of the Company. The RBI approval is however subject to meeting of the required compliance.

AUDITORS AND AUDITORS’ REPORT

Walker Chandiook & Co LLP, Chartered Accountants are the statutory auditors of the Company for the financial year under review. There were no qualifications in the audit report for the FYE March 2019 issued by them.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed CS Umesh Maskeri, Practising Company Secretary to undertake the Secretarial Audit of the Company.

The Report of the Secretarial Auditor is appended herewith as an annexure to the report. **(Annexure B)**

There is no adverse remark, qualifications or reservation in the said Secretarial Audit Report.

INTERNAL AUDITORS & THEIR REPORT

F. K. Mody and Co., Chartered Accountants, were appointed as Internal Auditors of the Company for the Financial Year 2018-19. In their report(s) on the Internal Audit of your Company, they have not submitted any material qualifications, reservations or adverse remarks or disclaimers.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

In accordance with the provisions of the Companies Act, 2013, and the Articles of Association of the Company Mr. Shailendra Apte retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment. Besides there were following changes in the board / KMP, during the year under review.

- Mr. Shailendra Apte was relieved from the position of Whole Time Director of the Company with effect from May 16, 2018 and appointed as Non-Executive Director of the Company.
- Ms. Dipali Seth was appointed as an Additional Director in the capacity of an Independent Director with effect from May 16, 2018.
- Mr. R. S. Reddy was appointed as an Additional Director in the capacity of an Independent Director with effect from September 04, 2018.
- Mr. Harish Engineer resigned as an Independent Director with effect from March 01, 2019.
- Ms. Ruta Sabnis resigned as the Company Secretary of the Company with effect from October 26, 2018 and Mr. Dipesh Goyal was appointed as a Company Secretary w.e.f April 23, 2019.
- Mr. Bharat Adnani continues to be Chief Financial Officer of the Company.

MEETINGS OF THE BOARD AND COMMITTEES

Details of meetings of the Board and Committees held during the year are set out in following table.

Particulars	Board	Audit Committee	Nomination & Remuneration Committee	CSR Committee
Number of Meetings	4	5	4	1
Dates of Meetings	16.05.2018, 08.08.2018, 31.10.2018, 30.01.2019	16.05.2018, 08.08.2018, 31.10.2018, 30.01.2019	08.08.2018, 15.05.2018	14.02.2019
No. of meetings attended by Directors/ Committee members				
Ranjan Ghosh	4	NA	NA	1
Rishad Byramjee	3	NA	1	NA
Shailendra Apte	4	4	2	1
Harish Engineer	4	3	2	NA
G S Sundararajan	4	4	2	NA
Dipali Seth	4	NA	1	1
R .S. Reddy	2	1	NA	NA

Four meetings of the Board were held during the year. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013 (the "Act").

None of the non-executive directors and independent directors had any pecuniary relationships or transactions with the Company during the year under review, apart from receiving sitting fees for attending board and committee meetings.

INDEPENDENT DIRECTORS' MEETING

A meeting of Independent Directors was held on May 13, 2019, as per schedule IV of the Companies Act, 2013.

RISK MANAGEMENT FRAMEWORK

The Company has a robust risk management practice that enables it to mitigate and manage risks in its businesses. The risk function is structured to operate independently from the business groups.

The credit and risk functions independently evaluates proposals based on well-established sector specific internal frameworks, in order to identify, mitigate and allocate risks as well as to enable risk-based pricing of assets. Regulatory and process risks are identified, mitigated and managed by a separate group.

The Company has a risk management framework to inform the Board/ Credit Committee about the risk assessment and minimization procedures and periodical review to ensure that executive management controls risk by means of a properly designed framework.

PARTICULARS OF LOANS GIVEN, INVESTMENT MADE, GUARANTEE GIVEN, AND SECURITIES PROVIDED

In terms of Section 186(11) of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014, loans made, guarantees given or securities provided by the Company are exempted from compliance with the requirements of Section 186 of the Companies Act, 2013.

LOAN TO PURCHASE SHARES OF THE COMPANY

During the year under review, the Company has not given loans to any person in its employment to purchase shares of the Company. Accordingly, disclosures required to be made under Section 67(3) of the Companies Act, 2013 are not applicable to the Company.

RELATED PARTY TRANSACTIONS

All related party transactions that were entered during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

All Related Party Transactions are placed before the Audit Committee for prior approval/ ratification. Prior omnibus approval of the Audit Committee is obtained for the transactions which are repetitive in nature or when the need for them cannot be foreseen in advance

None of the transactions entered with related parties falls under the scope of Section 188(1) of the Act. Details of transactions with related parties as required under Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014 are not required to be provided in this Report and thus does not form part of the report. Further, details as required as per Regulation 53(f) of the LODR is included under note 25 of the financial statements.

POLICY ON RELATED PARTY TRANSACTIONS

The Policy on Related Party Transactions is uploaded on the website of the company - www.centrum.co.in

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The information required pursuant to Section 197 of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, has been appended herewith as an **Annexure C** to the report.

Further, the information required pursuant to Section 197 of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, has also been mentioned in Annexure C.

The Board of Directors affirms that the remuneration paid to employees of the Company is as per the Nomination and Remuneration Policy on Director's appointment and remuneration for Directors, Key Managerial Personnel and other Employees and none of the employees listed in the said Annexure/Information is related to any Directors of the Company.

PARTICULARS OF DEPOSITS

The Company being a 'Non-Deposit taking Non-Banking Financial Company' has not accepted deposits during the year under review and shall not accept any deposits from the public without

obtaining prior approval of the RBI. Accordingly, the disclosure requirements under Rule 8(5)(v) and (vi) of the Companies (Accounts) Rules, 2014 are not applicable to the Company.

DISCLOSURES BY DIRECTORS

The Directors on the Board have submitted notice of interest under Section 184(1) and intimation under Section 164(2).

DECLARATION BY INDEPENDENT DIRECTORS

All Independent Directors have submitted the declaration of Independence, as required pursuant to Section 149(7) of the Act, stating that they meet the criteria of Independence as provided in sub-section (6) of the Act and are not disqualified from continuing as Independent Directors.

AUDIT COMMITTEE

The constitution of the Audit Committee as on March 31, 2019, is as follows:

Sr No	Name	Category	Designation in Committee
1	G S Sundararajan	Independent Director	Chairman
2	R S Reddy	Independent Director	Member
3	Shailendra Apte	Non-Executive Director	Member

NOMINATION & REMUNERATION COMMITTEE

The constitution of the Nomination & Remuneration Committee as on March 31, 2019, is as follows:

Sr No	Name	Designation	Position in the Committee
1	Ms. Dipali Sheth	Independent Director	Chairperson
2	Mr. G S Sundararajan	Independent Director	Member
3	Mr. Rishad Byramjee	Non-Executive Director	Member
4	Mr. Shailendra Apte	Non-Executive Director	Member

DIRECTORS' RESPONSIBILITY STATEMENT

Based on the framework of internal financial controls established and maintained by the Company, work performed by the auditors and external agencies, the reviews performed by Management and the relevant Board Committees, the Board, with the concurrence of the Audit Committee, is of the opinion that the Company's internal financial controls are adequate and effective.

Pursuant to Section 134 of the Act, the Board of Directors, to the best of their knowledge and ability, confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;
- (b) they 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 at the end of the financial year and of the profit of the Company for that period;
- (c) they have taken proper and sufficient care for the 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 fraud and other irregularities;
- (d) they have prepared the annual accounts on a going concern basis;
- (e) they have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively;

- (f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

POLICY OF THE COMPANY ON DIRECTOR'S APPOINTMENT AND REMUNERATION FOR DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

The Company follows its policy on Director's Appointment and Remuneration for Directors, Key Managerial Personnel and other Employees. The Nomination and Remuneration Policy is appended as **Annexure F**.

PERFORMANCE EVALUATION

The Board of Directors carried out an annual evaluation of the Board, its Committees and Individual Directors. The Board carried out performance evaluation of each Independent Director excluding the Independent Director being evaluated. The Nomination Remuneration Committee also carried out evaluation of every Director's performance.

The evaluation was done after taking into consideration inputs received from the Directors, setting out parameters of evaluation. Evaluation parameters of the Board and Committees were based on Disclosure of Information, Key functions of the Board and Committees, responsibilities of the Board and Committees, etc. Evaluation parameters of Individual Directors the Board and Independent Directors were based on Knowledge to perform the role, Time and Level of Participation, Performance of Duties and Level of Oversight and Professional Conduct etc.

Independent Directors in their separate meeting also evaluated the performance of Non-Independent Directors, Chairman of the Board and the Board as a whole.

CORPORATE SOCIAL RESPONSIBILITY

The Company needs to make expenditure towards Corporate Social Responsibility (CSR) as per the provisions of Section 135 of the Companies Act, 2013, read with Rules made thereunder and the CSR Policy of the Company. A brief note on CSR Activities is enclosed herewith as **Annexure D**.

As on March 31, 2019, the Committee comprised of:

Sr No	Name	Designation	Position in the Committee
1	Mr. Ranjan Ghosh	MD & CEO	Chairman
2	Mr. Shailendra Apte	Non- Executive Director	Member
3	Ms. Dipali Sheth	Independent Director	Member

The CSR Committee at their meeting held on February 14, 2019 has recommended an amount of **Rs. 14,77,723/-** as expenditure to be incurred on the CSR activities of the Company during the F.Y.2019-20.

The Directors wish to inform you, that since NBFC sector was facing a liquidity crunch and the margins are under pressure, the Management had proposed to not spend the CSR amount as stipulated above during FY 2018-19. The entire amount shall be spent when the Company has an adequate surplus. Further, the said amount shall be spent through Centrum Group's trust, viz. "Centrum Foundation" to enable collective initiative of all CSR activities within the group. Various CSR projects are being evaluated and are in the process of getting finalized.

VIGIL MECHANISM

The Company has a policy on Vigil Mechanism.

REPORTING OF FRAUDS

There was no instance of fraud during the year under review, which required the Statutory Auditors to report to the Audit Committee and / or Board under Section 143(12) of Companies Act, 2013 and Rules framed thereunder.

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

In view of the nature of activities which are being carried out by the Company, Rules 2A and 2B of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, concerning conservation of energy and technology absorption respectively are not applicable to the Company.

The Company does not have any foreign exchange earnings or outgo.

HUMAN RESOURCE AND EMPLOYEE RELATIONSHIP

There is an ongoing emphasis on building a progressive Human Resources culture within the organization. Structured initiatives that foster motivation, teamwork and result-orientation continue to be addressed.

The Company has adopted "Policy for Prevention, Prohibition and Redressal of Sexual Harassment at Workplace" and has also constituted an Internal Complaints Committee (ICC).

The Directors further state that during the period under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

INTERNAL FINANCIAL CONTROL AND ADEQUACY

The Company has an internal control system, commensurate with the size, scale and complexity of its operations. Testing of such control systems forms a part of the audit.

The Board wish to state that the internal financial controls with reference to financial statements as designed and implemented by the Company are adequate.

EXTRACT OF ANNUAL RETURN

An extract of annual return in Form MGT-9 is attached to this report as **Annexure E**.

EMPLOYEES STOCK OPTION

The details pertaining to ESOP granted during the year are: -

Sr. No.	Nature of Disclosure	Particulars
A	Options Granted during the year	28,26,031
B	Options Vested	NIL
C	Options Exercised	NIL
D	The total no. of shares arising as a result of exercise of option	NA
E	Options Lapsed/Surrendered	1,50,000
	Exercise Price	
F	Variation of Terms of Option	
G	Money realized by exercise of Options	NA
H	Total no of Options in force	26,76,031
I	Employee wise details of Options granted to-	
	(i) Details of Options granted to KMP	16,81,031
	(ii) Any other employee who received a grant in any one year of Option amounting to 5% or more of Options granted during the year	Given below
	(iii) Employees who were granted Options, during any one year, equal to or exceeding 1% of the issued capital of the company at the time of grant	Given below

Employee Name	Designation	Option Granted more than 1%
Ranjan Ghosh	Managing Director & CEO	16,81,031
Sandeep Joginder Agarwal	Executive Director	2,10,000
Chirag Harshad Doshi	Executive Director	2,00,000

Employee Name	Designation	Option Granted more than 5%
Ranjan Ghosh	Managing Director & CEO	16,81,031

COMPLIANCE WITH SECRETARIAL STANDARDS

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings

MEANS OF COMMUNICATION

The half yearly/annual financial results are regularly submitted to the BSE Limited in accordance with the SEBI (LODR) Regulations and published in English newspaper namely "Free Press Journal and in regional language newspaper namely "Navshakti". The said results are also regularly posted by the Company on its website www.centrum.co.in.

DEBENTUREHOLDERS RELATED INFORMATION:**a. Listing on Stock Exchanges****: BSE Limited**Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai 400001.**b. Registrar and Transfer Agents****: Link Intime India Private Limited**C-101, 247 park L B Marg, Vikhroli West,
Mumbai 400 083
Tel. No. 022 -49186000
Fax No.: 022 - 49186060
Email: mumbai@linkintime.co.in**: NSDL Database Management Limited**4th Floor, Trade World A Wing, Kamala Mills
Compound, Senapati Bapat Marg, Lower Parel,
Mumbai - 400 013
Tel .No. 022 -4914 2700**c. Address for Correspondence:****1. To the Company:**

Registered Office:	Corporate Office:
Bombay Mutual Building, 2 nd Floor, Dr. D.N. Road, Fort, Mumbai - 400001 Tel No: 022 - 22662434; Fax No.: 022 - 22611105 Email: info@centrum.co.in ; cs@centrum.co.in	Centrum House, C.S.T. Road, Vidyanagari Marg, Kalina, Santacruz (East), Mumbai - 400098 Tel No.: 022 - 42159000; Fax No.: - 022 42159940 Email: info@centrum.co.in ; cs@centrum.co.in

d. Debenture Trustees

i. Beacon Trusteeship Ltd
4C & D, Siddhivinayak Chambers,
Gandhi Nagar, Opp MIG Cricket Club,
Bandra (East), Mumbai 400 051
M +91 9969252499
Website: <http://beacontrustee.co.in/>

ii. Vistra ITCL (India) Limited
The IL&FS Financial Center
Plot No. C-22, G Block, 7th Floor
Bandra Kurla Complex
Bandra (East), Mumbai 400051
Tel: +91 22 2659 3535
Fax : +91 22 2653 3297
Email: mumbai@vistra.com

POLICIES AND DISCLOSURE REQUIREMENTS

In terms of provisions of the Act and RBI regulation the Company has adopted the required policies.

GENERAL

The Directors state that no disclosure or reporting is required in respect of the following items as there were no transaction on these items during the year under review.

1. Details relating to Deposits covered under Chapter V of the Act.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. Issue of equity shares (including sweat equity shares) and Employees' Stock Options Scheme (ESOS) to employees of the Company under any scheme.
4. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
5. There was no instance of non-exercising of voting rights in respect of shares purchased directly by the employees under a scheme pursuant to section 67(3) of the Act read with Rule 16(4) of Companies (Share Capital and Debenture) Rules, 2014 and hence no information has been furnished.

ACKNOWLEDGEMENTS

The Directors express their sincere gratitude to the Reserve Bank of India, Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited, Ministry of Finance, Ministry of Corporate Affairs, Registrar of Companies, other government and regulatory authorities, lenders, financial institutions and the Company's bankers for the ongoing support extended by them.

The Directors also place on record their sincere appreciation for the continued support extended by the Company's stakeholders and trust reposed by them in your Company. The Directors sincerely appreciate the commitment displayed by the employees of the Company across all levels, resulting in successful performance during the year.

**By order of the Board
For Centrum Financial Services Limited**

**Ranjan Ghosh
Managing Director & CEO
DIN:07592235**

**Shailendra Apte
Non-Executive Director
DIN: 00017814**

Place: Mumbai

Date : May 21, 2019

ANNEXURE - A

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A. Industry Structure and Developments

The Non-Banking Financial Company (NBFC) sector is a vital component of the financial system, which has shown consistent year-on-year growth.

It plays an important role in furthering entrepreneurship and driving the financial inclusion agenda by complementing the banking sector in delivering credit to the unbanked segments of society, especially to the micro, small, medium and emerging client segment. The success of NBFCs can be clearly attributed to better product lines, lower cost, wider and effective reach, strong risk management capabilities to check and control bad debts and better understanding of their customer segments.

B. Opportunities and Threats

NBFCs play an important role in promoting inclusive growth in the country. About a third of the funds borrowed by Indians reach them through NBFCs or the marginal customer where formal commercial banking hasn't reached. This ability to bring formal finance to the doorstep of the unbanked has driven growth at NBFCs, which has outpaced bank's for last few years.

Financial year 2018-19 was a tale of two halves; the first half was the focussed on asset growth. The second, driven by fears of impending liquidity crisis in the NBFC sector stoked by the Infrastructure Leasing & Financial Services (IL&FS) default.

The operating environment for the NBFC sector has since altered. To begin with, NBFCs have to now put up with higher funding costs, strengthen underwriting capabilities and diversify funding base. The Reserve Bank of India has talked about strengthening the regulatory vigil on the sector in general and on Asset Liability Management (ALM) framework in particular in its latest report.

The NBFC sector, which saw significant pressure in Q3 FY2019, is beginning to breathe better now, but growth is expected to take a hit in the first half of the current fiscal. NBFCs are changing their business model, looking for newer avenues to diversify their lending portfolios, reduce concentration in large clients and improve the risk adjusted return. NBFCs are also focusing on direct assignments and selling portfolio to banks, thereby ensuring the risk is not on their books and at the same time are able to raise fee income and bring in much needed liquidity. RBI has allowed NBFCs to co-originate priority sector loans with banks and in future, Co-lending and Alliance model with banks and / or other NBFC could become a compelling and sustainable business model. NBFCs will have to reduce leverage and this raises the need to be highly capitalized.

Although the sector, has in the past two years weathered the effect of demonetisation and GST implementation, the twin objective of prudent liquidity management and improving asset quality will be the key differentiator.

C. Outlook

The business expects to accelerate growth, largely backed by its entry in the MSME space along with increasing its focus on the Supply Chain Finance Business. Furthermore, significant contribution to the bottom-line is expected to continue from the Structured Credit and Real Estate Financing divisions. The business will give priority to the areas of client servicing, security cover and credit monitoring over asset growth.

D. Product wise Performance of the Company

Business Overview

Centrum Financial Services Ltd (CFSL) is a registered NBFC, providing credit to small and mid-sized companies in multiple forms and structures. The business caters to entities around metros and Tier II cities. It has established solutions in Supply Chain Finance, Structured Credit, Real Estate Finance and Financial Institutions Finance. The key value propositions are flexibility, responsiveness and counselling, while providing the right financing solution for business needs. The loan sizes generally range between Rs. 25 lacs to 25 crores, however, there is continuous focus is to keep the book granular.

Industry Overview

The SME & MSME sector has gained further traction and momentum post demonetisation and the implementation of GST. There has been a substantial amount of thrust from the Government to grow this sector as well.

Though the SME and MSME sector has been growing and contributing to the economy substantially, they face significant challenges. Lack of adequate capital, poor infrastructure facilities, lack of access to modern technology and access to markets are the key hindrances. NBFCs have been partnering SMEs and MSMEs to ease some of these problems.

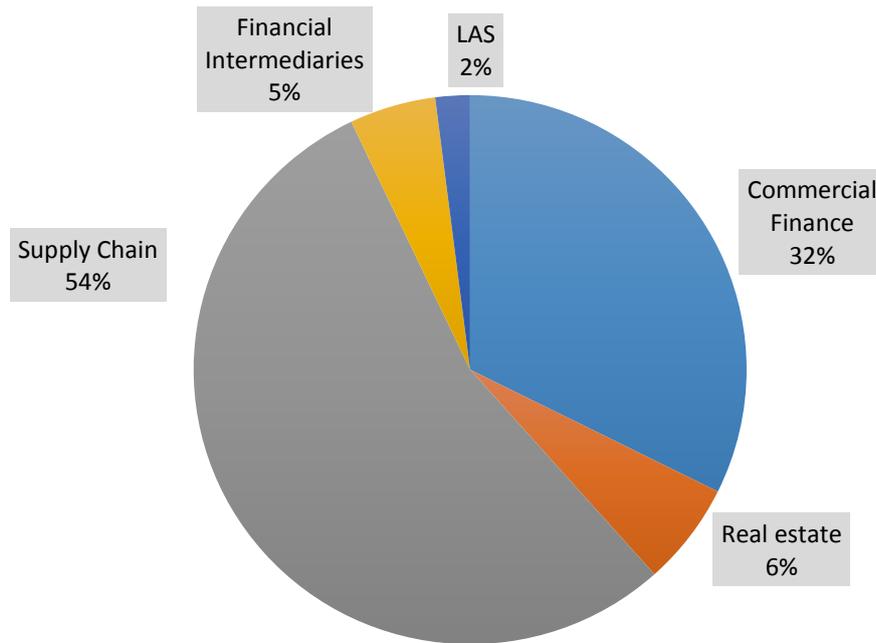
The current macro-economic scenario in the Indian economy with the credit crunch in Q3 and Q4 of FY2019, witnessed slower flows of liquidity to the NBFC sector. To ease this situation the RBI has taken the following measures:

- Reduction of Risk weights for bank lending to NBFCs
- Allowing banks to extend partial credit enhancement (PCE) for bonds issued by NBFCs
- ECB guidelines amendment to ease borrowing

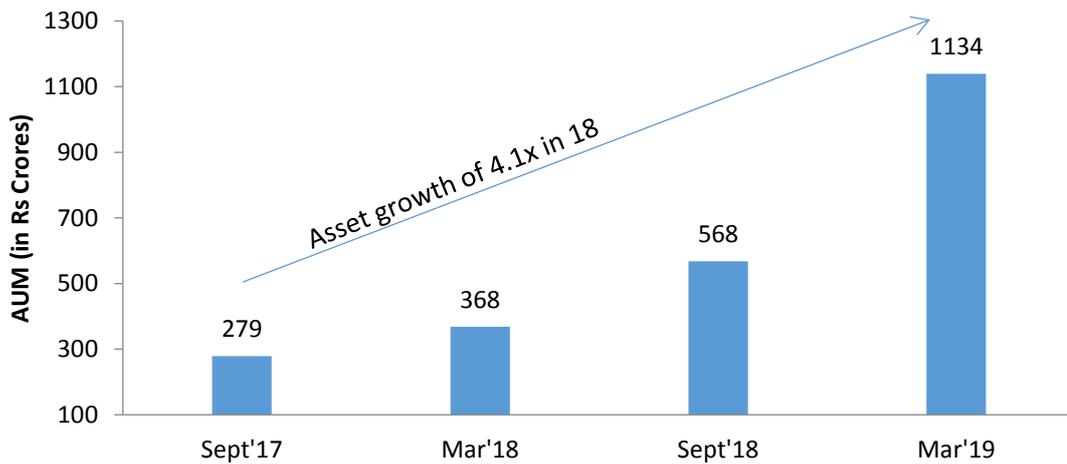
Highlights FY 2019

The business focused on driving organic growth through its Structured Credit, Real Estate Finance and Financial Institutions finance divisions. During the year, it acquired L&T Finance's Supply Chain Finance loan book of Rs 646 crores. It was able to raise adequate debt to support growth despite, the macro-economic headwinds. As on 31st March 2019, the loan book stood at Rs 1,133 crores as compared to Rs 368 crores in the previous year. Around 47 members from L&T Finance joined the business and have integrated well with the existing team. The business also entered the highly lucrative MSME lending space and has set up a capable team to drive growth. Additionally, it received an A-/A2+ Stable, rating from CARE.

CFSL Asset Book as on 31st Mar'19 INR 1,134 Crs



Substantial Asset Growth over past 2 years



The product portfolio of the Company includes:

(1) Commercial Finance

With the focus area being SMEs, mid-market companies and smaller affiliates of larger companies, CFSL's Commercial Finance and Structured Credit Solutions offer a tailor made approach to advising credit needs.

For the purpose of working capital or moderate-sized expansions, the business provides loans of up to Rs. 25 crores, primarily on the basis of business credentials and cash flow prospects.

However, most term loans are adequately collateral led with fixed and current asset property and equity shares.

Additionally, we will help fledgling NBFCs with loans in socially responsible and undeserved areas such as microfinance, affordable housing and specialized lending for the purpose of on-lending to their end-clientele.

(2) Financial Intermediaries

In the 'Financial Intermediaries' segment, the main objective is to support financial institutions (NBFCs) that are serving the unbanked/less banked segments of the population.

CFSL is working with Microfinance Institutions; NBFCs lending to MSMEs (Micro, Small and Medium Enterprises), etc., to enhance their ability to extend credit to the masses after doing appropriate due-diligence on the entity's operating methodology, financials, promoter and management background, governance practices, IT system etc.

CFSL engages with these institutions to offer products and services ranging from funding as term loan, structured credit, and also towards arranging debt, equity, insurance and related products through Centrum Group companies.

(3) Supply Chain Financing Solutions

- **Dealers Finance**

This Invoice Discounting financing facility is available for channel partners of Company's SME clients. It enables the conversion of their receivables into cash, which in turn improves liquidity resulting into a healthy and continuous cash flow for the businesses.

- **Receivables Discounting Finance**

This Receivables Discounting facility helps Corporates encash their Receivables before time, to help the Business grow rapidly and avoid Cash Flow issues.

(4) Real Estate Solutions

CFSL's Real Estate business vertical provides construction finance, take-out financing, promoter financing and acquisition financing for real estate projects being developed across India. Within the sector, the focus is on mid-income to affordable housing projects in Tier 1 and 2 cities like Mumbai, Delhi NCR, Bangalore, Hyderabad, Pune, Chennai, Kolkata and Ahmedabad.

The capital is provided through combination of Term Loans, Working Capital Loans or Non-Convertible Debentures. The Company typically prefers to invest in cash-flow generating ongoing projects, which are RERA registered and have all approvals in place.

(5) MSME

Towards the end of financial year 2019, the Company has commenced MSME business, whereby the Company shall provide secured working capital facilities by taking property as collateral in limited regions across India to MSME customers.

E. Major Risks, Concerns & Possible Mitigation

Industry Related Risks

- The current overall macro-economic scenario where NBFCs face various challenges such as lack of liquidity for onward lending and increasing stress on overall corporates due to the lack of liquidity flow in the economy specially the SME clients that CFSL lends to.
- The RBI publications point out that:
 - GNPA levels of Schedule Commercial Banks are not expected to abate.
 - RBI Financial Stability report points at significant increase in stressed advances in sectors such as Mining and Engineering spaces however it also points at reduction in Cement, Basic metals and Auto segments.
 - Continued headwinds faced by the Real Estate Sector
- Observed trend of delay in sharing of security by other FIs and Banks.

Steps to mitigate the above mentioned challenges:

- Emphasis on cash flows of the borrower and debt serviceability in addition to the available security while assessing a case. 90% of the CFSL corporate lending portfolio (inclusive of commercial finance, real estate, financial intermediaries and LAS book) is secured by assets traditionally considered as security while lending by the financial services industry. The balance portfolio is also secured by project/event specific cash flow/s capture. The supply chain book of CFSL by it's nature is unsecured however, it is run on the basis of a strong relationship with the Anchor corporate who has a significant hold on it's vendors and dealers. Being a granular book with strong hold of the anchor on the vendors and dealers who are financed through regimented programs with strict selection and monitoring criteria the Risk in the portfolio is well spread.
- Following the 3 pair of eyes principle where RM, Credit analyst and Risk look at the proposal independently before it is put up for approvals.
- Monitoring the deferrals and covenants on a monthly basis and tracked through the automated system
- The specialised areas such a lending to other FIs and RE have specialised teams with commensurate experience, working on the proposals from these industries. Specialised measures such as audit of operations of the FI or considering both cash flow and security cover for Real Estate Cases are other measures to ensure optimal lending.
- Regular monitoring program where every asset is re-looked at every quarter.

Major Initiatives during the year

(1) The Company has successfully acquired the Supply Chain Finance Business of L&T Finance Limited (Business), consisting of an asset book of about Rs. 646 crores in accordance with the Business Transfer Agreement executed on September 4, 2018. The Business stands assigned and transferred to Centrum Financial Services Limited as of the closing date of December 30, 2018, in accordance with the transaction documents.

(2) CFSL's strategy has always been to expose itself to only the most optimum levels of Risk while conducting a profitable business. Keeping this principal in mind, in the last financial year CFSL started putting together a highly experienced team to launch asset building in the Micro Small & Medium Enterprises (MSME) space. This will not only lead to granularity in CFSL's book but also be highly technology driven initiative, which will lead to further optimization of Risk in CFSL's asset book.

FY 2019-20, will be the year of establishment of the MSME business. The team will be led by Mr. GL Kumar, who joined CFSL, with over 16 years of experience in Financial Services. He has worked at IIFL, YES BANK, Standard Chartered Bank and American Express. He has put together an experienced team of Business Development, Product Development, Operations and Risk professionals, who, will all help in establishing the MSME business of CFSL.

F. Material developments in human resources / industrial relations front, including number of people employed.

• Human Capital

We have built out the team by cautiously picking professionals from the relevant market basis specific skills required. Strong leadership had been a big pull along with our entrepreneurial culture, which we have established over the years.

We are still in the business build out phase and hence follow a very individualistic approach towards employee engagement and development. We understand that employee engagement is a wholesome exercise which involves competitive compensation, skill development, recognition, growth and conducive environment that fosters learning and innovation. All our efforts are towards creating this kind of an ecosystem.

• Employee Count

Employee headcount increased from 46 in FY18 to 98 in FY19.

G. Financial Performance

(Rs.in Lakhs)

	2018-2019	2017-18
Total Income	10,194	6,533
Profit after Tax	48	39
Net worth	29,676	17,093
Loan Book	1,13,349	34,284
Borrowings	99,058	34,242

Total Income:

The Total income registered a growth of 3,660 Lakhs to reach Rs. 10,190 Lakhs in FY 2018-2019 from Rs. 6,533 Lakhs in FY 17-18. The increase in income was mainly on account of increase in Loan book & increase in other income such as interest on FD, Income from Advisory services, Rental income, etc.

Net Worth:

The Company's net worth increased by 12,683 Lakhs to reach 29,756 Lakhs in FY 2018-2019 from Rs.17,093 Lakhs in FY 2017-18. The increase is mainly on account of profit earned in the current year of Rs. 48 Lakhs and equity infusion of Rs. 12,490 Lakhs.

Loan Book:

The Loan Book stood at Rs. 1,13,349 Lakhs during the year under review. The Company's loan portfolio comprises: Real Estate Finance, Supply Chain Finance, Commercial Finance and Financial Institution Finance.

Borrowings:

During the financial year, the Company has successfully raised Rs. 62,200 Lakhs from banks and Financial Institution.

H. Internal Control Systems:

Centrum Financial Services Ltd has established thorough internal control systems to monitor if all financial statements are issued with complete integrity and reliability. The senior management is fully involved in prudent lending and due diligence exercises to protect the Company's loan asset portfolio. The loan approval process involves origination and sourcing of business, credit appraisal and credit approval by various committees, including the Credit Committee, Risk Management Committee and so on. There are maker-checker controls built in for all loan approval and disbursement processes.

The Company has appointed F. K. Mody and Co., Chartered Accountants as its internal auditor and Grant Thornton India LLP as its Internal Financial Control auditor to conduct comprehensive audits of functional areas and operations to examine the adequacy of and compliance with policies, plans and statutory requirements.

The Company has adequate internal control systems and procedures covering all financial and operating functions commensurate with the size and nature of operations. Continuous efforts are being made to see that the controls are designed to provide a reasonable assurance with regard to maintaining of accounting controls and protecting assets from unauthorised use or losses. The Audit Committee looks into all internal control aspects and advises corrective actions, as and when required.

The internal control system has been developed to ensure accurate and reliable financial reporting and preparation of financial statements in accordance with applicable laws, regulations and generally accepted accounting principles.

Cautionary Statement/Disclaimer

Certain statements in this Report which describe the Company's objectives, predictions may be "forward-looking statements" within the meaning of applicable laws and regulations. Actual results may vary significantly from the forward looking statements contained in this document, due to various risks and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India, volatility in interest rates, new regulations and government policies that may impact the Company's business, as well as its ability to implement the strategy. The Company does not undertake to update these statements.



Umesh P. Maskeri B.Sc., CAIIB, L.L.b, FCS, PGDSL
Practising Company Secretary

No 304, Geetanjali Heights, Plot No.77, Sector 27
Near Presentation Convent School, Nerul East, Navi Mumbai-400 706
Tele 022 -27716919; Mobile: 09930178352; Email: umeshmaskeri@gmail.com

FORM NO. MR-3
SECRETARIAL AUDIT REPORT

For the Financial Year ended March 31, 2019
Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the
Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014
& Regulation 24 -A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To
The Members,
Centrum Financial Services Limited
Bombay Mutual Bldg, 2nd Floor,
Dr. D.N. Road; Fort
Mumbai-400001

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Centrum Financial Services Limited** (hereinafter called "the Company") incorporated on January 27, 1993, having CINU65910MH1993PLC192085 and Registered Office at 2nd Floor, Bombay Mutual Building, D.N Road, Fort, Mumbai- 400001 and corporate office at Unit 801, Centrum House, CST Road, Vidyanagari Marg, Kalina, Santa Cruz (East), Mumbai- 400098 for the financial year ended on March 31, 2019. 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 the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 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 on March 31, 2019 according to the provisions of:

- (i) The Companies Act, 2013 ("the Act") and the rules made thereunder;
- (ii) RBI Master Directions and Circulars/ Notifications issued from time to time;



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Practising Company Secretary

- (iii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iv) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (v) 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;
- (vi) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - (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, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (e) The Securities and Exchange Board of India (Registrars to Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
 - (g) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
 - (h) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 with effect from October 22, 2018

I have relied on the representation made by the Company and its officers for the systems and the mechanism formed by the Company for the compliances under the applicable Acts/laws and regulations to the Company. The list of major head/groups of Acts/laws and regulations applicable to the Company is enclosed and marked as **Annexure I**.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India: Applicable with effect from July 1, 2015
- (ii) The Listing Agreement entered into by the Company with BSE Limited and the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the under review:

1. The Shareholders of the Company, at the Extra Ordinary General Meeting held on April 2, 2018, approved the following matters:



Umesh P. Maskeri **B.Sc., CAIIB, L.L.b, FCS, PGDSL**
Practising Company Secretary

- i) Centrum Employees Incentive Plan
 - ii) Centrum Employees Incentive Scheme
 - iii) Grant of options exceeding 1 % of issued capital pursuant to the provisions of Section of Companies Act, 2013
 - iv) Payment of remuneration to Mr Ranjan Ghosh, Managing Director and CEO
2. The Shareholders of the Company, at the Extra Ordinary General Meeting held on June 8, 2018, pursuant to the provisions of Section 42, 62(1)(c), 62(1)(a), 71, 179 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Share Capital and Debentures) Rules 2014, the Companies (Prospectus and Allotment of Securities) Rules, 2014, approved further issue of securities for a sum of Rs 350 crore.
3. The Shareholders of the Company, at the Annual General Meeting held on August 10, 2018, approved the following matters:
- i) Borrowing powers of Rs 2000 crore under Section 180(1)(c) of Companies Act, 2013
 - ii) Creation of mortgage/charge on the assets of the Company for a sum of Rs. 2000 crore under Section 180(1)(a) of Companies Act, 2013;
 - iii) Increase of Authorised Share Capital to Rs 150 crore- pursuant to the provisions of Section 61 of Companies Act, 2013;
 - iv) Amendment to the Memorandum of Association of the Company for increasing the Authorised Share Capital to Rs 150 crore- pursuant to the provisions of Section 13 and 61 of Companies Act, 2013
 - v) Amendment to Employee Incentive Scheme Share pool under ESOP 2018 shall not exceed 1,73,91,304 equity shares.
4. The Shareholders of the Company, at the Extra Ordinary General Meeting held on November 12, 2018, approved the insertion of Article 48(a) and 48(b) by way of amendment to Articles of association for enabling the issue of securities in dematerialised form pursuant to the provisions of Section 14 of Companies Act, 2013 read with Rule 33 of Companies (Incorporation) Rules, 2014 and clause (a) of Regulation 20-A of SEBI (Issue and Listing of Debt Securities) Regulations, 2008.

I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors and Independent Directors including 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.



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Practicing Company Secretary

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance as per the requirement of the regulations, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decisions are carried through recorded as part of the minutes-All the resolutions were passed unanimously.

I further report that based on review of compliance mechanism established by the Company, I am of the opinion that the Company has 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.

UMESH P MASKERI
PRACTICING COMPANY SECRETARY
COP No. 12704 FCS No 4831

Place: Mumbai

Date: May 13, 2019

*Note: This report is to be read with our letter of even date which is annexed as **ANNEXURE II** and forms an integral part of this report.*



Umesh P. Maskeri **B.Sc., CAIIB, L.L.b, FCS, PGDSL**
Practicing Company Secretary

ANNEXURE I
OTHER LAWS APPLICABLE TO COMPANY
CENRUM FINANCIAL SERVICES LIMITED

1	The Income-tax Act, 1961
2	Goods and Service Tax Act, 2016
3	The Employees Provident Fund Act, 1952
4	The Payment of Gratuity Act, 1972
5	The Maharashtra Stamp Act (Bombay. Act LX 1958)
6	Micro, Small and Medium Enterprises Development Act, 2006
7	Negotiable Instruments Act, 1881
8	Indian Registration Act, 1908
9	Information Technology Act, 1996
10	Prevention of Sexual Harassment of women at Workplace Act,
11	Motor Vehicle Act, 1988
12	The Minimum Wages Act, 1948
13	Weekly Holidays Act, 1942
14	Maharashtra Shops and Establishment Act, 1948
15	The Employees State Insurance Act, 1948
16	Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975
17	Prevention of Money Laundering Act,
18	The Maternity Benefit Act, 1961
19	The Contract Labour (Regulation & Abolition) Act, 1971
20	The Equal Remuneration Act, 1976 and Rules 1976
21	The Export and Import Policy of India
22	The Trade Marks Act, 1999
23	Payment of Bonus Act, 1965

UMESH P MASKERI
PRACTICING COMPANY SECRETARY
FCS No 4831 COP No. 12704

Place: Mumbai

Date : May 13, 2019



Umesh P. Maskeri **B.Sc., CAIIB, L.L.b, FCS, PGDSL**
Practicing Company Secretary

ANNEXURE II

To
The Members,
Centrum Financial Services Limited
Unit 801, Centrum House, CST Road
Vidyanagari Marg, Kalina, Santa Cruz (East)
Mumbai-400098

My report of even date is to be read along with this letter:

1. Maintenance of secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on our 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, we followed provide a reasonable basis for our 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 management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

UMESH P MASKERI
PRACTICING COMPANY SECRETARY
FCS No 4831 COP No. 12704

Place: Mumbai
Date : May 13, 2019

ANNEXURE – C

REMUNERATION DETAILS PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5 OF THE COMPANIES (APPOINTMENT & REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

i. RATIO OF REMUNERATION OF EACH DIRECTOR TO THE MEDIAN REMUNERATION OF ALL EMPLOYEES:

The information required under Section 197 (12) of the Companies Act, 2013 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, in respect of ratio of remuneration of each director to the median remuneration of the employees of the Company for the financial year are as follows:

Median remuneration of all the employees of the Company for the Financial Year 2018-19	13,43,004/-
The percentage increase in the median remuneration of employees in the Financial Year 2018-19	21,60,408
The number of permanent employees on the rolls of Company as on March 31, 2019	98

Sr. No.	Name of Director	Designation	Ratio of remuneration to median remuneration of all employees
1.	Mr. Ranjan Ghosh	Managing Director & CEO	18.61:1

Notes:

The ratio of remuneration to median remuneration is based on annualized remuneration of employees for the financial year.

ii. AVERAGE PERCENTILE INCREASE ALREADY MADE IN THE SALARIES OF EMPLOYEES OTHER THAN THE MANAGERIAL PERSONNEL IN THE LAST FINANCIAL YEAR AND ITS COMPARISON WITH THE PERCENTILE INCREASE IN THE MANAGERIAL REMUNERATION AND JUSTIFICATION THEREOF AND POINT OUT IF THERE ARE ANY EXCEPTIONAL CIRCUMSTANCES FOR INCREASE IN MANAGERIAL REMUNERATION:

- a. The average increase in remuneration of employees other than managerial personnel during the financial year 2018-19 is 16 %
- b. Increase in managerial remuneration is 67 %.

iii. **REMUNERATION DETAILS PURSUANT TO RULE 5(2) OF THE COMPANIES ACT, 2013**

Details of Top ten employees in terms of remuneration drawn and employees employed throughout the financial year and were in receipt of remuneration for that year which, in the aggregate, was not less than Rs. 1,02,00,000/-

Name	Designation & Nature of Duties	Remuneration (in Rs.)	Qualification	Age & Experience (Years)	Date of commencement of Employment	Last Employment	Percentage of Equity shares held	Whether Employee is a relative of any Director or manager of the Company
Ranjan Ghosh	MD & CEO	2.50 Crore p.a.	MBA - University of Northern Iowa - USA & B.E.- Electrical - Jadavpur University, Kolkata	56 & 26 years	1 st August 2016	Standard Chartered Bank	Nil	No
Chirag Doshi	Regional Head Commercial Finance	1.30 Crore p.a.	MBA Saumaya College	42 & 16 years	2 nd January, 2018	Standard Chartered Bank	Nil	No
Sandeep Agarwal	Real Estate Head	1.30 Crore p.a.	MBA- ISB'2007	41 & 16 years	12 th October, 2017	Kotak Bank	Nil	No
Guntur Lavanya Kumar	Executive Director & Chief Business Officer – MSME	1.35 Crore p.a.	Executive General Management- IIM Bangalore	41 & 16 years	27 th November, 2018	India Infoline Finance Ltd	Nil	No

Remuneration shown above includes Salary, Performance Reward / Special Allowance, House Rent Allowance/Perquisite for Accommodation, Leave Travel Allowance, Medical Reimbursement, Perquisite for Car, Bonus, Variable Pay, Commission, monetary value of perquisites as per income tax rules and Company's Contribution to Provident Fund. But does not include Leave Encashment, Companies Contribution to Gratuity Fund.

iv. **PERCENTAGE INCREASE IN REMUNERATION OF EACH DIRECTOR, CFO, CEO, CS, IF ANY IN THE FINANCIAL YEAR**

Sr. No.	Name of the Director	Designation	CTC Rs. In Lacs		% of increase in remuneration
			2018-19	2017-18	
1	Mr. Ranjan Ghosh	Managing Director & CEO	2,50,00,000/- p.a.	1,50,00,000/- p.a.	67%
2	Mr. Bharat Adnani	CFO	48,00,000/- p.a.	48,00,000/- p.a.	0%
3	Ms. Ruta Sabnis **	Company Secretary	6,66,400/- p.a.	6,17,010/- p.a.	8%

** Ms. Ruta Sabnis resigned w.e.f. October 26, 2018

v. **AFFIRMATION**

It is affirmed that the remuneration paid to the Directors, Key Managerial Personnel and other employees is as per the Remuneration Policy of the Company.

**By order of the Board
For Centrum Financial Services Limited**

**Ranjan Ghosh
Managing Director & CEO
DIN:07592235**

**Shailendra Apte
Non-Executive Director
DIN: 00017814**

**Place: Mumbai
Date: May 21, 2019**

Annexure D

Annual Report on Corporate Social Responsibility (CSR) Activities

[Pursuant to Section 134(3)(0) of the Companies Act, 2013 read with Rule 8(1) of the Companies (Corporate Social Responsibility Policy) Rules, 2014]

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:

In accordance with the CSR Policy of the Company, the CSR initiatives were focused on the following pre-identified areas:

- a. The CSR activities shall be undertaken as per CSR policy of the Company by way of projects or programs or activities (either new or ongoing) in India, excluding the activities undertaken in pursuance of the normal course of business. The Company shall give preference to the local area and areas around it from where it operates, for spending the amount earmarked for CSR activities.
- b. The Board may decide to undertake CSR activities approved by the CSR Committee directly through employees of the Company or through a registered trust or a registered society or an entity established by the Company or subsidiary or associate company under Section 8 of the Companies Act, 2013 or otherwise and subject to conditions as specified in the CSR Rules.
- c. The Company may also collaborate with other companies for undertaking projects or programs or CSR activities in such a manner that the CSR Committee of respective companies are in a position to report separately on such projects or programs in accordance with the CSR Rules.
- d. CSR expenditure shall include all expenditure including contribution to corpus, or on projects or programs relating to CSR activities, approved by the Board on the recommendation of CSR Committee, but shall not include:
 - i) Any expenditure on an item not in conformity or not in line with activities, which fall within the purview of Schedule VII of the Act.
 - ii) CSR projects or programs or activities that benefit only the employees and their families.
 - iii) Contribution of any amount directly or indirectly to any political party under section 182 of the Act.
- e. The Company may fulfill the CSR obligation by way of a donation to a fund established /approved by the Government or any other appropriate authority on the recommendation of the CSR Committee.
- f. CSR activities include:-
 - i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation and making available safe drinking water;
 - ii) Promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;

- iv) Promoting gender equality, empowering women, setting up homes and hostels for women and orphans, setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- v) Ensuring environmental sustainability, ecological balances, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water;
- vi) Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of arts, setting up of public libraries, promotion and development of traditional arts and handicrafts;
- vii) Measures for the benefit of armed forces veterans, war widows and their dependents,
- viii) Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports;
- ix) Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Schedule Castes, the Scheduled Tribes, other backward classes, minorities and women;
- x) Contribution or funds provided to technology incubators located within academic institutions, which are approved by the Central Government;
- xi) Rural development projects.

The CSR Policy of the Company can be accessed on the web link: www.centrum.co.in.

2. The Composition of the CSR Committee:

In accordance with the provisions of Section 135 of the Companies Act, 2013 (the "Act"), the Board of Directors of the Company has constituted a Corporate Social Responsibility Committee (CSR Committee). As on March 31, 2019, the composition of the CSR Committee was as follows:

Sr.	Name	Category	Designation in Committee
1	Mr. Ranjan Ghosh	Managing Director & CEO	Chairman
2	Ms. Dipali Sheth	Independent Director	Member
3	Mr. Shailendra Apte	Non- Executive Director	Member

3. Average net profit of the Company for last three financial years: Rs. 7,38,86, 154

4. Prescribed CSR Expenditure [Rounded off] (two percent of the amount as in item 3 above): Rs.14,77,723

5. Details of CSR spent during the financial year 2018-19 and previous years.

a. Total amount to be spent for the financial year: Rs.14,77,723

b. Total Aggregate Amount to be spent: Rs. 35,05,281

c. Amount unspent, if any: Rs. 35,05,281

d. Manner in which the amount spent during the financial year:

During the Financial Year 2018-19, the Company has not spent any amount for CSR activities.

6. In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the company shall provide the reason for not spending the amount in its Board Report:

Your Directors wish to inform you that since NBFC sector was facing a liquidity crunch and the margins are under pressure, the Management had proposed to not spend the CSR amount as stipulated above during FY 2018-19. The entire amount shall be spent when the Company has adequate surplus. Further, the said amount shall be spent through Centrum Group's trust, viz. "Centrum Foundation" to enable collective initiative of all CSR activities within the group. Various CSR projects are being evaluated and are in the process of getting finalized

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with the CSR objectives and Policy of the Company:

The CSR Committee confirms that the implementation and monitoring of the CSR Policy of the Company is in compliance with the CSR objectives and CSR Policy of the Company.

**For and on behalf
Centrum Financial Services Limited**

**Shailendra Apte
Director**

**For and on behalf of
Centrum Financial Services Limited**

**Ranjan Ghosh
Chairman – CSR Committee**

ANNEXURE E - of Directors' Report

Extract of Annual Return as on the financial year ended on March 31, 2019

FORM No. MGT-9

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

I. REGISTRATION AND OTHER DETAILS:

i.	CIN	U65910MH1993PLC192085
ii.	Registration Date	27th January, 1993
iii.	Name of the Company	Centrum Financial Services Limited
iv.	Category / Sub-Category of the Company	Public Company/Limited by shares
v.	Address of the Registered office & Corporate Office and Contact details	Reg. Office: Bombay Mutual Building, 2 nd Floor, Dr. D N Road, Fort, Mumbai. Corporate Office : Centrum House, Vidyanagari Marg, Kalina , Santacruz (East), Mumbai 400098. Tel Number : 022 4215 9000
vi.	Whether listed company	No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited,C-101, 247 Park L.B.S. Marg, Vikhroli (W) Mumbai 400 083 Tel No: +91 22 49186000

II. Principal Business activities of the Company

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

Sr. No.	Name and Description of main products / Services	NIC Code of the Product/ service	% to total turnover of the Company
1	99711352	Other Credit Granting Services	92.11 %

III. Particulars of Holding, Subsidiary and Associate Companies as on March 31, 2019

Sr No	Name and Address of the Company	CIN	Holding/ Subsidiary / Associate	%	Applicable section
1	Centrum Capital Limited Corporate Office: Centrum House, CST Road, Vidyanagari Marg, Kalina, Santacruz (East), Mumbai-400098	L65990MH1977PLC019986	Holding Company	100	2(46)

IV) Share Holding Pattern (Equity Share Capital Breakup as percentage of Total Equity):

A. Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year			
	4/1/2018				3/31/2019			
	Demat	Physical	Total	% of Total share capital	Demat	Physical	Total	% of Total share capital
A. Promoters								
(1) Indian								
(a) Individuals/ HUF								
(b) Central Govt								
(c) State Govt(s)								
(d) Bodies Corp.	56,861,936	6	56,861,942	100	98,956,942	-	98,956,942	100
(e) Banks / FI								
(f) Any Other....								
Sub Total (A)(1):-	56,861,936	6	56,861,942	100	98,956,942	-	98,956,942	100
(2) Foreign								
(a) NRI Individuals								
(b) Other Individuals								
(c) Bodies Corp.								
(d) Banks / FI								
(e) Any Other....								
Sub Total (A)(2):-								
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	56,861,936	6	56,861,942	100	98,956,942	-	98,956,942	100
B. Public Shareholding								
(1) Institutions								
(a) Mutual Funds								
(b) Banks FI								
(c) Central Govt								
(d) State Govt(s)								
(e) Venture Capital Funds								
(f) Insurance Companies								
(g) FIs								
(h) Foreign Venture Capital Funds								
(i) Others (specify)								
* Financial Institutions								
* Government Companies								
* State Financial Corporation								
* Market Makers								
* Any Other								
* Otc Dealers (Bodies Corporate)								
* Private Sector Banks								
Sub-total (B)(1):-								
(2) Non-Institutions								
(a) Bodies Corp.								
(i) Indian								
(ii) Overseas								
(b) Individuals								
(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh								
(ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh								
(c) Others (specify)								
* N.R.I. (Non-Repatriate)								
* N.R.I. (Repatriate)								
* Trust								
* Hindu Undivided Family								
* Employee								
* Clearing Members								
* Depository Receipts								
Sub-total (B)(2):-								
Total Public Shareholding (B) = (B)(1)+(B)(2)								
C. Total shares held by Custodian for GDRs & ADRs								
Grand Total(A + B + C)	56,861,936	6	56,861,942	1	98,956,942	-	98,956,942	100

B) Shareholding of Promoters

Sr No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		1/4/2017			31/03/2018			
		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	Centrum Capital Limited	56861936	0	0	98956942	100	-	-

C) Shareholding Pattern of Top 10 Shareholders (Other than Directors, Promoters & Holders of GDRS /ADRs): NIL

Sr. 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
NIL					

D) Shareholding of Directors and Key Managerial Personnel: NIL

Sr. 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
NIL					

V. INDEBTEDNESS

Particulars	Secured loans excluding deposits	Unsecured loans	Deposits	Total Indebtedness
	(Rs)	(Rs)	(Rs)	(Rs)
Indebtedness at the beginning of the financial year				
i) Principal Amount	3,248,086,646	176,096,175		3,424,182,821
ii) Interest due but not paid		28,069,189		28,069,189
iii) Interest accrued but not due	35,186,619			35,186,619
Total (i+ii+iii)	3,283,273,265	204,165,364	-	3,487,438,628
Change in indebtedness during the financial year				
Addition (Net)	7,033,691,725			7,033,691,725
Reduction		(1,789,456)		(1,789,456)
Exchange difference				-
Net change	7,033,691,725	(1,789,456)	-	7,031,902,268
Indebtedness at the end of financial year 31/03/2019				
i) Principal Amount	9,708,625,473	197,213,349		9,905,838,822
ii) Interest due but not paid		5,162,558		5,162,558
iii) Interest accrued but not due	608,339,517			608,339,517
Total (i+ii+iii)	10,316,964,989	202,375,907	-	10,519,340,897

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration of Managing Director/ Whole Time Director/Manager

Particulars of remuneration	Ranjan Ghosh MD & CEO
Gross Salary Per anum	15,000,000
a) Salary as per provisions contained in section 17(1) of the	-
b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-
c) Profits in lieu of salary u/s 17(3) of the Income Tax Act,1961	-
Stock option	10,108,974
Sweat Equity	-
Commission	-
>as a % of profit	-
>others	10,000,000
Others (please specify)	
Total	35,108,974

B. Remuneration to other directors:

Particulars of remuneration	Name of the Directors				Total Amount
	Harish Hansubhai Engineer	Gopalasamudram Srinivasaraghavan Sundararajan	Dipali Hemant Sheth	R.S.Reddy	
Independent Directors					
Fee for attending board /committee meetings	260,000	280,000	280,000	280,000	1,100,000
Commission	0	0			0
Others, please specify	0	0			0
Total (1)	260,000	280,000	280,000	280,000	1,100,000
Other Non-Executive Directors	Rishad Khushrooh	Shailendra Apte			
Fee for attending board / committee meetings	140,000	0	-	-	140,000
Commission	-	-	-	-	-
(d) State Govt(s)	-	-	-	-	-
Total (2)	140,000	0	-	-	140,000
Total (B)=(1+2)					1,240,000
Total Managerial Remuneration					35,108,974
Overall Ceiling as per the Act					11%

C. Remuneration To Key Managerial Personnel Other Than MD/ Manager/ WTD

Particulars of remuneration	Mrs. Ruta Sabnis	Mr. Bharat Adnani
	Company Secretary *	Chief Financial Officer
Gross Salary		-
a) Salary as per provisions contained in section 17(1) of the Income Tax Act,1961	346,217.00	4,800,000.00
b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-	-
c) Profits in lieu of salary u/s 17(3) of the Income Tax Act,1961	-	-
Stock option	-	-
Sweat Equity	-	-
Commission	-	-
>as a % of profit	-	-
>others	-	-
Others (please specify)	75,768.00	-

*Ms. Ruta Sabnis resigned as Company Secretary of the Company w.e.f. 26.10.2018

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

There were no penalties/punishments/compounding of offences for the year ended

For and on Behalf of the Board of Directors.
Centrum Financial Services Limited

Ranjan Ghosh
Managing Director & CEO
DIN: 07592235

Shailendra Apte
Whole Time Director
DIN: 00017814

Annexure F

NOMINATION AND REMUNERATION POLICY

BACKGROUND

Section 178 of the Companies Act, 2013 (“the Act”), as amended from time to time, read with Part D of Schedule II of the Listing Regulations, requires the Nomination and Remuneration Committee (“NRC” / “the Committee”) to formulate a policy relating to the remuneration for the Directors, Key Managerial Personnel (“KMPs”), Senior Management and other employees of Centrum Financial Services Limited (“the Company”) and recommend the same for approval of the Board. Further, Section 178(4) of the Act stipulates that such policy is required to be disclosed in the Board’s Report.

Section 134 of the Act stipulates that the Board’s Report is required to include a statement on Company’s policy on Directors’ appointment and remuneration including criteria for determining qualifications, positive attributes, independence of directors and remuneration for KMPs and other employees.

1. Objectives & Applicability

The NRC and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable guidelines of the Listing Regulations.

The Key Objectives of the NRC shall be:

- To guide the Board in relation to the appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation by the Board.
- To recommend to the Board on remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- To provide to Key Managerial Personnel and Senior Management rewards linked directly to their effort, performance, dedication and achievement relating to the Company’s operations.
- To retain, motivate and promote talent and to ensure long-term sustainability of talented managerial persons and create competitive advantage.
- To devise a policy on Board diversity
- To develop a succession plan for the Board and to regularly review the plan

Applicability:

- a) Directors (Executive and Non-Executive)
- b) Key Managerial Personnel
- c) Senior Management Personnel

2. DEFINITIONS

2.1. Act means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.

2.2. Board means Board of Directors of the Company.

2.3. The Company shall mean Centrum Financial Services Limited

2.4. Directors mean Directors of the Company.

2.5. Key Managerial Personnel means

- Chief Executive Officer or the Managing Director or the Manager;
- Whole-time Director;
- Chief Financial Officer;
- Company Secretary; and
- Such other officer as may be prescribed.

2.6. Senior Management means officers one level below the Executive Directors on the Board.

3. ROLE OF NRC

3.1. Matters to be dealt with, perused and recommended to the Board by the NRC

The Committee shall:

- Formulate the criteria for determining qualifications, positive attributes and independence of a Director.
- Identify persons who are qualified to become Directors and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this Policy.
- Recommend to the Board, appointment including the terms and removal of Directors, KMPs and Senior Management Personnel.

3.2. Policy for appointment and removal of Director, KMPs and Senior Management

3.2.1. Appointment criteria and qualifications

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director with the objective of having a Board with diverse background and experience in business, education and public service and recommend to the Board his / her appointment.

Attributes expected of all Directors include independence, high personal and professional ethics, sound business judgment, ability to participate constructively in deliberations and willingness to exercise authority in a collective manner.

Appointment of Independent Directors is subject to the provisions of Section 149 of the Act read with Schedule IV and rules thereunder and the Listing Regulations. The NRC shall check that the proposed person satisfies the criteria of independence as stipulated under Section 149(6) of the Act and the Listing Regulations, before his/her appointment as an Independent Director.

No person shall be appointed as a Director, if he/she is subject to any disqualifications as stipulated under the Act or any other law(s) for the time being in force.

- b) A person shall possess adequate qualification, expertise and experience for the position he/ she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position. In evaluating the suitability of individual Board members, the Committee considers many factors, including general understanding of marketing, finance, operations, management, public policy, legal, governance and other disciplines. The Board evaluates each individual in the context of the Board as a whole, with the objective of having a group that can best perpetuate the success of the Company's business and represent stakeholders' interests through the exercise of sound judgment, using its diversity of experience.
- c) The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years. No re-appointment of a Whole-time Director shall be made earlier than one year before the expiry of the current term.

In determining whether to recommend a Director for re-election, the Committee shall consider the Director's past attendance at meetings, participation in meetings and contributions to the activities of the Board.

3.2.2. Term / Tenure

a) Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Chairman, Managing Director or Executive Director for a term not exceeding Three/Five years at a time. As mentioned above, no re-appointment shall be made earlier than one year before the expiry of the current term.

b) Independent Director:

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

- No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. However, if a person who has already served as an Independent Director for 5 years or more in the Company as on October 1, 2014 or such other date as may be determined by the Committee as per regulatory requirement; he/ she shall be eligible for appointment for one more term of 5 years only.
- At the time of appointment of Independent Director it shall be ensured that the number of Boards on which such Independent Director serves as an Independent Director is restricted to seven listed companies and three listed companies in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

3.2.3. Evaluation

The Committee shall carry out evaluation of performance of every Director, KMPs and Senior Management Personnel at regular interval (Yearly).

A. Non-Executive Directors/ Independent Directors:

The NRC shall carry out evaluation of performance of Non-Executive Directors/ Independent Directors every year ending March 31 on the basis of the following criteria:

1. Number of the Board/ Committee meetings attended
2. Contribution during the Meetings.
3. Informal Interaction with the Management
4. Active Participation in strategic decision making
5. Inputs to executive management on matters of strategic importance

B. Executive Directors

The Committee shall carry out the evaluation of every Executive Directors, on a yearly basis.

C. Senior Management/ KMPs/ Employees

The Human resource ("HR") Department shall carry out the evaluation of the senior management/ KMPs/ employees, every year ending March 31, with the Department Head(s)/ Management concerned. Key Responsibility Areas ("KRAs") shall be identified well in advance. Performance benchmarks shall be set and evaluation of employees shall be done by the respective reporting Manager(s)/ Management to determine whether the set performance benchmarks are achieved. The payment of remuneration/annual increment to the aforementioned persons shall be determined after the satisfactory completion of evaluation process.

The HR Department of the Company is authorized to design the framework for evaluating the EDs/KMPs/Senior Management Personnel/Employees.

The objective of carrying out the evaluation by the Company shall be to identify and reward those with exceptional performances during any financial year. Training and Development Orientation programs on a need basis shall be provided to employees, whose performance during any financial year does not meet the benchmark criteria.

3.2.4. Removal

Due to reasons of any disqualification mentioned in the Act or under any other applicable Acts, rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

3.2.5. Retirement

The Director, KMPs and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board shall have the discretion to retain the Director, KMPs, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

3.3. Policy relating to the Remuneration for the KMP and Senior Management Personnel

3.3.1. General:

- a) NRC while determining the criteria for remuneration for Directors, KMPs/Senior Management and other employees ensures that:
 - the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate personnel of the quality required to run the Company successfully;
 - relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - remuneration to Directors, KMPs and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.
- b) The remuneration / compensation / commission etc. to the Executive Directors, KMPs and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/ post approval of the shareholders of the Company and Central Government, wherever required.
- c) The remuneration and commission to be paid to the Whole-time Directors shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company and as per the provisions of the Act.

- d) Where any insurance is taken by the Company on behalf of its Whole-time Directors, the Chief Executive Officer, the Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

3.3.2. Remuneration to Whole-time Directors, KMPs and Senior Management Personnel:

- a) Fixed pay:

The Executive Director/ KMP and Senior Management Personnel shall be eligible for a monthly remuneration as approved by the Board/ Committee, as the case may be. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board/ Committee/ the Person authorized by the Board/ Committee and approved by the shareholder and Central Government, wherever required.

- b) Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Directors in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the approval of the Central Government.

- c) Provisions for excess remuneration:

If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

3.3.3. Remuneration to Non- Executive / Independent Director:

Overall remuneration shall be reflective of the size of the Company, complexity of the sector/industry/company's operations and the company's capacity to pay the remuneration.

Independent Directors ("ID") and Non-Independent Non-Executive Directors ("NED") may be paid sitting fees (for attending the meetings of the Board and the committees of which they may be members) and commission within the regulatory limits. Quantum of sitting fees may be subject to review on a periodic basis, as required.

Within the parameters prescribed by law, the payment of sitting fees and commission shall be recommended by the NRC and approved by the Board.

Overall remuneration (sitting fees and commission) shall be reasonable and sufficient to attract, retain and motivate Directors aligned to the requirements of the Company (taking into consideration the challenges faced by the Company and its future growth imperatives). Provided that the amount of such fees shall be subject to ceiling/limits as provided under Companies Act, 2013 and rules thereunder or any other enactment for the time being in force.

Overall remuneration practices shall be consistent with recognised best practices.

In addition to the sitting fees and commission, the Company may pay to any Director such fair and reasonable expenditure, as may have been incurred by the Director while performing his/her role as a Director of the Company. This could include reasonable expenditure incurred by the Director for attending Board/Board committee meetings, general meetings, court convened meetings, meetings with shareholders/creditors/ management, site visits, Client Visits, induction and training (organised by the Company for Directors) and in obtaining professional advice from independent advisors in the furtherance of his/her duties as a director.

4. NOMINATION DUTIES

The duties of the Committee in relation to nomination matters include:

- 4.1 Ensuring that there is an appropriate induction in place for new Directors and reviewing its effectiveness;
- 4.2 Ensuring that on appointment to the Board, the Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;
- 4.3 Identifying and recommending Directors who are to be put forward for retirement by rotation.
- 4.4 Determining the appropriate size, diversity and composition of the Board;
- 4.5 Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;
- 4.6 Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- 4.6 Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- 4.7 Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.
- 4.8 Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- 4.9 Recommend any necessary changes in the Policy to the Board; and
- 4.10 Considering any other matters, as may be requested by the Board.

5. REMUNERATION DUTIES

The duties of the Committee in relation to remuneration matters include:

- 5.1 to consider and determine the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate regarding all elements of the remuneration of the members of the Board.
- 5.2 to approve the remuneration of the Senior Management including key managerial personnel of the Company, in line with the Policy, maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.
- 5.3 to delegate any of its powers to one or more of its members or the Secretary of the Committee.
- 5.4 to consider any other matters as may be requested by the Board.
- 5.5 Professional indemnity and liability insurance for Directors and senior management.

6. MINUTES OF COMMITTEE MEETING

Proceedings of all meetings shall be minute and signed by the Chairman of the Committee at the subsequent meeting. Minutes of the Committee meetings shall be tabled at the subsequent Board and Committee meeting.

7. REVIEW AND AMMENDMENT

- The NRC or the Board may review the Policy annually or earlier when it deems necessary
- The NRC may issue the guidelines, procedures, formats, reporting mechanism and manual in supplement for better implementation to this Policy, if it thinks necessary
- This Policy may be amended or substituted by the NRC or by the Board as and when required and also by the Compliance Officer where there are any statutory changes necessitating the change in this Policy.

8. COMPLIANCE RESPONSIBILITY

Compliance of this policy shall be the responsibility of the Chief Financial Officer of the Company who shall have the power to ask for any information or clarification from the management in this regard.

Financial Statements

Walker Chandiook & Co LLP

Walker Chandiook & Co LLP
16th Floor, Tower II,
Indiabulls Finance Centre,
SB Marg, Elphinstone (W)
Mumbai - 400 013
India

T +91 22 6626 2600
F +91 22 6626 2601

Independent Auditor's Report

To the Members of Centrum Financial Services Limited

Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of Centrum Financial Services Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2019, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. 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 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Accounting Standards prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 (as amended), of the state of affairs of the Company as at 31 March 2019, and its profit and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, 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.



**Centrum Financial Services Limited
Independent Auditor's Report on the Audit of the Financial Statements**

5. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p>Implementation of Loan Management System (LMS)</p> <p>During the year ended 31 March 2019, the Company had implemented the LMS and shifted the database and account balances maintained in excel spreadsheets to LMS in relation to the loan activities of the Company.</p> <p>Such significant system implementation increases the risk to the internal financial controls environment. These changes represent a financial reporting risk while implementation takes place as controls and processes that have been established over a number of years are updated into a new environment. Hence, considering the significance of the activity and the volume of the loan portfolio; we have determined this to be a key audit matter for current year audit.</p>	<p>Our audit procedures with the involvement of our IT specialists included, but were not limited to, the following:</p> <ul style="list-style-type: none"> • Obtained the understanding of the implementation activity carried out by the Company during the year ended 31 March 2019; • Evaluated the controls established by the management for such system implementation to ensure the implementation activity has been completed appropriately; • Evaluated the design and tested the operating effectiveness of key automated and IT dependent manual controls for the system implementation, as applicable, including IT general controls; • Verified that the pre-migration and post migration reports, for example, loan register were approved by the respective authorized personnel from the Operations and Finance teams, along with the personnel from conversion team; and • Verified on test basis, that the balances, loan IDs and other data have been appropriately transferred to the LMS to ensure the accuracy and completeness of the system implementation activity.
<p>Information technology systems and controls over financial reporting</p> <p>The Company is highly dependent on information technology (IT) systems for carrying on its operations. The Company's accounting and financial reporting processes are dependent on the automated controls enabled by IT systems which impacts key financial accounting and reporting items such as loans, interest income, provision on loans, amongst others. The controls implemented by the Company in its IT environment determine the integrity, accuracy, completeness and validity of data that is processed by the applications and is ultimately used for financial reporting.</p>	<p>Our audit procedures with the involvement of our IT specialists included, but were not limited to the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of the Company's IT related control environment and conducted risk assessment and identified IT applications, and operating systems that are relevant to our audit. Also, obtained an understanding of the changes that were made to the identified IT applications during the audit period and tested those changes that had a significant impact on financial reporting; • Tested the design and operating effectiveness of the Company's IT controls over the IT applications as identified above;



**Centrum Financial Services Limited
Independent Auditor's Report on the Audit of the Financial Statements**

Key audit matter	How our audit addressed the key audit matter
<p>Our areas of audit focus included user access management, developer access to the production environment and changes to the IT environment. Further, we also focused on key automated controls relevant for financial reporting.</p> <p>Accordingly, since our audit strategy included focus on key IT systems and automated controls due to pervasive impact on the financial statements; we have determined the same as a key audit matter for current year audit.</p>	<ul style="list-style-type: none"> • Tested IT general controls particularly, logical access, changes management and aspects of IT operational controls. Tested that requests for access to systems were appropriately reviewed and authorized; tested controls around Companies periodic review of access rights; inspected requests of changes to systems for appropriate approval and authorization; • Tested report logic for system generated reports relevant to the audit mainly for loans, interest income, provision on loans and NPA identification; and • Where deficiencies were identified, tested compensating controls or performed alternative procedures.

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

6. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available 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.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

7. 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 prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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.



Centrum Financial Services Limited Independent Auditor's Report on the Audit of the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

9. 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 Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
10. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism 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 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
 - 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 up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



Centrum Financial Services Limited
Independent Auditor's Report on the Audit of the Financial Statements

11. 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.
12. 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.
13. 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 disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

14. As required by section 197(16) of the Act, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
15. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.
16. Further to our comments in Annexure I, 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 purpose 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 financial statements 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 prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
 - e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of section 164(2) of the Act;
 - f) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 21 May 2018 as per Annexure II expressed unmodified opinion;



Walker Chandiook & Co LLP

Centrum Financial Services Limited
Independent Auditor's Report on the Audit of the Financial Statements

- g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
- i. the Company, as detailed in note 26 to the financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2019;
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2019;
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2019; and
 - iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiook & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013


Manish Gujral
Partner
Membership No.: 105117

Place : Mumbai
Date : 21 May 2019

**Centrum Financial Services Limited
Independent Auditor's Report on the Audit of the Financial Statements**

Annexure I to the Independent Auditor's Report of even date to the members of Centrum Financial Services Limited, on the financial statements for the year ended 31 March 2019

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (b) The Company has a regular program of physical verification of its property, plant and equipment under which property, plant and equipment are verified in a phased manner over a period of two years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain property, plant and equipment were verified during the year and no material discrepancies were noticed on such verification.
- (c) The Company does not hold any immovable property (in the nature of property, plant and equipment). Accordingly, the provisions of clause 3(i)(c) of the Order are not applicable.
- (ii) The Company is a non-banking finance company, primarily engaged in the business of leading and does not hold any inventories. Accordingly, the provisions of clause 3(ii) of the Order is not applicable.
- (iii) The Company has granted unsecured loans to companies covered in the register maintained under Section 189 of the Act; and with respect to the same:
 - (a) in our opinion the terms and conditions of grant of such loans are not, prima facie, prejudicial to the company's interest.
 - (b) the schedule of repayment of principal has been stipulated wherein the principal amounts are repayable on demand and since the repayment of such loans has not been demanded, in our opinion, repayment of the principal is regular, and the schedule of payment of interest has been stipulated and the receipts of the interest are regular;
 - (c) there is no overdue amount in respect of loans granted to such companies.
- (iv) In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.



Annexure I (Contd)

- (vii)(a) Undisputed statutory dues including provident fund, goods and service tax, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) The dues outstanding in respect of income-tax, sales-tax, goods and service tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

Statement of Disputed Dues

Name of the statute	Nature of dues	Amount (₹)	Amount paid under Protest (₹)	Period to which the amount relates	Forum where dispute is pending	Remarks, if any
Income Tax Act, 1961	Income tax	1,862,870	-	Assessment year 2010-11	Commissioner of Income Tax (Appeals) Income Tax	CIT Appeal is filed
Income Tax Act, 1961	Income tax	76,53,030 and 2,30,34,940	15,31,000 and 46,07,000	Assessment year 2011-12 and 2012-13	Commissioner of Income Tax (Appeals) Income Tax	Applied for stay on tax demand on 28 January 2019

- (viii) The Company has not defaulted in repayment of loans or borrowings to any financial institution or a bank or government or any dues to debenture-holders during the year. Accordingly, the Company has no loans or borrowings payable to any financial institution or government and no dues payable to debenture holders.
- (ix) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not raised any money by way of initial public offer or further public offer, hence not commented upon.
- Further, monies raised by the Company by way of debt instruments and term loans were applied for the purpose for which those were raised, though idle/surplus funds which were not required for immediate utilization were gainfully invested in liquid assets payable on demand.
- (x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) Managerial remuneration has been paid and provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.



Walker Chandiook & Co LLP

Centrum Financial Services Limited
Independent Auditor's Report on the Audit of the Financial Statements

Annexure I (Contd)

- (xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable accounting standards.
- (xiv) During the year, the Company has made private placement of fully convertible debentures. In respect of the same, in our opinion, the Company has complied with the requirement of Section 42 of the Act and the Rules framed thereunder. Further, in our opinion, the amounts so raised have been used for the purposes for which the funds were raised. During the year, the Company did not make preferential allotment of shares.
- (xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and such registration has been obtained by the Company.

For **Walker Chandiook & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013



Manish Gujral
Partner
Membership No.: 105117

Place: Mumbai
Date : 21 May 2019

**Centrum Financial Services Limited
Independent Auditor's Report on the Audit of the Financial Statements**

Annexure II to the Independent Auditor's Report of even date to the members of Centrum Financial Services Limited on the financial statements for the year ended 31 March 2019

Independent Auditor's Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the financial statements of **Centrum Financial Services Limited** ('the Company') as at and for the year ended 31 March 2019, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Company as at that date.

Management's Responsibility for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on 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 the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. 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 IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. 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 IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

6. A Company's IFCoFR 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 IFCoFR include 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.



Annexure II (Contd)

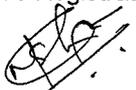
Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2019, based on 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 ICAI.

For **Walker Chandniok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013


Manish Gujral
Partner
Membership No.: 105117

Place: Mumbai
Date : 21 May 2019

Centrum Financial Services Limited
Balance Sheet

(Amount in Rs.)

Particulars	Note No.	As at 31 March 2019	As at 31 March 2018
Equity and liabilities			
Shareholders' funds			
Share capital	3	98,95,69,420	56,86,19,420
Reserves and surplus	4	1,98,80,08,254	1,14,06,56,994
		2,97,75,77,674	1,70,92,76,414
Non-current liabilities			
Long-term borrowings	5	4,09,68,00,740	2,07,81,10,522
Other long-term liabilities	6	18,01,94,905	29,38,18,135
Long-term provisions	7	5,28,35,197	60,56,082
		4,32,98,30,842	2,37,79,84,739
Current liabilities			
Short-term borrowings	8	2,72,42,99,049	26,09,36,384
Trade payables	9		
- total outstanding dues of micro enterprises and small enterprises		9,44,885	6,90,970
- total outstanding dues of creditor other than micro enterprises and small enterprises		1,09,27,586	2,15,28,255
Other current liabilities	6	3,78,65,24,616	1,16,77,18,730
Short-term provisions	7	2,93,33,998	3,68,76,933
		6,55,20,30,134	1,48,77,51,272
Total		13,85,94,38,650	5,57,50,12,425
Assets			
Non-current assets			
Fixed assets			
Property, plant and equipment	10	1,14,55,188	75,19,481
Intangible assets	10	17,21,42,502	1,49,97,643
Intangible assets under development		-	1,47,15,000
Non-current investments	11	39,54,46,627	40,10,95,062
Deferred tax assets (net)	12	2,65,54,228	1,28,26,560
Other non-current assets	13	4,29,58,908	31,29,14,356
Long-term loans and advances	14	3,11,94,61,011	1,31,18,02,284
		3,76,80,18,464	2,07,58,70,386
Current assets			
Current investments	15	34,73,99,996	8,00,47,495
Cash and bank balances	16	1,02,34,13,276	72,69,61,101
Short-term loans and advances	14	8,32,02,88,445	2,41,62,81,967
Other current assets	13	40,03,18,470	27,58,51,476
		10,09,14,20,186	3,49,91,42,039
Total		13,85,94,38,650	5,57,50,12,425
Summary of significant accounting policies	2		
The accompanying notes form an integral part of the financial statements	1-37		

The accompanying notes 1-37 form an integral part of the audited financial statements
As per report of our even date

For **Walker Chandio & Co LLP**
Chartered Accountants
Firm's registration number: 001076N/N500013

For and on behalf of the Board of Directors
Centrum Financial Services Limited

Manish Gujral
Partner
Membership no. 105117

Ranjan Ghosh
Managing Director and CEO
DIN: 07592235

Shailendra Apte
Director
DIN: 00017814

Bharat Adnani
Chief Financial Officer

Dipesh Goyal
Company Secretary

Date : 21 May 2019
Place : Mumbai

Date : 21 May 2019
Place : Mumbai

Centrum Financial Services Limited
Statement of Profit and Loss

(Amount in Rs.)

Particulars	Note No.	For the year ended 31 March 2019	For the year ended 31 March 2018
Revenue			
Revenue from operations	17	93,89,20,573	51,18,53,846
Other income	18	8,04,68,884	14,14,64,495
Total revenue (I)		1,01,93,89,457	65,33,18,341
Expenses			
Employee benefits expenses	19	21,16,14,742	9,57,53,004
Finance costs	20	65,35,10,977	40,53,62,331
Depreciation and amortisation expenses	10 & 11	1,30,83,351	84,54,293
Other expenses	21	8,82,38,625	8,14,62,598
Provision and write offs	22	5,09,62,943	3,40,94,607
Total expenses (II)		1,01,74,10,638	62,51,26,834
Profit before tax (III) = (I) - (II)		19,78,819	2,81,91,507
Tax expense			
Current tax expense		1,09,48,395	2,52,65,071
Deferred tax (credit)		(1,37,27,668)	(1,29,48,646)
Income tax for earlier years		-	1,20,00,000
Profit after tax		47,58,091	38,75,082
Earnings per equity share			
Basis	25	0.06	0.10
Diluted		0.06	0.10
[Nominal value of shares Rs.10 each (31 March 2018 : Rs. 10)]			
Summary of significant accounting policies	2		
The accompanying notes form an integral part of the financial statements	1-37		

As per report of our even date

For **Walker Chandiook & Co LLP**
Chartered Accountants
Firm's registration number: 001076N/N500013

For and on behalf of the Board of Directors
Centrum Financial Services Limited

Manish Gujral
Partner
Membership no. 105117

Ranjan Ghosh
Managing Director and CEO
DIN: 07592235

Shailendra Apte
Director
DIN: 00017814

Bharat Adnani
Chief Financial Officer

Dipesh Goyal
Company Secretary

Date : 21 May 2019
Place : Mumbai

Date : 21 May 2019
Place : Mumbai

Centrum Financial Services Limited
Cash Flow Statement

(Amount in Rs.)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Cash flows from the operating activities:		
Net profit before tax	19,78,819	2,81,91,507
Adjustments for :		
Depreciation and amortisation expenses	1,30,83,351	84,54,293
Provision for standard and non performing assets	4,68,98,809	55,82,935
Stamp duty charges	45,49,000	58,90,000
Loans written off	-	2,71,77,177
Loss on sale of shares	-	3,23,29,267
Provision for gratuity	6,84,745	8,78,221
Employees stock option provision	1,44,57,469	-
Leave encashment	47,291	-
Diminution in value of investments	21,77,850	13,34,495
Interest on fixed deposits	(2,23,13,997)	(2,61,33,575)
Profit on sale of investments	(5,73,27,246)	(2,20,65,024)
Unrealised gain on options	(1,80,62,201)	(3,93,86,977)
Rental income	(86,89,465)	(2,58,15,416)
Operating profit before working capital adjustments	(2,25,15,575)	(35,63,096)
Changes in working capital:		
Increase/(decrease) other in current liabilities	2,61,88,05,886	27,79,23,047
Increase/(decrease) in trade payables	(1,03,46,753)	1,85,13,306
Increase/(decrease) in other long term liabilities	(11,36,23,230)	19,78,81,380
Increase/(decrease) in long-term provision	4,67,79,115	(33,04,054)
Increase/(decrease) in short-term provision	(5,51,73,780)	(87,62,801)
(Increase)/decrease in long-term loans and advances	(1,75,25,50,690)	(1,27,18,07,018)
(Increase)/decrease in short-term loans and advances	(5,90,40,06,478)	97,09,77,624
(Increase)/decrease in non-current assets	(1,37,27,668)	(2,20,77,380)
(Increase)/decrease in current assets	(10,64,04,793)	(2,74,25,826)
Cash Flows Generated from / (Used in) Operating Activities	(5,31,27,63,966)	12,83,55,181
Direct tax paid (net)	(5,23,28,765)	(2,43,16,425)
Cash flows generated from/(used in) operating activities (A)	(5,36,50,92,731)	10,40,38,756
B. Cash flows from investing activities:		
Proceeds from sale of options (net)	4,99,57,199	1,18,95,567
Rental income	86,89,465	2,58,15,416
Interest income on fixed deposits	2,23,13,999	2,61,33,575
Proceeds from sale of mutual funds (net)	73,70,047	1,01,69,456
Proceeds from sale of shares	-	4,58,70,638
Purchase of property, plant and equipment	(15,38,00,482)	(3,46,23,377)
Purchase of investments	4,25,098	(33,39,26,133)
Cash flows generated from/(used in) investing activities (B)	(6,50,44,675)	(24,86,64,858)
C. Cash flows from financing activities:		
Proceeds from issuance of equity shares (including share issue expense)	1,24,45,36,700	59,38,65,230
Proceeds from long-term borrowing (net)	2,01,86,90,218	49,70,10,522
Proceeds from/(Repayment of) short-term borrowing (net)	2,46,33,62,665	(34,95,18,868)
Cash flows generated from/(used in) financing activities (C)	5,72,65,89,583	74,13,56,885
Net increase/(decrease) in cash and cash equivalents during the year (A+B+C)	29,64,52,177	59,67,30,783
Cash and cash equivalents at the beginning of the year	72,69,61,100	13,02,30,318
Cash and cash equivalents at the end of the year	1,02,34,13,277	72,69,61,100

Centrum Financial Services Limited
Cash Flow Statement

(Amount in Rs.)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Reconciliation of cash and cash equivalents as above with cash and bank balances (Refer note 16)		
Cash on hand	2,82,578	2,49,637
Balances with banks		
- in current account	47,01,28,101	62,67,11,464
Deposits with original maturity less than 3 months	30,00,00,000	10,00,18,493
Other bank balances	25,30,02,597	-
Total cash and bank balances at the end of the year	1,02,34,13,276	72,69,79,594

Note :

i) The above condensed cash flow statement has been prepared under the Indirect method as set out in Accounting Standard - 3, 'Cash Flow Statements', as specified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended).

ii) Figures in brackets indicate cash outflows.

As per report of our even date

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's registration number: 001076N/N500013

For and on behalf of the Board of Directors
Centrum Financial Services Limited

Manish Gujral
Partner
Membership no. 105117

Ranjan Ghosh
Managing Director and CEO
DIN : 07592235

Shailendra Apte
Director
DIN : 00017814

Bharat Adnani
Chief Financial Officer

Dipesh Goyal
Company Secretary

Date : 21 May 2019
Place : Mumbai

Date : 21 May 2019
Place : Mumbai

Centrum Financial Services Limited
Significant accounting policies and other explanatory information

1. Corporate Information

Centrum Financial Services Limited (the 'Company' or 'CFSL') is a Company domiciled in India and incorporated on 27 January 1993 under the provisions of the Companies Act, 1956. The Company has received a certificate of registration from the Reserve Bank of India ('RBI') on 14 August 2009 to carry on the business of Non-Banking Financial Institution ('NBFC') activities without accepting public deposits.

2. Basis of preparation of financial statements

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India ('Indian GAAP'). The Company has prepared these financial statements to comply in all material respects with the Accounting Standards notified under section 133 of the Companies Act, 2013 ('the Act'), read together with rule 7 of the Companies (Accounts) Rules, 2014, Companies (Accounting Standards) Amendment Rules, 2016 and the provisions of the RBI as applicable to an NBFC. The financial statements have been prepared on an accrual basis and under the historical cost convention, unless otherwise stated. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

2.1 Summary of significant accounting policies

(a) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires management to make judgments, estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported incomes and expenses during the year. Although these estimates are based on management's knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amount of assets and liabilities in future periods.

All assets and liabilities have been classified as current or non current as per the Company's normal operating cycle and other criteria set out in the schedule III to the Act.

(b) Cash flow statements

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

(c) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

- (i) Interest income on loans is recognized on accrual basis. Income or any other charges on non-performing assets is recognized only when realized and any such income recognized before the asset became non-performing and remaining unrealized is reversed.
- (ii) Loan processing fees is recognized as income when due.
- (iii) Interest income on deposits with banks and financial institutions is recognized on a time proportion accrual basis taking into the amount outstanding and interest rate applicable.
- (iv) All other income is recognized on an accrual basis.
- (v) Dividend income is recognized when the shareholders' right to receive payment is established by the balance sheet date.
- (vi) Profit/(loss) on sale of current investments is determined on the basis of weighted average cost method.
- (vii) Income from trading in bonds is accounted when the risk and rewards of ownership of the bonds are passed to the customer, which is generally on sale of bonds.

(d) Property, plant and equipment

All Property, plant and equipment are carried at cost less accumulated depreciation/amortization and impairment losses, if any. The cost of property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use.

Centrum Financial Services Limited

Significant accounting policies and other explanatory information

(e) Intangible assets

The Company capitalizes software and related implementation cost where it is reasonable estimated that the software has an enduring useful life. Software is amortized over management estimate of its useful life of 6 years.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in an amalgamation in the nature of purchase is their fair value as at the date of amalgamation. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Goodwill including acquisition costs paid on acquisition of portfolio is included in intangible assets. Goodwill recognized is tested for impairment annually and when there are indications that the carrying amount may exceed the recoverable amount.

(f) Depreciation on tangible assets/amortisation of intangible asset

Depreciation on assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The Company has used the following rates to provide depreciation on its assets.

Useful life estimated by the Company

Asset type	Estimated useful life
Office equipments	3 years
Computers and accessories	3 years
Computers softwares	6 years
Furniture and fittings	10 years
Vehicle	8 years
Building	60 years
Goodwill on amalgamation	11 years

Property, plant and equipment having an original cost up to Rs. 5,000 individually are depreciated fully in the year of purchase.

(g) Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit which the asset belongs to, is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. In determining the net selling prices, recent market transactions are taken into account. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

(h) Investments

Investments which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. Current investments are carried in the financial statement at lower of cost and fair value determined in accordance with NBFC directions. Investments in units of mutual funds in the nature of current investments are valued at the net asset value declared by the mutual fund in respect of each particular scheme, in accordance with NBFC directions. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments. On disposal of an investment, the difference between the carrying amount and net disposal proceeds are charged or credited to the statement of profit and loss.

Investment in property acquired on amalgamation is carried at cost less accumulated depreciation.

(i) Foreign currency transactions

- (i) All transactions in foreign currency are recognized at the exchange rate prevailing on the date of the transaction.
- (ii) Foreign currency monetary items are reported using the exchange rate prevailing at the close of the financial year.
- (iii) Exchange differences arising on the settlement of monetary items or on the restatement of Company's monetary items at rates different from those at which they were initially recorded during the year, are recognized as income or as expenses in the year in which they arise.

Centrum Financial Services Limited

Significant accounting policies and other explanatory information

(j) Derivative contracts

The Company enters into derivative contracts in the nature of options with an intention to hedge its existing liabilities. Outstanding derivative contracts are measured at fair value as at each Balance Sheet date. Fair value of derivatives is determined using quoted market prices in an actively traded market for the instrument, wherever available, as the best evidence of fair value.

(k) Retirement and other employee benefits

Retirement benefits in the form of provident fund is a defined contribution scheme and the contributions are charged to the Statement of profit and loss of the year in which the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

Leave encashment

Compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per Projected Unit Credit Method. Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. The company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

Gratuity

(i) Gratuity is a defined benefit obligation and is provided for on the basis of an actuarial valuation on Projected Unit Credit Method made at the end of the financial year'. The Company makes contribution to a scheme administered by the insurance company to discharge the gratuity liability to employees. The Company records its gratuity liability based on an actuarial valuation made by an independent actuary as at year end. Contribution made to the fund and provision made for the funded amounts are expensed in the books of accounts.

All actuarial gains / losses are immediately taken to the Statement of Profit and Loss and are not deferred.

(l) Income taxes

Tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effect of timing differences between accounting income and taxable income for the period).

Current tax

Provision for current tax is made on the basis of estimated taxable income for the accounting year in accordance with the Income Tax Act, 1961.

Deferred taxation

The deferred tax charge or credit and the corresponding deferred tax liabilities and assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the asset can be realized in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realization of the assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonable/virtually certain (as the case may be) to be realized.

The carrying amounts of deferred tax asset are reviewed at each reporting date. The Company writes down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

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Minimum alternate tax

In case the Company is liable to pay income tax u/s 115 JB of the Income Tax Act, 1961, the amount of tax paid in excess of normal income tax is recognized as asset (MAT credit entitlement) only if there is convincing evidence for realization of such asset during the specified period. MAT credit entitlement is reviewed at each balance sheet date.

(m) Provisions, contingent liabilities and contingent assets

A provision is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

(n) Leases

Where the Company is the lessor

Assets given on operating leases are included in investment. Lease income is recognised in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs etc. are recognised immediately in the statement of profit and loss.

Where the Company is the lessee

Lease arrangements where the lessor effectively retains, substantially, all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

(o) Earnings per share

Basic and diluted earnings per share are computed in accordance with Accounting standard (“AS”) 20 – Earnings per share.

Basic earnings per share is calculated by dividing the net profit or loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

(p) Cash and cash equivalents

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

(q) Asset classification and provisioning

The Company follows the asset classification and provisioning norms as per the prudential regulations issued by RBI for NBFC-ND-SI's

Portfolio loans are classified as follows:

Asset classification arrear period	Particulars
Standard assets	Asset in respect of which no default in repayment of principal or payment of interest is perceived and which does not disclose any problem nor carry more than normal risk attached to the business.
Non-performing assets	Asset for which, interest/principal payment has remained overdue for a period of 90 days or more.

“Overdue” refers to interest and/or instalment remaining unpaid from the day it became receivable.

Centrum Financial Services Limited

Significant accounting policies and other explanatory information

Provisioning policy

As per the "Systemically Important Non-Banking Financial (Non Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016", the Company has created provision for standard assets as well as non performing assets.

All overdue loans including loans where the tenure of the loan is completed and in the opinion of the management any amount is not recoverable, are fully provided for/written off.

(r) Borrowing cost

Ancillary borrowing costs incurred in connection with the arrangement of borrowings are amortised over the tenure of the respective borrowings. All other borrowing costs including interest cost are charged to the statement of profit and loss in the year in which they are incurred.

(s) Provision of interest on non convertible debentures and options

The Company has issues Market Linked Debentures (MLD) Secured, Unlisted and Listed, Unrated and Rated, Redeemable, Non-Convertible Principle Protected Market Linked Debentures. MLDs coupon rate/payout basis is linked to Nifty 50 Index levels, the Company hedges the risk on MLD by taking positions in future & options in Nifty 50 Index based on considering risk analysis of MLD. Further The fair valuation of the MLDs for initial recognition of embedded derivatives and borrowings components as at the date of issue is done considering adjustment to the put/call contracts of Nifty 50 Index, thereby arriving to the derivatives and borrowings. The interest cost thus, arrived is accounted for in the statement of profit / loss account. Further, any gain/loss on these hedge positions are separately accounted in the statement of profit/ loss after considering the mark-to-market positions of the options at the balance sheet date.

(t) Operating cycle

Assets and liabilities are classified as current and non-current based on the operating cycle which has been estimated to be 12 months. All assets and liabilities which are expected to be realised and settled, within a period of 12 months from the date of balance sheet have been classified as current and other assets and liabilities are classified as non-current.

(u) Employee stock option scheme

The Employees Stock Options Scheme ("the Scheme") has been established by the Company. The Scheme provides that employees are granted an option to subscribe to equity share of the company that vest in a graded manner. The options may be exercised with in specified period. Measurement and disclosure of Employee Share-based Payment Plan is done in accordance with the Guidance Note on Accounting for Employee Share-based Payments, issued by The Institute of Chartered Accountants of India. The Company follows the fair value method to account for its stock based employee compensation plans.

Centrum Financial Services Limited

Summary of significant accounting policies and other explanatory information

Note 3: Share capital

(Amount in Rs.)

Particulars	As at 31 March 2019	As at 31 March 2018
Authorised 15,00,00,000 (Previous year 10,00,00,000) equity shares of Rs.10 each	1,50,00,00,000	1,00,00,00,000
Total	1,50,00,00,000	1,00,00,00,000
Issued, subscribed and fully paid up 9,89,56,942 Equity shares (Previous year: 5,68,61,942) of Rs.10 each fully paid up	98,95,69,420	56,86,19,420
Total	98,95,69,420	56,86,19,420

3.1 Reconciliation of the number of equity shares outstanding at the beginning and at the closing of the year

Particulars	As at 31 March 2019		As at As at 31 March 2018	
	Number of shares	Amount in Rs.	Number of shares	Amount in Rs.
Number of shares at beginning of the year	5,68,61,942	56,86,19,420	3,68,83,420	36,88,34,200
Add: Shares issued during the year	4,20,95,000	42,09,50,000	1,99,78,522	19,97,85,220
Number of shares at the end of the year	9,89,56,942	98,95,69,420	5,68,61,942	56,86,19,420

3.2 Terms/rights attached to equity shares

The Company has issued only one class of equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. Any dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting. The Company has not declared/proposed any dividend in the current year and previous year.

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

As per record of the Company, including its register of shareholder/members and other declaration received from shareholders regarding beneficial interest, the above share holding represents both legal and beneficial ownerships of shares.

3.3 Details of shares held by holding company

Shareholder	31 March 2019		As at 31 March 2018	
	Number of shares	% of Holdings	Number of shares	% of Holdings
Centrum Capital Limited	9,89,56,942	100%	5,68,61,942	100%
Total	9,89,56,942	100%	5,68,61,942	100%

3.4 Details of shareholders holding more than 5% each equity shares

Shareholder	31 March 2019		As at 31 March 2018	
	Number of shares	% of Holdings	Number of shares	% of Holdings
Centrum Capital Limited*#	9,89,56,942	100%	5,68,61,942	100%
Total	9,89,56,942	100%	5,68,61,942	100%

* 6 shares are held in the name of nominees of the Company and for which Centrum Capital Limited is the beneficiary

The Company has applied to Reserve Bank of India (RBI) on 14 February 2019 seeking approval for transfer of shareholding from Centrum Capital Limited to Centrum Retail Services Limited. Subsequently on 2 May 2019, transfer of shareholding of the Company has been approved by RBI.

3.4 Details of shares reserved for issue under options

Refer note 35 for shares reserved for issue under the employe stock option scheme(ESOP) of the Company.

Centrum Financial Services Limited

Summary of significant accounting policies and other explanatory information

Note 4: Reserves and surplus

(Amount in Rs.)

Particulars	As at	As at
	31 March 2019	31 March 2018
Securities premium account		
Opening balance	1,03,58,59,719	63,58,89,709
Add: Premium on issue of equity shares	82,81,35,700	39,99,70,010
Less: Securities premium utilised during the year	-	-
Balance at the end of the year	1,86,39,95,419	1,03,58,59,719
Statutory reserve (under section 451C of RBI Act, 1934)		
Opening balance	2,92,57,444	2,84,82,428
Add: Transfer from statement of profit and loss	9,51,618	7,75,016
Balance at the end of the year	3,02,09,063	2,92,57,444
Employee stock options		
Opening balance	-	-
Add: Transferred during the year(Refer note 35)	1,44,57,469	-
Less : Transfer to securities premium account	-	-
Balance at the end of the year	1,44,57,469	-
Statement of profit and loss		
Opening balance	7,55,39,830	7,24,39,764
Add: Profit for the year	47,58,091	38,75,082
Less: Transferred to statutory reserve (20% of profit after tax as required by section 45-IC of Reserve Bank of India Act, 1934)	(9,51,618)	(7,75,016)
Balance at the end of the year	7,93,46,303	7,55,39,830
Total	1,98,80,08,254	1,14,06,56,994

Note 5: Long term borrowings

(Amount in Rs.)

Particulars	Non current portion		Current maturities	
	As at	As at	As at	As at
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Secured, considered good :				
Market Linked non- convertible Debentures (MLD)	2,41,38,33,570	1,29,36,00,000	89,11,00,000	17,75,00,000
Compulsory convertible debentures	15,09,14,300	-	-	-
Term loans				
From banks	28,20,52,869	58,81,64,347	1,13,73,89,034	83,26,35,914
From others	1,25,00,00,001	5,62,50,000	1,05,62,49,999	7,50,00,000
Unsecured :				
Intercorporate deposits	-	14,00,96,175	-	-
	4,09,68,00,740	2,07,81,10,522	3,08,47,39,033	1,08,51,35,914
Less: Current maturities disclosed under "other current liabilities" (Refer note 6)			(3,08,47,39,033)	(1,08,51,35,914)
Total	4,09,68,00,740	2,07,81,10,522	-	-

Note 5.1 Details of security and terms of repayment

i) The Company had raised secured, redeemable, non-cumulative, unlisted, unrated, non-convertible, principal protected Market Linked Debentures bearing a face value of Rs. 100,000 each by way of private placement.

During financial year ended 31 March 2019, the Company has raised Rs. 2,01,13,33,570 through issue of Market Linked Debentures which are secured against first pari passu charge over present and future receivables with minimum security cover of 100 percent of the issued amount and identified immovable property.

ii) Loans from banks and others are secured against the remaining receivables of the Company.

iii) Loans from certain financial institutions are secured against specific receivables of the Company.

Centrum Financial Services Limited

Summary of significant accounting policies and other explanatory information

5.2.1 Terms of repayment of term loans from banks as on 31 March 2019

(Amount in Rs.)

Particulars	Current		Non current	
	Number of instalments	Amount	Number of instalments	Amount
Loan repayments to banks	35	1,33,73,89,035	19	28,20,52,870
Loan repayments to financial institutions	21	3,37,62,49,999	10	1,25,00,00,001
Total		4,04,49,44,516		1,53,20,52,871

(Amount in Rs.)

Particulars	Upto 1 year	1 to 3 years	More than 3 years	Total
Rate of interest				
9.00% to 9.99%	5,70,853	8,02,870	-	13,73,723
10.00% to 10.99%	-	-	-	-
11.00 to 11.99%	1,33,68,18,182	28,12,50,000	-	1,61,80,68,182
13.00 to 13.99%	-	-	-	-
Total	1,33,73,89,035	28,20,52,870	-	1,61,94,41,905

5.2.2 Terms of repayment of term loans from banks as on 31 March 2018

(Amount in Rs.)

Particulars	Current		Non current	
	Number of instalments	Amount	Number of instalments	Amount
Loan repayments to banks	49	83,26,35,914	143	58,81,64,347
Loan repayments to financial institutions	4	7,50,00,000	3	5,62,50,000
Total		90,76,35,914		64,44,14,347

(Amount in Rs.)

Particulars	Upto 1 year	1 to 3 years	More than 3 years	Total
Rate of interest				
9.00% to 9.99%	24,10,298	1,35,43,160	15,45,00,253	17,04,53,711
10.00% to 10.99%	83,00,00,000	42,00,00,000	-	1,25,00,00,000
11.00 to 11.99%	-	-	-	-
Total	83,24,10,298	43,35,43,160	15,45,00,253	1,42,04,53,711

5.2.3 Terms of repayment of term loans from others as on 31 March 2019

(Amount in Rs.)

Particulars	Upto 1 year	1 to 3 years	More than 3 years	Total
Rate of interest				
9.00% to 9.99%	1,07,00,00,000	-	-	1,07,00,00,000
10.00% to 10.99%	99,99,99,999	1,00,00,00,001	-	2,00,00,00,000
11.00 to 11.99%	5,62,50,000	25,00,00,000	-	30,62,50,000
13.00 to 13.99%	1,25,00,00,000	-	-	1,25,00,00,000
Total	3,37,62,49,999	1,25,00,00,001	-	4,62,62,50,000

5.2.4 Terms of repayment of term loans from others as on 31 March 2018

(Amount in Rs.)

Particulars	Upto 1 year	1 to 3 years	More than 3 years	Total
Rate of interest				
9.00% to 9.99%	2,25,616	1,20,934	-	3,46,550
10.00% to 10.99%	7,50,00,000	5,62,50,000	-	13,12,50,000
Total	7,52,25,616	5,63,70,934	-	13,15,96,550

5.2.5 Terms of repayment of intercorporate deposits as on 31 March 2019

(Amount in Rs.)

Particulars	Upto 1 year	1 to 3 years	More than 3 years	Total
Rate of interest				
9.00% to 9.99%	3,62,99,049	-	-	3,62,99,049
10.00% to 10.99%	1,00,00,000	-	-	1,00,00,000
Total	4,62,99,049	-	-	4,62,99,049

5.2.6 Terms of repayment of intercorporate deposits as on 31 March 2018

(Amount in Rs.)

Particulars	Upto 1 year	1 to 3 years	More than 3 years	Total
Rate of interest				
11.00% to 11.99%	-	14,00,96,175	-	14,00,96,175
Total	-	14,00,96,175	-	14,00,96,175

Centrum Financial Services Limited
Summary of significant accounting policies and other explanatory information

5.2.7 Terms of repayment of MLD as on 31 March 2019

Particulars	Type	Quoted / Unquoted	Amount as at 31 March 2019	Current	Non-Current	Issue Date	Date of Maturity
MLD01	-	Unquoted	19,40,00,000	19,40,00,000	-	01 February 2016	05 June 2019
MLD02	-	Unquoted	4,50,00,000	4,50,00,000	-	11 February 2016	19 June 2019
MLD03	-	Unquoted	3,30,00,000	3,30,00,000	-	22 February 2016	02 July 2019
MLD04	-	Unquoted	2,40,00,000	2,40,00,000	-	17 March 2016	27 July 2019
MLD06	-	Unquoted	3,35,00,000	3,35,00,000	-	05 April 2016	14 August 2019
MLD07	-	Unquoted	7,90,00,000	7,90,00,000	-	03 May 2016	10 September 2019
MLD08	-	Unquoted	4,80,00,000	4,80,00,000	-	20 May 2016	27 September 2019
MLD09	Type 1	Unquoted	1,15,00,000	1,15,00,000	-	06 June 2016	14 October 2019
MLD09	Type 2	Unquoted	1,75,00,000	1,75,00,000	-	06 June 2016	14 October 2019
MLD10	Type 1	Unquoted	1,25,00,000	1,25,00,000	-	15 June 2016	23 October 2019
MLD10	Type 2	Unquoted	2,75,00,000	2,75,00,000	-	15 June 2016	23 October 2019
MLD11	Type 1	Unquoted	1,65,00,000	1,65,00,000	-	24 June 2016	04 November 2019
MLD11	Type 2	Unquoted	8,60,00,000	8,60,00,000	-	24 June 2016	04 November 2019
MLD12	Type 2	Unquoted	3,30,00,000	3,30,00,000	-	04 July 2016	11 November 2019
MLD14	Type 3	Unquoted	2,05,00,000	2,05,00,000	-	19 July 2016	26 November 2019
MLD15	Type 2	Unquoted	75,00,000	75,00,000	-	29 July 2016	06 December 2019
MLD17	Type 3	Unquoted	2,41,00,000	2,41,00,000	-	22 August 2016	30 December 2019
MLD18	-	Unquoted	1,00,00,000	1,00,00,000	-	26 August 2016	03 January 2020
MLD19	Type 3	Unquoted	1,30,00,000	1,30,00,000	-	02 September 2016	10 January 2020
MLD20	-	Unquoted	3,00,00,000	3,00,00,000	-	16 September 2016	22 January 2020
MLD21	Type 3	Unquoted	4,00,00,000	4,00,00,000	-	28 September 2016	05 February 2020
MLD22	Type 1	Unquoted	1,00,00,000	1,00,00,000	-	01 October 2016	08 February 2020
MLD25	Type 3	Unquoted	4,00,00,000	4,00,00,000	-	26 October 2016	11 March 2020
MLD27	Type 1	Unquoted	2,50,00,000	2,50,00,000	-	10 November 2016	19 March 2020
MLD27	Type 2	Unquoted	1,00,00,000	1,00,00,000	-	10 November 2016	24 March 2020
MLD29	Type 1	Unquoted	4,50,00,000	-	4,50,00,000	01 December 2016	09 April 2020
MLD29	Type 3	Unquoted	6,00,00,000	-	6,00,00,000	01 December 2016	09 April 2020
MLD29	Type 4	Unquoted	3,00,00,000	-	3,00,00,000	01 December 2016	13 April 2020
MLD30	Type 2	Unquoted	1,00,00,000	-	1,00,00,000	02 December 2016	15 April 2020
MLD31	Type 3	Unquoted	1,00,00,000	-	1,00,00,000	08 December 2016	16 April 2020
MLD33	Type 3	Unquoted	4,00,00,000	-	4,00,00,000	20 December 2016	28 April 2020
MLD33	Type 4	Unquoted	1,25,00,000	-	1,25,00,000	20 December 2016	03 May 2020
MLD34	Type 1	Unquoted	4,50,00,000	-	4,50,00,000	27 December 2016	05 May 2020
MLD34	Type 2	Unquoted	1,50,00,000	-	1,50,00,000	27 December 2016	05 May 2020
MLD34	Type 3	Unquoted	3,00,00,000	-	3,00,00,000	27 December 2016	10 May 2020
MLD35	Type 1	Unquoted	2,50,00,000	-	2,50,00,000	30 December 2016	14 May 2020
MLD35	Type 3	Unquoted	1,50,00,000	-	1,50,00,000	30 December 2016	08 May 2020
MLD35	Type 4	Unquoted	1,00,00,000	-	1,00,00,000	30 December 2016	08 May 2020
MLD35	Type 5	Unquoted	3,00,00,000	-	3,00,00,000	30 December 2016	08 May 2020
MLD36	Type 1	Unquoted	1,00,00,000	-	1,00,00,000	02 January 2017	14 May 2020
MLD36	Type 2	Unquoted	1,50,00,000	-	1,50,00,000	02 January 2017	15 June 2020
MLD37	-	Quoted	23,50,00,000	-	23,50,00,000	08 October 2018	06 November 2020
MLD38	-	Quoted	5,05,00,000	-	5,05,00,000	23 October 2018	23 November 2020
MLD39	-	Quoted	19,55,00,000	-	19,55,00,000	02 November 2018	12 May 2022
MLD 38A	-	Quoted	4,58,00,300	-	4,58,00,300	22 November 2018	23 November 2020
MLD40	-	Quoted	13,15,00,000	-	13,15,00,000	05 December 2018	14 June 2022
MLD39A	-	Quoted	2,57,01,450	-	2,57,01,450	12 December 2018	12 May 2022
MLD 38B	-	Quoted	4,78,80,840	-	4,78,80,840	19 December 2018	23 November 2020
MLD 38C	-	Quoted	8,74,08,900	-	8,74,08,900	28 December 2018	23 November 2020
MLD 38D	-	Quoted	2,01,48,000	-	2,01,48,000	08 January 2019	23 November 2020
MLD 38E	-	Quoted	1,39,26,960	-	1,39,26,960	15 January 2019	23 November 2020
MLD 41	-	Quoted	18,93,00,000	-	18,93,00,000	25 January 2019	04 August 2022
MLD 41A	-	Quoted	23,42,67,600	-	23,42,67,600	31 January 2019	04 August 2022
MLD 41B	-	Quoted	5,36,92,600	-	5,36,92,600	06 February 2019	04 August 2022
MLD 38F	-	Quoted	2,33,74,900	-	2,33,74,900	12 February 2019	23 November 2020
MLD 42	-	Quoted	22,82,00,000	-	22,82,00,000	22 February 2019	17 June 2020
MLD 41C	-	Quoted	14,83,81,800	-	14,83,81,800	28 February 2019	04 August 2022
MLD 42A	-	Quoted	5,63,58,060	-	5,63,58,060	12 March 2019	17 June 2020
MLD 41D	-	Quoted	2,07,72,650	-	2,07,72,650	15 March 2019	04 August 2022
MLD 42B	-	Quoted	8,00,08,800	-	8,00,08,800	19 March 2019	17 June 2020
MLD 41E	-	Quoted	11,35,20,710	-	11,35,20,710	26 March 2019	04 August 2022
MLD 42C	-	Quoted	1,00,90,000	-	1,00,90,000	29 March 2019	17 June 2020
			3,30,49,33,570	89,11,00,000	2,41,38,33,570		

Note : The above mentioned debentures are secured, unlisted and listed, rated and unrated, non-convertible, principal protected, market linked debentures carrying variable interest rate which is linked to performance of specified indices over the tenure of the debentures. Hence, the interest rate/range cannot be ascertained.

Centrum Financial Services Limited

Summary of significant accounting policies and other explanatory information

5.2.7 Terms of repayment of MLD as on 31 March 2018

(Amount in Rs.)

Particulars	Type	Quoted / Unquoted	Amount as at 31 March 2018	Current	Non-current	Issue date	Maturity date
CFSL/MLD/1	-	Unquoted	19,40,00,000	-	19,40,00,000	01 February 2016	05 June 2019
CFSL/MLD/2	-	Unquoted	4,50,00,000	-	4,50,00,000	11 February 2016	19 June 2019
CFSL/MLD/3	-	Unquoted	3,30,00,000	-	3,30,00,000	22 February 2016	02 July 2019
CFSL/MLD/4	-	Unquoted	2,40,00,000	-	2,40,00,000	17 March 2016	27 July 2019
CFSL/MLD/6	-	Unquoted	3,35,00,000	-	3,35,00,000	05 April 2016	14 August 2019
CFSL/MLD/7	-	Unquoted	7,90,00,000	-	7,90,00,000	03 May 2016	10 September 2019
CFSL/MLD/8	-	Unquoted	4,80,00,000	-	4,80,00,000	20 May 2016	27 September 2019
CFSL/MLD/9	Type 1	Unquoted	1,15,00,000	-	1,15,00,000	06 June 2016	14 October 2019
CFSL/MLD/9	Type 2	Unquoted	1,75,00,000	-	1,75,00,000	06 June 2016	14 October 2019
CFSL/MLD/10	Type 1	Unquoted	1,25,00,000	-	1,25,00,000	15 June 2016	23 October 2019
CFSL/MLD/10	Type 2	Unquoted	2,75,00,000	-	2,75,00,000	15 June 2016	23 October 2019
CFSL/MLD/11	Type 1	Unquoted	1,65,00,000	-	1,65,00,000	24 June 2016	04 November 2019
CFSL/MLD/11	Type 2	Unquoted	8,60,00,000	-	8,60,00,000	24 June 2016	04 November 2019
CFSL/MLD/12	Type 2	Unquoted	3,30,00,000	-	3,30,00,000	04 July 2016	11 November 2019
CFSL/MLD/14	Type 3	Unquoted	2,05,00,000	-	2,05,00,000	19 July 2016	26 November 2019
CFSL/MLD/15	Type 2	Unquoted	75,00,000	-	75,00,000	29 July 2016	06 December 2019
CFSL/MLD/16	Type 1	Unquoted	2,75,00,000	2,75,00,000	-	03 August 2016	12 September 2018
CFSL/MLD/17	Type 3	Unquoted	2,41,00,000	-	2,41,00,000	22 August 2016	30 December 2019
CFSL/MLD/18	-	Unquoted	1,00,00,000	-	1,00,00,000	26 August 2016	03 January 2020
CFSL/MLD/19	Type 3	Unquoted	1,30,00,000	-	1,30,00,000	02 September 2016	10 January 2020
CFSL/MLD/19	Type 4	Unquoted	50,00,000	50,00,000	-	02 September 2016	12 October 2018
CFSL/MLD/20	-	Unquoted	3,00,00,000	-	3,00,00,000	16 September 2016	22 January 2020
CFSL/MLD/21	Type 3	Unquoted	4,00,00,000	-	4,00,00,000	28 September 2016	05 February 2020
CFSL/MLD/22	Type 1	Unquoted	1,00,00,000	-	1,00,00,000	01 October 2016	08 February 2020
CFSL/MLD/22	Type 3	Unquoted	2,50,00,000	2,50,00,000	-	01 October 2016	20 November 2018
CFSL/MLD/24	Type 1	Unquoted	1,00,00,000	1,00,00,000	-	20 October 2016	11 December 2018
CFSL/MLD/25	Type 3	Unquoted	4,00,00,000	-	4,00,00,000	26 October 2016	11 March 2020
CFSL/MLD/27	Type 1	Unquoted	2,50,00,000	-	2,50,00,000	10 November 2016	19 March 2020
CFSL/MLD/27	Type 2	Unquoted	1,00,00,000	-	1,00,00,000	10 November 2016	24 March 2020
CFSL/MLD/29	Type 1	Unquoted	4,50,00,000	-	4,50,00,000	01 December 2016	09 April 2020
CFSL/MLD/29	Type 3	Unquoted	6,00,00,000	-	6,00,00,000	01 December 2016	09 April 2020
CFSL/MLD/29	Type 4	Unquoted	3,00,00,000	-	3,00,00,000	01 December 2016	13 April 2020
CFSL/MLD/30	Type 2	Unquoted	1,00,00,000	-	1,00,00,000	02 December 2016	15 April 2020
CFSL/MLD/31	Type 1	Unquoted	1,50,00,000	1,50,00,000	-	08 December 2016	03 April 2018
CFSL/MLD/31	Type 2	Unquoted	1,50,00,000	1,50,00,000	-	08 December 2016	11 December 2018
CFSL/MLD/31	Type 3	Unquoted	1,00,00,000	-	1,00,00,000	08 December 2016	16 April 2020
CFSL/MLD/33	Type 3	Unquoted	4,00,00,000	-	4,00,00,000	20 December 2016	28 April 2020
CFSL/MLD/33	Type 4	Unquoted	1,25,00,000	-	1,25,00,000	20 December 2016	03 May 2020
CFSL/MLD/34	Type 1	Unquoted	4,50,00,000	-	4,50,00,000	27 December 2016	05 May 2020
CFSL/MLD/34	Type 2	Unquoted	1,50,00,000	-	1,50,00,000	27 December 2016	05 May 2020
CFSL/MLD/34	Type 3	Unquoted	3,00,00,000	-	3,00,00,000	27 December 2016	10 May 2020
CFSL/MLD/34	Type 5	Unquoted	1,50,00,000	1,50,00,000	-	27 December 2016	22 April 2018
CFSL/MLD/34	Type 6	Unquoted	2,00,00,000	2,00,00,000	-	27 December 2016	22 April 2018
CFSL/MLD/35	Type 1	Unquoted	2,50,00,000	-	2,50,00,000	30 December 2016	14 May 2020
CFSL/MLD/35	Type 2	Unquoted	1,50,00,000	1,50,00,000	-	30 December 2016	26 April 2018
CFSL/MLD/35	Type 3	Unquoted	1,50,00,000	-	1,50,00,000	30 December 2016	08 May 2020
CFSL/MLD/35	Type 4	Unquoted	1,00,00,000	-	1,00,00,000	30 December 2016	08 May 2020
CFSL/MLD/35	Type 5	Unquoted	3,00,00,000	-	3,00,00,000	30 December 2016	08 May 2020
CFSL/MLD/35	Type 6	Unquoted	3,00,00,000	3,00,00,000	-	30 December 2016	26 April 2018
CFSL/MLD/36	Type 1	Unquoted	1,00,00,000	-	1,00,00,000	02 January 2017	14 May 2020
CFSL/MLD/36	Type 2	Unquoted	1,50,00,000	-	1,50,00,000	02 January 2017	15 June 2020
Total			1,47,11,00,000	17,75,00,000	1,29,36,00,000		

Note : The above mentioned debentures are secured, unlisted and listed, rated and unrated, non-convertible, principal protected, market linked debentures carrying variable interest rate which is linked to performance of specified indices over the tenure of the debentures. Hence, the interest rate/range cannot be ascertained.

Centrum Financial Services Limited
Summary of significant accounting policies and other explanatory information

Note 6: Other liabilities

(Amount in Rs.)

Particulars	Long term		Short term	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Current maturities of market linked debentures (Refer note 5)	-	-	89,11,00,000	17,75,00,000
Current maturities of long term borrowings (Refer note 5)				
From banks	-	-	1,13,73,89,034	83,20,00,000
From others	-	-	1,05,62,49,999	7,56,35,914
Discounting Charges	-	-	7,27,41,560	-
Interest accrued and due on on inter corporate deposit payable	-	-	51,62,558	2,80,69,189
Interest accrued but not due on borrowings	-	-	1,21,34,199	-
Interest accrued and not due on market linked debentures	18,01,94,905	29,38,18,135	41,60,10,413	3,51,86,619
Other Payables				
Statutory dues payable	-	-	2,47,80,972	1,43,43,024
Advance received from customers	-	-	14,97,33,746	-
Others	-	-	2,12,22,135	49,83,984
Total	18,01,94,905	29,38,18,135	3,78,65,24,616	1,16,77,18,730

Note 7: Provisions

(Amount in Rs.)

Particulars	Long term		Short term	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Provision for employee benefits				
Provision for gratuity (Refer note 29)	-	10,07,469	69,93,898	25,819
Provision for leave encashment	-	-	25,18,768	14,23,690
Provision for leave travel allowance	-	-	19,09,170	-
Others				
Provision for diminution in value of investments	-	-	35,12,345	2,67,62,296
Provision for expenses	-	-	66,22,464	-
Contingent provision against standard assets	3,69,26,257	50,48,613	77,77,353	86,65,128
Provision for non performing assets	1,59,08,940	-	-	-
Total	5,28,35,197	60,56,082	2,93,33,998	3,68,76,933

Note 8: Short term borrowings

(Amount in Rs.)

Particulars	As at 31 March 2019	As at 31 March 2018
Secured :		
Loans and advances from others		
Loans from banks and financial institutions	2,52,00,00,000	-
Loans repayable on demand to financial institutions	15,80,00,000	22,49,36,384
	2,67,80,00,000	22,49,36,384
Unsecured :		
Loans and advances from others		
Inter corporate deposits (repayable on demand)	4,62,99,049	3,60,00,000
	4,62,99,049	3,60,00,000
Total	2,72,42,99,049	26,09,36,384

i) Loans repayable on demand to financial institutions are secured against shares

Note 9: Trade payables

(Amount in Rs.)

Particulars	As at 31 March 2019	As at 31 March 2018
Trade payables		
Total outstanding dues of micro enterprises and small enterprises*	9,44,885	6,90,970
total outstanding dues of creditor other than micro enterprises and small enterprises	1,09,27,586	2,15,28,255
Total	1,18,72,471	2,22,19,225

Particulars	As at 31 March 2019	As at 31 March 2018
a) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	9,44,885	6,90,970
- principal amount due to micro and small company	-	-
- interest due on above	-	-
b) The amount of interest paid by the buyer in terms of section 16 of Micro and Small Enterprise Development Act, 2006, along with the amount of payment made to the supplier beyond the appointed day during each accounting year	-	-
c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) without adding the interest specified under Micro and Small Enterprise Development Act, 2006	-	-

*Trade payables includes Rs. 9,44,885 (previous year: Rs. 6,90,970) payables to "Suppliers" registered under Micro, Small and Medium Enterprises Development Act, 2006. No interest has been paid/is payable by the Company during the year to "Suppliers" registered under this act. The above is based on the information available with the Company which has been relied upon by the auditors.

Centrum Financial Services Limited
Summary of significant accounting policies and other explanatory information

Note 10: Property, plant and equipment

(Amount in Rs.)

Description of assets	Gross block				Depreciation			Net block		
	As at 01 April 2018	Additions	Deductions	As at 31 March 2019	As at 01 April 2018	For the year	Deductions	As at 31 March 2019	As at 31 March 2019	As at 31 March 2018
Property, plant and equipment										
Computer hardwares	27,26,803	33,12,065	-	60,38,868	5,21,698	13,76,139	-	18,97,837	41,41,031	22,05,105
Office equipments	8,53,467	22,25,294	-	30,78,761	2,31,430	8,62,790	-	10,94,220	19,84,541	6,22,037
Building	12,72,500	7,40,046	-	20,12,546	38,793	23,934	-	62,727	19,49,819	12,33,707
Vehicles	35,68,659	-	-	35,68,659	6,08,544	4,23,777	-	10,32,321	25,36,338	29,60,115
Furniture and fixtures	5,33,508	4,12,311	-	9,45,819	34,991	67,369	-	1,02,360	8,43,459	4,98,517
Subtotal (A)	89,54,937	66,89,716	-	1,56,44,653	14,35,456	27,54,009	-	41,89,465	1,14,55,188	75,19,481
Intangible assets										
Computer softwares	14,17,409	1,86,40,090	-	2,00,57,499	5,30,659	32,69,813	-	38,00,472	1,62,57,027	8,86,750
Goodwill on amalgamation (Refer note 23)	1,55,21,982	-	-	1,55,21,982	14,11,089	14,11,094	-	28,22,183	1,26,99,799	1,41,10,893
Goodwill on business acquisition (Refer note 33)	-	14,31,85,676	-	14,31,85,676	-	-	-	-	14,31,85,676	-
Subtotal (B)	1,69,39,391	16,18,25,766	-	17,87,65,157	19,41,748	46,80,907	-	66,22,655	17,21,42,502	1,49,97,643
Total (A+B)	2,58,94,327	16,85,15,482	-	19,44,09,810	33,77,204	74,34,916	-	1,08,12,120	18,35,97,690	2,25,17,124

Previous year

(Amount in Rs.)

Description of assets	Gross block				Depreciation			Net block		
	As at 01 April 2017	Additions	Deductions	As at 31 March 2018	As at 01 April 2017	For the year	Deductions	As at 31 March 2018	As at 31 March 2018	As at 31 March 2017
Property, plant and equipment										
Computer hardwares	3,41,345	23,85,458	-	27,26,803	57,534	4,64,164	-	5,21,698	22,05,105	2,83,811
Office equipments	8,862	2,92,532	-	3,01,394	1,107	55,558	-	56,665	2,44,729	7,755
Air conditioners	-	5,52,073	-	5,52,073	-	1,74,765	-	1,74,765	3,77,308	-
Building	12,72,500	-	-	12,72,500	18,645	20,148	-	38,793	12,33,707	12,53,855
Vehicles	35,68,659	-	-	35,68,659	1,84,765	4,23,779	-	6,08,544	29,60,115	33,83,894
Furniture and fixtures	-	5,33,508	-	5,33,508	-	34,991	-	34,991	4,98,517	-
Subtotal (A)	51,91,366	37,63,571	-	89,54,937	2,62,052	11,73,404	-	14,35,456	75,19,481	49,29,314
Intangible assets										
Computer softwares	7,94,585	6,22,824	-	14,17,409	3,09,297	2,21,362	-	5,30,659	8,86,750	4,85,288
Goodwill on amalgamation (Refer note 23)	-	1,55,21,982	-	1,55,21,982	-	14,11,089	-	14,11,089	1,41,10,893	-
Subtotal (B)	7,94,585	1,61,44,806	-	1,69,39,391	3,09,297	16,32,451	-	19,41,748	1,49,97,643	4,85,288
Total (A+B)	59,85,951	1,99,08,376	-	2,58,94,327	5,71,349	28,05,855	-	33,77,204	2,25,17,124	54,14,602

Centrum Financial Services Limited

Summary of significant accounting policies and other explanatory information

Note 11: Non-current investments

(Amount in Rs.)

Sr. No.	Particulars	Number of shares / units		Quoted / Unquoted	Amount	
		As at 31 March 2019	As at 31 March 2018		As at 31 March 2019	As at 31 Mar 2018
(A)	Investment in property(at cost)					
	Centrum House (7th Floor) #	1	1	-	35,67,43,500	35,67,43,500
	Depreciation on property (accumulated)				(1,12,96,873)	(56,48,438)
(B)	Investment in bonds					
	Yes Bank Limited perpetual subordinated additional Tier I bonds	50	50	Quoted	5,00,00,000	5,00,00,000
	Total	51	51		39,54,46,627	40,10,95,062
	Aggregate value of quoted investment				5,00,00,000	5,00,00,000
	Aggregate value of unquoted investments				-	-
	Aggregate amount of provision in the value of investment				Refer note 22	Refer note 22

The title deed of the immovable property is held in the name of Shree Srinivas Realtors Private Limited which was transferred as a result of amalgamation as stated in note 23 to the financial statements. The Company is in the process of transferring the title of the property in its name. The stamp duty order has been received on 10 May 2019.

Centrum Financial Services Limited
Summary of significant accounting policies and other explanatory information

Note 12: Deferred tax asset (net)

(Amount in Rs.)

Particulars	As at	As at
	31 March 2019	31 March 2018
Deferred tax asset		
Gratuity provision	19,45,702	2,87,461
Leave encashment provision	7,00,721	3,96,071
Depreciation on fixed assets	-	3,27,600
Provision for interest of debentures disallowed under Income Tax Act	4,56,79,579	1,85,86,466
Provision for diminution in value of investments	6,05,878	3,71,257
Provision for non performing assets	44,25,867	-
Provision for standard assets	1,24,36,544	38,15,163
Gross deferred tax asset	6,57,94,291	2,37,84,017
Deferred tax liability		
Unrealised gain on options	59,32,554	1,09,57,457
Depreciation on fixed assets	64,05,321	-
Amortisation of loan processing fees	1,12,28,637	-
Amortisation of borrowing cost on market linked debentures	1,56,73,551	-
Gross deferred tax liability	3,92,40,063	1,09,57,457
Net deferred tax asset / (liability)	2,65,54,228	1,28,26,560

Note 13: Other assets

(Amount in Rs.)

Particulars	Non current		Current	
	As at	As at	As at	As at
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Deposits with original maturity more than 12 months	-	31,29,14,356	-	-
Interest accrued but not due	-	-	1,51,68,883	3,29,27,978
Interest accrued but due	-	-	3,12,36,092	-
Fair value of outstanding options	-	-	7,05,25,714	9,35,25,730
Unamortised processing fees	4,07,90,342	-	5,39,63,224	1,18,43,751
Prepaid expenses	21,68,566	-	41,67,295	27,79,744
Amount receivable from related parties	-	-	-	9,87,61,747
Receivable from non banking financial companies	-	-	19,18,86,304	-
Loan processing fees receivable	-	-	16,73,000	76,62,000
Other assets	-	-	3,16,97,958	4,29,55,528
Total	4,29,58,908	31,29,14,356	40,03,18,470	29,04,56,478

Note 14: Loans and advances

(Amount in Rs.)

Particulars	Long term		Short term	
	As at	As at	As at	As at
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Loans and advances towards financing activities				
Secured, considered good				
Loans (Refer note 14.1 and 14.2)	3,01,47,03,789	1,23,42,09,264	1,94,43,38,246	2,16,12,81,967
Unsecured - considered good				
Loans and advances				
To related parties	-	-	-	17,00,00,000
To others	-	2,79,43,835	6,37,59,50,199	8,50,00,000
Total	3,01,47,03,789	1,26,21,53,099	8,32,02,88,445	2,41,62,81,967
Advance tax and tax deducted at source (net of provision)	10,47,57,222	4,96,49,185	-	-
Total	3,11,94,61,011	1,31,18,02,284	8,32,02,88,445	2,41,62,81,967

Note 14.1: The Company entered into a memorandum of understanding with Centrum Capital Limited ('CCL' or the 'holding company'), pursuant to which CCL would indemnify CFSL for loss suffered by the Company, for the borrower clients referred by CCL to the Company. During the year, the Company exercised its right of indemnification under the said MoU with CCL for losses incurred on a loan receivable. Accordingly, the Company received the loan outstanding amount of Rs. 2,500 lakhs from CCL towards indemnification of such loss.

Note 14.2 Following are the details of debentures in the nature of loans included above:

Name of the Company	As at 31 March 2019		As at 31 March 2018	
	Face value	Amount	Face value	Amount
Debentures - Secured				
Jana Holdings Limited 650 debentures (31 March 2018: Nil)	1,00,000	6,50,00,000	-	-
Ramjay Homes Real Estate Private Limited 2,000 debentures (31 March 2018: Nil)	1,00,000	20,00,00,000	-	-
Vishvaraj Environment Private Limited 200 debentures (31 March 2018: Nil)	1,00,000	2,00,00,000	-	-
Waaree Energies Limited (31 March 2018: 2,500 units)	-	-	1,00,000	25,00,00,000
Total		28,50,00,000		25,00,00,000

Centrum Financial Services Limited

Summary of significant accounting policies and other explanatory information

Note 15: Current investments

(Amount in Rs.)

Particulars	As at	As at
	31 March 2019	31 March 2018
Quoted : Investment in equity shares		
10,000 equity shares(31 March 2018: 10,000 equity shares) of Rs. 10 each fully paid of Adlabs Entertainment Limited	17,99,995	17,99,995
48,00,000 equity shares of Rs. 10 each fully paid of Lakshmi Vilas Bank Limited (31 March 2018 : Nil)#	34,56,00,000	-
Security receipts ('SRS')		
India SME Asset Reconstruction Company limited		
Nil SRS(31 March 2018 16,625 SRS) ISARC -GPIL / 2014-15 Trust	-	3,80,00,000
Nil SRS(31 March 2018 5,974 SRS) ISARC - SIDBI - 2 / 2009-10 Trust Scheme B	-	4,02,47,500
Total	34,73,99,995	8,00,47,495
Aggregate value of quoted investments	34,73,99,995	17,99,995
Aggregate value of unquoted investments	-	7,82,47,500
Aggregate amount of provision in the value of investment	Refer note 22	Refer note 22
Total	34,73,99,995	8,00,47,495

The Company has received a security deposit from Centrum Retail Services Limited against the diminution in value of these shares, hence these are carried at cost (market value of such investments is Rs. 3,408 lakhs).

Particulars	As at 31 March 2019		As at 31 March 2018	
	Cost Value	Market Value	Cost Value	Market Value
Adlabs Entertainment Limited	17,99,995	79,500	17,99,995	4,65,500
Lakshmi Vilas Bank Limited	34,56,00,000	34,08,00,000	-	-

Note 16: Cash and bank balances

(Amount in Rs.)

Particulars	As at	As at
	31 March 2019	31 March 2018
Cash and Cash equivalents		
Balances with banks		
- in current account	47,01,28,101	62,67,11,464
Cash on hand	2,82,578	2,49,637
Deposits with original maturity less than 3 months	30,00,00,000	10,00,18,493
Other Bank balances		
Restricted balance with bank in current account*	25,30,02,597	-
Total	1,02,34,13,276	72,69,79,594

*Amount of Rs. 25,30,02,597 is held with a Bank in escrow account as restricted bank balance.

Centrum Financial Services Limited

Summary of significant accounting policies and other explanatory information

Note 17: Revenue from operations

(Amount in Rs.)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest income	85,30,10,387	44,36,16,254
Processing fees	5,96,27,082	5,72,82,942
Income on investments	2,62,83,104	1,09,54,650
Total	93,89,20,573	51,18,53,846

Note 18: Other income

(Amount in Rs.)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest on fixed deposits	2,23,13,997	2,61,33,575
Advisory fees	7,00,000	5,03,00,000
Profit on sale of investments	73,70,047	1,01,69,457
Income from trading in bonds (net)	3,75,12,941	20,21,918
Amounts written back	-	1,66,44,302
Rental income	86,89,465	2,58,15,416
Other non operating income	38,82,434	1,03,79,827
Total	8,04,68,884	14,14,64,495

Note 19: Employee benefit expenses

(Amount in Rs.)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Salaries, bonus and allowances	18,79,86,979	8,96,15,543
Employee stock option expenses (refer note 35)	1,44,57,469	-
Contribution to provident fund, gratuity and leave encashment	78,45,985	37,45,112
Gratuity and other long term benefits	7,32,036	21,78,226
Staff welfare expenses	5,92,273	2,14,123
Total	21,16,14,742	9,57,53,004

Note 19.1: During the year, the Company has paid Rs.3,51,08,974 as managerial remuneration (including stock options) to its Managing Director and Chief Executive Officer. The said amount exceeded the limits prescribed under the provisions of the Sections 197 read with Schedule V to the Companies Act, 2013. However, the Company has obtained shareholders' approval on 14 May 2019, by passing a special resolution in the Extra Ordinary General Meeting for such excess remuneration.

Centrum Financial Services Limited

Summary of significant accounting policies and other explanatory information

Note 20: Finance costs

(Amount in Rs.)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest expense		
- On banks	18,31,61,794	9,26,25,176
- On financial institutions	15,12,05,729	-
- On intercorporate deposits	4,70,91,669	5,55,89,563
- On compulsory convertible debentures	1,87,72,871	-
- On market linked debentures*	22,16,12,371	25,02,08,676
Amortisation of ancillary borrowing cost	2,20,59,918	66,56,249
Other finance charges	94,04,452	2,57,193
Bank charges	2,02,173	25,474
Total	65,35,10,977	40,53,62,331

* Stated at net of the following amounts :

1. Pursuant to the memorandum of understanding entered into with Centrum Capital Limited ('CCL' or the 'holding company'), the holding company has provided interest subvention to the Company for interest on Market Linked Debentures amounting to Rs.5,88,68,196 (Previous year Nil).
2. Gain on options amounting to Rs.3,18,94,998 (Previous year : 5,12,82,544) is netted from interest on market linked debentures.

Note 21: Administration and other expenses

(Amount in Rs.)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Rent (refer note 28)	84,74,172	10,79,886
Business promotion expenses	12,22,059	4,92,609
Rates, duties and taxes	68,56,069	66,51,640
Repairs and maintenance	32,21,644	15,69,974
Travelling expenses	50,43,374	46,24,142
Service charges	1,21,800	-
Software charges	1,13,32,139	-
Legal and professional fees	1,67,44,443	2,30,23,612
Payment to auditors (Refer note 21.1)	24,15,850	18,47,638
Loss on sale of investments	-	3,23,29,267
Fees and subscription	19,42,700	5,17,277
Director's sitting fees	12,20,000	10,64,000
Other expenses	2,96,44,375	82,62,553
Total	8,82,38,625	8,14,62,598

Note 21.1 : Auditors' Remuneration (excluding taxes)

(Amount in Rs.)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Audit fees (including limited reviews)	23,75,000	14,75,000
Other services	-	3,79,942
Out of pocket expenses	40,850	36,721
Total	24,15,850	18,91,663

Note 22 : Provision and write offs

(Amount in Rs.)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Contingent provision against standard assets	3,09,89,869	55,82,935
Provision for non performing assets	1,59,08,940	-
Diminution in value of investments	21,77,850	13,34,495
Bad debts written off during the year (net of recoveries)	18,86,284	2,71,77,177
Total	5,09,62,943	3,40,94,607

Centrum Financial Services Limited

Significant accounting policies and other explanatory information

23. During the previous year, the Company had filed an application for amalgamation of Agrata Mercantile Private Limited ('AMPL') and Shree Srinivas Realtors Private Limited ('SSRPL') with the National Company Law Tribunal ('NCLT') for which the final order was received on 9 March 2018 with the effective date of merger being 1 April 2017. The Company followed net assets method as mentioned in the scheme for the take over of assets and liabilities which resulted in goodwill on amalgamation amounting to Rs. 15,521,982. The goodwill is amortised over the period of 11 years based on the assumptions and best estimates by the management.

24. Earnings per share (EPS)

(Amount in Rs.)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Net profit after tax for basic EPS	47,58,091	38,75,082
Net profit after tax for diluted EPS	1,83,08,349	38,75,082
Weighted average number of equity shares in computing the basic earnings per share	7,67,16,093	3,71,02,363
Weighted average number of equity shares in computing the diluted earnings per share	8,35,62,267	3,71,02,363
Basic earnings per share (Rs.)	0.06	0.10
Diluted earnings per share (Rs.)	0.06	0.10

The impact of potential equity shares outstanding as at the year end has not been considered for the purpose of calculating diluted earnings per share, since the same is anti-dilutive in nature.

25. Related party disclosure

As per the requirement of Accounting Standards 18, on related party disclosures, the name of the related parties with the description of the relationship and transactions between the reporting enterprise and its related parties, as identified by the management are as follows :

25.1 Name of related parties

Nature of relationship	Name of the party
Holding company	Centrum Capital Limited
Fellow subsidiaries transacted during the year	Centrum Retail Services Limited Centrum Microcredit Limited Centrum Securities Private Limited Centrum Housing Finance Limited Centrum Wealth Management Limited Centrum Broking Limited Centrum Direct Limited Centrum Defence System Limited Centrum Alternatives LLP Centrum REMA LLP Club 7 Holidays Private Limited Axis Spaces Private Limited
Key management personnel (KMP)	Ranjan Ghosh (Managing Director and CEO)

Centrum Financial Services Limited
Significant accounting policies and other explanatory information

25.2 Transaction with related parties

(Amount in Rs.)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
a. Transactions during the year		
Issue of equity shares		
Centrum Capital Limited	1,24,90,85,700	59,97,55,230
Loans given		
Centrum Capital Limited	13,00,00,000	68,25,00,000
Centrum Microcredit Limited	28,00,00,000	8,00,00,000
Centrum Retail Services Limited	-	7,50,00,000
Centrum Wealth Management Limited	-	17,24,590
Axis Spaces Private Limited	3,60,00,000	32,77,67,021
Loan repayment		
Centrum Capital Limited	30,00,00,000	1,38,09,15,672
Centrum Securities Private Limited	-	4,94,00,000
Centrum Broking Limited	-	4,15,50,000
Centrum Microcredit Limited	28,00,00,000	8,00,00,000
Centrum Retail Services Limited	-	7,50,00,000
Centrum Wealth Management Limited	-	17,24,590
Axis Spaces Private Limited	27,89,43,835	21,98,23,186
Loan taken		
Centrum Capital Limited	25,00,00,000	30,00,00,000
Centrum Housing Finance Limited	10,00,00,000	10,00,00,000
Centrum Retail Services Limited	2,12,50,00,000	3,00,00,000
Axis Spaces Private Limited	5,75,00,000	26,35,00,000
Loan repaid during the year		
Centrum Capital Limited	25,00,00,000	30,00,00,000
Centrum Housing Finance Limited	10,00,00,000	10,00,00,000
Centrum Retail Services Limited	2,12,50,00,000	3,00,00,000
Axis Spaces Private Limited	19,75,96,175	16,39,03,826
Subscription to MLD		
Centrum Wealth Management Limited	66,70,93,650	-
MLD repaid including accrued interest*		
Centrum Broking Limited	-	2,00,70,000
Centrum Wealth Management Limited	8,45,20,000	27,98,54,250

*MLDs were directly purchased from the market by the companies due to the which same is not disclosed by the Company. However, at the time of redemption amount is repaid to related party holding the MLDs as on that date.

Centrum Financial Services Limited
Significant accounting policies and other explanatory information

25.2 Transaction with related parties

(Amount in Rs.)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Advance taken		
Centrum Retail Services Limited	34,56,00,000	-
Advance repaid		
Centrum Retail Services Limited	34,56,00,000	-
Rent income		
Centrum Capital Limited	68,70,228	2,58,15,416
Centrum Microcredit Limited	750	-
Centrum Retail Services Limited	18,18,487	-
Referral fee income		
Centrum Capital Limited	-	69,05,000
Processing fees income		
Centrum Microcredit Limited	-	16,20,000
Expenses incurred on behalf of the Company		
Centrum Capital Limited	45,54,000	-
Centrum Microcredit Limited	74,800	63,78,975
Centrum Direct Limited	-	-
Centrum Housing Finance Limited	20,429	-
Advisory fees income		
Centrum Wealth Management Limited	7,00,000	-
Interest income		
Centrum Capital Limited	39,51,509	9,41,00,909
Centrum Securities Private Limited	-	28,15,123
Centrum Broking Limited	-	24,38,359
Centrum Wealth Management Limited	-	98,278
Centrum Microcredit Limited	29,69,316	8,71,233
Centrum Retail Services Limited	3,58,992	-
Axis Spaces Private Limited	2,81,70,009	2,92,12,463
Interest expenses		
Centrum Capital Limited	2,18,65,337	6,72,193
Centrum Housing Finance Limited	19,28,768	4,36,986
Centrum Retail Services Limited	2,79,35,410	-
Axis Spaces Private Limited	1,19,50,032	1,53,90,715
Interest expense on MLD		
Centrum Broking Limited	-	1,05,076
Centrum Wealth Management Limited	-	2,87,99,505

Centrum Financial Services Limited
Significant accounting policies and other explanatory information

25.2 Transaction with related parties

(Amount in Rs.)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest subvention (Refer note 20.1)		
Centrum Capital Limited	5,88,68,196	-
Investment service fees expenses		
Centrum Wealth Management Limited	95,70,000	-
Expenses		
Rent expenses		
Centrum Capital Limited	20,06,329	-
Centrum Wealth Management Limited	7,60,084	-
Centrum Retail Services Limited	49,31,067	-
Electricity expenses		
Centrum Retail Services Limited	10,51,938	-
Printing and stationery, postage and courier and telephone expense		
Centrum Retail Services Limited	46,345	-
Travelling expense		
Club7 Holidays Private Limited	27,37,705	30,38,780
Arrangers fees		
Centrum Capital Limited	47,00,000	-
Centrum Wealth Management Limited	3,75,000	-
Placement fees income		
Centrum Capital Limited	31,50,000	-
Reimbursement of expenses		
Centrum Capital Limited	-	58,90,000
Centrum Microcredit Limited	-	-
Centrum REMA LLP	3,67,500	-
Centrum Wealth Management Limited	1,83,750	-
Group allocation income		
Centrum Retail Services Limited	1,54,00,000	1,00,00,000
Group allocation expense		
Centrum Retail Services Limited	-	46,37,513
Security deposit received		
Centrum Capital Limited	-	1,13,55,747
Centrum Retail Services Limited	59,46,312	-

Centrum Financial Services Limited

Significant accounting policies and other explanatory information

(Amount in Rs.)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Security deposit repaid		
Centrum Capital Limited	9,46,312	1,04,09,435
Corporate Guarantees issued on behalf of the Company		
Centrum Capital Limited	1,70,55,68,182	1,42,82,50,000
Loans and advances(maximum balance)		
Centrum Capital Limited	20,00,00,000	94,84,15,672
Centrum Microcredit Limited	10,00,00,000	8,00,00,000
Centrum Retail Services Limited	25,00,00,000	7,50,00,000
Centrum Securities Private Limited	-	4,94,00,000
Centrum Broking Limited	-	4,15,50,000
Centrum Wealth Management Limited	-	17,24,590
Axis Spaces Private Limited	13,00,00,000	17,29,43,835
Commission and Brokerage expenses		
Centrum Broking Limited	6,34,58,803	19,61,574
Key Management Personnel		
Managerial remuneration		
Mr. Ranjan Ghosh	3,51,08,974	2,21,85,096
Indemnification (Refer note 14.1)		
Centrum Capital Limited	25,00,00,000	-
Compulsory Convertible Debentures		
Centrum Capital Limited	15,09,14,300	-

Closing balances with Related Parties

(Amount in Rs.)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest Receivable		
Centrum Securities Private Limited	-	35,862
Commission and Brokerage Payable		
Centrum Broking Limited	-	30,472
Corporate Guarantee received		
Centrum Capital Limited	1,70,55,68,182	1,42,82,50,000
Closing balances -Asset		
Centrum Capital Limited	-	17,09,46,312
Centrum Microcredit Limited	-	23,23,181
Centrum Broking Limited	49,92,482	9,64,38,566
Axis Spaces Private Limited	-	24,29,43,835
Closing balances - Liability		
Centrum Retail Services Limited	59,46,312	-
Centrum Wealth Management Limited	-	1,79,30,724
Axis Spaces Private Limited	-	14,00,96,174
Club7 Holidays Private Limited	9,44,885	6,90,970

Centrum Financial Services Limited
Significant accounting policies and other explanatory information

26. Commitments and contingencies

(Amount in Rs.)

Particulars	As at 31 March 2019	As at 31 March 2018
Contingent liabilities		
Corporate guarantee	-	5,00,00,000
Income tax under dispute	3,25,50,840	18,62,870
Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	-	-

27. Segment information

The Company operates in a single reportable segment i.e. financing, which has similar risks and returns for the purpose of AS - 17 on 'Segment Reporting' specified under section 133 of the Act, read with rules 7 of Companies (Accounts) Rules, 2014. The Company operates in single geographical segment, i.e. domestic.

28. Lease disclosures

Operating lease

a) Where the company is the lessee

Premises are obtained on operating lease. The lease term is 11 month and are renewable/cancellable at the option of the Company. Certain lease agreements contains clause for escalation of lease payments. There are no restriction imposed by lease arrangements. There are no sublease. Lease payment during the year are charged to the Statement of Profit and Loss. There are no non cancellable lease agreements entered by the Company as on 31 March 2019. Rent expense for the year ended 31 March 2019 is Rs. 84,74,172 (31 March 2018 - Rs. 10,79,887).

b) Where the Company is the lessor

The Company has entered in to operating lease arrangement for building which form part of the investment property. The lease has a non cancellable arrangement, lease contains a clause to enable upward revision of the rental charges on an annual basis according to prevailing market conditions. Rent income for the year ended 31 March 2019 is Rs. 86,89,465 (31 March 2018 - Rs. 2,58,15,416)

Particulars	As at 31 March 2019	As at 31 March 2018
Minimum future lease receivables		
Not later than one year	26,67,112	2,83,96,944
Later than one year but not later than five years	1,79,11,289	19,07,02,812
Later than five years	31,49,976	28,09,93,372

29. Retirement benefits

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for gratuity on cessation of employment and it is computed at 15 days salary (last drawn salary) for each completed year of service as per The Payment of Gratuity Act, 1972. The Company has funded retirement benefit. The gratuity benefits are subject to a maximum limit of upto Rs. 20,00,000.

The following tables summarise the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the gratuity plan.

Centrum Financial Services Limited

Significant accounting policies and other explanatory information

Expenses recognized in the Statement of Profit or Loss

(Amount in Rs.)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Current service cost	13,46,797	2,65,190
Net interest cost	81,423	11,258
Actuarial (gains)/losses	50,32,390	6,01,773
Past service cost - non-vested benefit recognized during the year	-	-
Past service cost - vested benefit recognized during the year	-	-
Expected contributions by the employees	-	-
Net effect of changes in foreign exchange rates	-	-
Change in asset ceiling	-	-
Expenses recognized in the statement of profit or loss	64,60,610	8,78,221

Balance sheet reconciliation

(Amount in Rs.)

Particulars	As at 31 March 2019	As at 31 March 2018
Opening net liability	10,33,288	1,55,067
Expense recognized in statement of profit or loss	64,60,610	8,78,221
Net liability/(asset) transfer in	-	-
Net (liability)/asset transfer out	-	-
Benefit paid directly by the employer	-	-
Employer's contribution	(5,00,000)	-
Net liability/(asset) recognized in the balance sheet	69,93,898	10,33,288

Table showing change in the present value of projected benefit obligation

(Amount in Rs.)

Particulars	As at 31 March 2019	As at 31 March 2018
Present value of benefit obligation at the beginning of the year	10,33,288	1,55,067
Interest cost	81,423	11,258
Current service cost	13,46,797	2,65,190
Past service cost - non-vested benefit incurred during the year	-	-
Past service cost - vested benefit incurred during the year	-	-
Liability transferred in/acquisitions	-	-
Liability transferred out/divestments	-	-
(Gains)/ losses on curtailment	-	-
Liabilities extinguished on settlement	-	-
Benefit paid directly by the employer	-	-
Benefit paid from the fund	-	-
The effect of changes in foreign exchange rates	-	-
Actuarial (gains)/losses on obligations - due to change in demographic assumptions	-	-
Actuarial (gains)/losses on obligations - due to change in financial assumptions	79,825	(70,196)
Actuarial (gains)/losses on obligations - due to experience	49,77,564	6,71,969
Present value of benefit obligation at the end of the year	75,18,897	10,33,288

Centrum Financial Services Limited

Significant accounting policies and other explanatory information

Assumptions

Particulars	As at 31 March 2019	As at 31 March 2018
Rate of discounting	7.76% p.a.	7.88% p.a.
Rate of salary increase	5% p.a.	5% p.a.
Rate of employee turnover	5% p.a.	5% p.a.
Retirement age	60 years	58 years
Mortality rate during employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

30. Foreign exchange earnings/outflow

The foreign exchange earnings and outflow is Rs. Nil during the year ended 31 March 2019 (31 March 2018: Rs. Nil)

31. Derivative transactions

The Company has purchased NIFTY Options to hedge interest cost on MLDs. The information on open derivative instrument as at year end is as follows:

31.1 Option contracts outstanding as at 31 March 2019

Particulars	Long position		Short position	
	Number of contracts	Number of units	Number of contracts	Number of units
<1 month	-	-	-	-
1 to 2 months	-	-	-	-
2 to 3 months	565	42,375	115	8,625
3 to 12 months	48	3,600	-	-
>12 months	225	16,875	-	-

31.2 Option contracts outstanding as at 31 March 2018

Particulars	Long position		Short position	
	Number of contracts	Number of units	Number of contracts	Number of units
< 1 month	-	-	-	-
1 to 2 months	-	-	-	-
2 to 3 months	135	10,125	235	17,625
3 to 12 months	944	70,800	675	50,625
>12 months	415	31,125	115	8,625

32. Rating of Quoted Market linked debentures

Instrument	Amount	Rating
Principle Protected Market Linked Debentures	2,50,00,00,000	CARE PP-MLD A- ; Stable [PP-MLD Single A Minus; Outlook: Stable]

Centrum Financial Services Limited

Significant accounting policies and other explanatory information

33. During the year, Company has purchased the Supply Chain Finance business as of the closing date of 30 December 2018 as per the Business Transfer Agreement with such NBFC. The loan book taken over amounted to Rs. 6,464,284,850 and goodwill amounting to Rs. 143,185,676 is being generated on such acquisition which will be tested for impairment at each balance sheet date. For the year ended 31 March 2019, the management is of the view that the goodwill should not be impaired.

34. Corporate social responsibility

The Ministry of Corporate Affairs has notified Section 135 of the Companies Act, 2013 on Corporate Social Responsibility with effect from April 1, 2014. The Company has formed CSR committee as per the requirements of the Act. The Company is in the process of identifying activities to be undertaken as specified in Schedule VII of the Act.

Particulars	As at 31 March 2019	As at 31 March 2018
Amount spent	-	-
Amount unspent	14,77,723	13,49,162

35. Disclosure relating to Employee Stock Option Scheme

Details of stock options

The Company has two employees stock option schemes

CFSL Employee Incentive Scheme 2018 - Series I

The Scheme was approved by Board of Directors on 22 March 2018 for issue of 22,81,031 and by the shareholders' in the EGM dated 02 April 2018 Number of options representing 22,81,031 equity shares of Rs. 10 each.

CFSL Employee Incentive Scheme 2018 - Series II

The Scheme was approved by Board of Directors on 22 March 2018 for issue of 5,45,000 and by the shareholders' in the EGM dated 02 April 2018 number of options representing 5,45,000 equity shares of Rs. 10 each.

The activity in the (Series-I) and (Series-II) during the year ended 31 March 2019 and 31 March 2018 is set below:

Centrum Financial Services Limited
Significant accounting policies and other explanatory information

Particulars	Number of options	
	For the year ended 31 March 2019	For the year ended 31 March 2018
Series-I : Face value of Rs. 10 each		
Exercise price Rs. 10 each		
Options outstanding as at beginning of the year	-	-
Add: Granted	22,81,031	-
Less: Exercised	-	-
Less: Forfeited	-	-
Less: Lapsed	-	-
Option outstanding end of the year	21,31,031	-
Exercisable at the end of the year	-	-
Series-II : Face value of Rs. 10 each		
Exercise price Rs. 10 each		
Option outstanding as at beginning of the year	-	-
Add Granted	5,45,000	-
Less : Exercised	-	-
Less: Forfeited	-	-
Less: Lapsed	-	-
Option outstanding as at end of the year	5,45,000	-
Exercisable at the end of the year	-	-

Employees' Stock Options Scheme (ESOS) :

During the year, 28,26,031 Employee Stock Options have been granted to the employees of the Company (Previous year Nil).

The weighted average share price for stock options exercised during the year was Rs.10 (previous year Rs. Nil).

Particulars	Scheme I	Scheme I	Scheme II
Date of grant	03 April 2018	20 June 2018	20 June 2018
Date of board approval	22 March 2018	22 March 2018	22 March 2018
Date of Shareholder's approval	02 April 2018	02 April 2018	02 April 2018
Number of options granted	1,681,031	600,000	545,000
Method of settlement	Equity	Equity	Equity
Vesting period	4 Years	4 Years	5 Years
Weighted average remaining contractual life (Vesting period)	4 Years	4 Years	5 Years
Granted but not vested	1,681,031	600,000	545,000
Vested but not exercised	-	-	-
Weighted average share price at the date of exercise for stock options exercised during the year	NA	NA	NA
Exercise period	4 Years	4 Years	5 Years
Weighted Average Fair value of options (granted but not vested) as on grant date	24.20	24.42	24.80
Range of Risk free interest rate	7.55%	8.06%	7.98%
Dividend yield	0%	0%	0%
Expected volatility	16.16%	17.00%	16.06%

Vesting of options is subject to continued employment during the vesting period.

Other Information regarding employee share based payment plan is as below

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Expense arising from employee share based payment plans	1,44,57,469	-
Expense arising from share and stock option Plan	-	-
Total carrying amount at the end of the period of ESOS Reserve	1,44,57,469	-

Centrum Financial Services Limited
Significant accounting policies and other explanatory information

36. Additional disclosures as required by the Reserve Bank of India

(a) Capital to Risk Assets Ratio (CRAR)

Particulars	As at 31 March 2019	As at 31 March 2018
i. CRAR (%)	23.01%	37.35%
ii. CRAR - Tier I Capital (%)	21.44%	37.04%
iii. CRAR - Tier II Capital (%)	1.57%	0.31%
iv. Amount of hybrid debt raised as tier -II capital	15,09,14,300	-
v. Amount raised by issue of perpetual debt instruments	-	-

(b) Investments

(Amount in Rs.)

Particulars	As at 31 March 2019	As at 31 March 2018
(1) Value of investments		
(i) Gross value of investments		
(a) in India	75,41,43,495	73,88,12,913
(a) outside India	-	-
(ii) Provisions for depreciation		
(a) in India	1,48,09,218	2,11,13,858
(a) outside India	-	-
(iii) Net value of investments		
(a) in India	73,93,34,277	71,76,99,055
(a) outside India	-	-
(2) Movement of provisions held towards depreciation on investments		
(i) Opening balance	3,24,10,734	4,00,00,000
(ii) Add : Provisions made during the year	56,48,435	56,48,438
(iii) Less : Write-off/write back of excess provisions during the year	(2,54,27,804)	(1,32,37,704)
(iv) Closing balance	1,26,31,365	3,24,10,734

(c) Disclosure relating to securitisation

- (i) The Company has not entered into any securitisation transactions during the year ended 31 March 2019 (31 March 2018: Nil)
- (ii) Details of financial assets sold to Securitisation/Reconstruction Company for Asset Reconstruction:
The Company has not sold any financial assets to Securitisation/Reconstruction Company for Asset Reconstruction in the current year (31 March 2018: Nil)
- (iii) Details of assignment transactions: There are no assignment transactions undertaken by the Company during the current year (31 March 2018: Nil).

(d) Exposure to real estate sector

(Amount in Rs.)

Category	As at 31 March 2019	As at 31 March 2018
a) Direct exposure		
(i) Residential mortgages -		
Lending fully secured by mortgages on residential borrower that is or will be occupied by the borrower or that is rented	-	3,00,00,000
(ii) Commercial real estate -		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multi purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based limits	2,20,01,60,802	11,80,00,000
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
a. Residential	-	-
b. Commercial real estate	-	-
b) Indirect exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance	-	-
Others	-	-
Total exposure to real estate sector	2,20,01,60,802	14,80,00,000

(e) Exposure to capital markets

(Amount in Rs.)

Particulars	As at 31 March 2019	As at 31 March 2018
i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	34,73,99,995	4,66,000
ii) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	37,46,17,448	29,41,72,843
iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;*	-	-
iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances;*	-	-
v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
vi) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipate on of raising resources;*	23,80,83,993	-
vii) bridge loans to companies against expected equity flows / issues;*	-	-
viii) all exposures to Venture Capital Funds (both registered and unregistered)	-	-
Total exposure to capital market	96,01,01,436	29,46,38,843

Centrum Financial Services Limited
Significant accounting policies and other explanatory information

(f) Penalties imposed by RBI and other regulators

No penalties have been imposed by RBI and other regulators during the year ended 31 March 2019 (31 March 2018 : Nil).

(g) Provisions and Contingencies

(Amount in Rs.)

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	For the year ended 31 March 2019	For the year ended 31 March 2018
Provisions for depreciation on investment	78,26,285	56,48,438
Provision towards NPA	1,59,08,940	-
Provision made towards Income tax	-27,79,272	2,43,16,425
Other Provision and Contingencies*	1,51,89,505	21,78,226
Provision for Standard assets	3,09,89,869	55,82,935
	6,71,35,327	3,77,26,024
*Other provisions and contingencies		
Provision for gratuity expense	6,84,745	9,04,723
Provision for leave encashment expense	47,291	12,73,503
Provision for ESOP	1,44,57,469	-
Total	1,51,89,505	21,78,226

(h) Concentration of advances, exposure and NPAs

(Amount in Rs.)

Particulars	As at 31 March 2019	As at 31 March 2018
Concentration of advances		
Total advances to twenty largest borrowers	3,47,41,88,032	2,75,40,87,532
(%) of advances to twenty largest borrowers to total advance	30.65%	80.33%
Concentration of exposures		
Total exposure to twenty largest borrowers/customers	4,11,00,00,000	2,77,54,41,067
(%) of exposure to twenty largest borrowers/customers to total exposure	20.08%	79.79%
Concentration of NPAs		
Total exposure to top four NPA accounts	15,90,89,756	-

(i) Concentration of deposits

The Company has not accepted any deposits during the current and previous year. Also there are no outstanding deposits from earlier years(31 March 2018: Nil).

(j) Sector-wise NPAs

Sector	As at 31 March 2019	As at 31 March 2018
	(% of NPAs to total advances in that sector)	
Agriculture and allied activities	-	-
MSME	-	-
Corporate borrowers	1.50%	-
Services	-	-
Unsecured personal loans	-	-
Auto loans	-	-
Other personal loans	-	-

(k) Draw down from reserves:

There has been no draw down from reserves during the year ended 31 March 2019 (31 March 2018: Nil).

(l) Overseas assets

The Company did not have any joint ventures and subsidiaries abroad as at 31 March 2019 (31 March 2018: Nil).

(m) Derivatives

The Company has not entered into any forward rate agreements, interest rate swaps, exchange traded interest rate derivatives. Hence, no disclosure is made for the same (31 March 2018: Nil).

Centrum Financial Services Limited

Significant accounting policies and other explanatory information

(p) Asset liability management

Maturity pattern of certain items of assets and liabilities as at 31 March 2019

(Amount in Rs.)

Particulars	Upto 30/31 days	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 month and upto 6 Months	Over 6 month and upto 1 year	Over 1 year and upto 3 year	Over 3 year and upto 5 year	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-
Advances*	2,71,21,80,013	2,07,59,83,108	1,55,85,60,199	1,39,12,77,627	58,22,87,499	1,99,02,08,033	1,00,15,20,126	2,29,75,630	11,33,49,92,234
Investments	34,56,00,000	-	-	-	17,99,995	-	-	39,54,46,627	74,28,46,622
Borrowings	3,79,16,654	47,27,82,604	1,30,51,49,828	1,17,18,73,792	2,67,80,28,419	2,97,65,36,416	1,26,35,51,110	-	9,90,58,38,823
Foreign Currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

* Also, refer note 14.2

Maturity pattern of certain items of assets and liabilities as at 31 March 2018

(Amount in Rs.)

Particulars	Upto 30/31 days	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 month and upto 6 Months	Over 6 month and upto 1 year	Over 1 year and upto 3 year	Over 3 year and upto 5 year	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-
Advances*	39,84,86,637	39,93,81,024	55,09,09,554	43,50,91,210	43,79,69,097	1,26,57,28,550	19,08,68,995	-	3,42,84,35,066
Investments	-	-	-	-	-	-	-	40,31,16,980	70,64,02,179
Borrowings	19,26,38,051	9,76,38,444	11,63,88,841	28,51,94,375	65,42,12,588	1,92,36,20,399	2,81,15,087	12,63,75,036	3,42,41,82,820
Foreign Currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

* Also, refer note 14.2

Centrum Financial Services Limited

Significant accounting policies and other explanatory information

(o) Details of Single Borrower Limit (SBL)/Group Borrower Limit (GBL) exceeded by the Company

During the previous year, the Centrum Group had commenced microfinance business in December 2017 and on account of this, the total assets of the group exceeded Rs. 500 crores. Pursuant to RBI Master Direction-Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated 01 September 2016 as amended from time to time (“the Regulations”), on “Multiple NBFCs” in the group, each NBFC within the group shall comply with the provisions of systemically important NBFC.

During the previous year, the Company vide letter dated 20 January 2018 (“the letter”) had informed RBI about the above developments along with measures proposed to be undertaken by the Company to comply with the Regulations, amongst others being transfer of entire shareholding from Centrum Retail Services Limited to Centrum Capital Limited and planned capital infusion once the approval is received from the RBI on transfer of entire shareholding. The letter also provided an assurance to be in compliance with the Regulations by the end of financial year i.e. 31 March 2018. The Company got approval from RBI vide letter dated 16 February 2018 for transfer of shareholding and accordingly infused equity capital on 28 March 2018 to comply with SBL and GBL. Hence, during period from 01 December 2017 to 27 March 2018, the Company had exceeded the Single Borrower Limit in following 10 instances. There are no instances of Company exceeding the single borrower / group during the year.

For the year ended 31 March 2018

1. Loans given

- i) Redkite Capital Private Limited
- ii) GHV (India) Private Limited
- iii) Anwasha Engineering & Projects Limited
- iv) LMJ International Limited
- v) Jindal Stainless Steelway
- vi) Axis Spaces Private Limited
- vii) Centrum Capital Limited
- viii) Wellspring Healthcare Private Limited
- ix) Visu Leasing & Finance Limited

2. Investments

- i) Waaree Energies Limited

(ii) Group Borrower Limit

For the year ended 31 March 2019 - Nil (31 March 2018: Nil).

(p) Customer complaints:

Particulars	As on 31 March 2019	As on 31 March 2018
(a) Number of complaints pending at the beginning of the year	-	-
(b) Number of complaints received during the year	-	-
(c) Number of complaints redressed during the year	-	-
(d) Number of complaints pending at the end of the year	-	-

(q) Movement in non-performing assets (NPAs)

(Amount in Rs.)

Particulars	As at 31 March 2019	As at 31 March 2018
(i) Net NPAs to net advances (%)	2.89%	-
(ii) Movement of NPAs (gross)		
(a) Opening balance	-	-
(b) Additions during the year	40,90,89,756	1,79,00,000
(c) Reductions during the year	25,00,00,000	1,79,00,000
(d) Closing balance	15,90,89,756	-
(iii) Movement of net NPAs		
(a) Opening balance	-	-
(b) Additions during the year	36,81,80,780	-
(c) Reductions during the year*	22,50,00,000	-
(d) Closing balance	14,31,80,780	-
(iv) Movement of provisions for NPAs (excluding provision on standard assets)		
(a) Opening balance	-	-
(b) Additions during the year	4,09,08,976	1,79,00,000
(c) Write off/ write back of excess provision*	2,50,00,000	1,79,00,000
(d) Closing balance	1,59,08,976	-

*Refer Note 14.1

Centrum Financial Services Limited
Significant accounting policies and other explanatory information

(r) Schedule to the Balance Sheet of "Centrum Financial Services Limited" (as required in terms of paragraph 13 of Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016

Particulars	As at 31 March 2019			As at 31 March 2018		
	Amount outstanding	Amount overdue	Total	Amount outstanding	Amount overdue	Total
Liabilities side :						
1) Loans and advances availed by the non- banking financial company inclusive of interest accrued thereon but not paid:						
(a) Debentures : Secured	4,05,20,53,188	-	4,05,20,53,188	1,80,01,04,754	-	1,80,01,04,754
: Unsecured	-	-	-	-	-	-
(other than falling within the meaning of public deposits)						
(b) Deferred credits	-	-	-	-	-	-
(c) Term loans	6,25,71,83,854	-	6,25,71,83,854	1,55,20,50,261	-	1,55,20,50,261
(d) Inter-corporate loans and borrowing	5,14,61,607	-	5,14,61,607	6,40,69,189	-	6,40,69,189
(e) Commercial paper	-	-	-	-	-	-
(f) Public deposits	-	-	-	-	-	-
(g) Vehicle loan	12,52,787	-	12,52,787	20,55,225	-	20,55,225
(h) Other loans (Borrowings)	15,80,00,000	-	15,80,00,000	22,49,36,384	-	22,49,36,384
Assets side :						
2) Break-up of loans and advances including bills receivables [other than those included in (4) below]						
(a) Secured	11,33,49,92,234	-	11,33,49,92,234	3,14,54,91,231	-	3,14,54,91,231
(b) Unsecured	-	-	-	28,29,43,835	-	28,29,43,835
Total	11,33,49,92,234	-	11,33,49,92,234	3,42,84,35,066	-	3,42,84,35,066
3) Break up of leased assets and stock on hire and other assets counting towards AFC activities						
(i) Lease assets including lease rentals under sundry debtors:						
(a) Financial lease	-	-	-	-	-	-
(b) Operating lease - Refer note 5 below	-	-	-	-	-	-
(ii) Stock on hire including hire charges under sundry debtors:						
(a) Assets on hire	-	-	-	-	-	-
(b) Repossessed assets	-	-	-	-	-	-
(iii) Other loans counting towards AFC activities						
(a) Loans where assets have been repossessed	-	-	-	-	-	-
(b) Loans other than (a) above	-	-	-	-	-	-
4) Break-up of investments :						
Current investments :						
1. Quoted						
(i) Shares : (a) Equity	34,73,99,995	-	34,73,99,995	4,66,000	-	4,66,000
(b) Preference	-	-	-	-	-	-
(ii) Debentures and bonds	-	-	-	-	-	-
(iii) Units of mutual funds	-	-	-	-	-	-
(iv) Government securities	-	-	-	-	-	-
(v) Others (please specify)	-	-	-	-	-	-
2. Unquoted						
(i) Shares : (a) Equity	-	-	-	-	-	-
(b) Preference	-	-	-	-	-	-
(ii) Debentures and bonds	-	-	-	-	-	-
(iii) Units of mutual funds	-	-	-	-	-	-
(iv) Government securities	-	-	-	-	-	-
(v) Others (security receipts)	-	-	-	1,48,19,699	-	1,48,19,699
Long term investments :						
1. Quoted						
(i) Shares : (a) Equity	-	-	-	-	-	-
(b) Preference	-	-	-	-	-	-
(ii) Debentures and bonds	5,00,00,000	-	5,00,00,000	-	-	-
(iii) Units of mutual funds	-	-	-	-	-	-
(iv) Government securities	-	-	-	-	-	-
(v) Others (please specify)	-	-	-	-	-	-
2. Unquoted						
(i) Shares : (a) Equity	-	-	-	-	-	-
(b) Preference	-	-	-	-	-	-
(ii) Debentures and bonds	-	-	-	-	-	-
(iii) Units of mutual funds	-	-	-	-	-	-
(iv) Government securities	-	-	-	-	-	-
(v) Others (Investment and investment property)	34,54,46,627	-	34,54,46,627	35,10,95,062	-	35,10,95,062

Centrum Financial Services Limited
Significant accounting policies and other explanatory information

5) Borrower group-wise classification of assets financed as in (2) and (3) above:	Amount net of provision (Refer note 22)			Amount net of provision (Refer note 22)		
	Secured	Unsecured	Total	Secured	Unsecured	Total
Category						
1. Related Parties						
(a) Subsidiaries	-	-	-	-	-	-
(b) Companies in the same group	-	-	-	-	16,93,20,000	16,93,20,000
2. Other than related parties	11,27,43,79,684	-	11,27,43,79,684	3,38,19,09,266	11,24,92,060	3,49,44,01,325
Total	11,27,43,79,684	-	11,27,43,79,684	3,38,19,09,266	28,18,12,060	3,66,37,21,325
6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)						
Category	Market Value / Break up or fair value or NAV	Book Value (Net of provisions)	Total	Market Value / Break up or fair value or NAV	Book Value (Net of provisions)	Total
1. Related Parties						
(a) Subsidiaries	-	-	-	-	-	-
(b) Companies in the same group	-	-	-	-	-	-
2. Other than related parties	73,93,34,277	73,93,34,277	1,47,86,68,555	45,43,80,261	45,43,80,261	90,87,60,523
Total	73,93,34,277	73,93,34,277	1,47,86,68,555	45,43,80,261	45,43,80,261	90,87,60,523
7) Other Information						
Particulars	Amount	Amount	Total	Amount	Amount	Total
(i) Gross non- performing assets						
(a) Related parties	-	-	-	-	-	-
(b) Other than related parties	15,90,89,755	-	15,90,89,755	-	-	-
(ii) Net non- performing assets						
(a) Related parties	-	-	-	-	-	-
(b) Other than related parties	14,31,80,779.50	-	14,31,80,780	-	-	-
(iii) Assets acquired in satisfaction of debt	-	-	-	-	-	-

Notes:

1. Provisioning norms shall be applicable as prescribed in Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 whichever is applicable.

2. 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 debt.

3. In respect of investment in property, fair value has been taken on account of amalgamation. Bond and quoted equity shares have been valued as per prevailing market standards.

The figures are not netted with provision against standard assets as it is not a specific provision.

(s) Details of financing of parent company products

The Company has not financed the product of parent company during the year ended 31 March 2019 (31 March 2018: Nil).

(t) Unsecured advances

During the year, the Company has not given any advance against collateral of rights, licenses, authority, etc. (Refer note 14) (31 March 2018: Nil).

(u) Off balance sheet SPV sponsored

The Company does not have any off balance sheet SPV sponsored (31 March 2018: Nil).

(v) Related Party Transactions

Refer note 25 for transaction with related parties

(w) Details of non-performing financial assets purchased/sold

The Company has not purchase non-performing assets sold non-performing assets during the year ended 31 March 2019(31 March 2018: Nil).

(x) Registration obtained from other financial sector regulators

The Company is registered with following other financial sector regulators (Financial regulators as described by Ministry of Finance):

- i. Ministry of Corporate Affairs
- ii. Securities Exchange Board of India
- iii. Reserve Bank of India

Centrum Financial Services Limited
Significant accounting policies and other explanatory information

(u) Information on instances of fraud

Instances of fraud for the year ended 31 March 2019

Nature of fraud	No of cases	Amount of Fraud	Recovery	Write-off
Cash embezzlement	Nil	Nil	Nil	Nil

Instances of fraud for the year ended 31 March 2018

Nature of fraud	No of cases	Amount of Fraud	Recovery	Write-off
Cash embezzlement	Nil	Nil	Nil	Nil

(v) Registration obtained from other financial sector regulators

The Company is registered with following other financial sector regulators (Financial regulators as described by Ministry of Finance):

- i. Ministry of Corporate Affairs

37. Previous year's figures have been regrouped where necessary to conform to this year's classification.

For Walker Chandniok & Co LLP

Chartered Accountants

Firm's registration number: 001076N/N500013

For and on behalf of the Board of Directors

Centrum Financial Services Limited

Manish Gujral

Partner

Membership no. 105117

Ranjan Ghosh

Managing Director and CEO

DIN : 07592235

Shailendra Apte

Director

DIN : 00017814

Date : 21 May 2019

Place : Mumbai

Bharat Adnani

Chief Financial Officer

Dipesh Goyal

Company secretary