Centrum Financial Services Limited
Annual Report 2021

CENTRUM
Financial Services

COLLABORATING FOR PROGRESS

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Contents

Board of Directors

Mr. Ranjan Ghosh
Managing Director & CEO

Mr. Rishad Byramjee
Non-executive Director

Mr. Shailendra Apte
Non-executive Director

Mr. G. S. Sundararajan
Independent Director

Ms. Dipali Sheth
Independent Director

Mr. Subrata Kumar Mitra
Independent Director

Mr. Siddhartha Sengupta
Independent Director

Key Managerial Personnel
(other than MD & CEO)

Mr. Abhishek Baxi
Chief Financial Officer

Ms. Archana Goyal
Company Secretary

Corporate Information

Registered Office:
2nd Floor, Bombay Mutual Building,
Dr. D.N Road, Fort, Mumbai – 400001

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

Corporate Identification Number:
U65910MH1993PLC192085

Statutory Auditors:
M/s. Haribhakti & Co. LLP

Registrar & Share Transfer Agents:

1. Link Intime India Private Limited
C 101, 247 Park, LBS Rd, Vikhroli West,
Mumbai - 400083

2. NSDL Database Management Limited
4th Floor, Trade World, A Wing, Kamla Mills Compound, Senapati Bapat Marg
Lower Parel, Mumbai - 400 013

FROM THE GROUP CHAIRMAN'S DESK

Dear Shareholders,

I hope you and your families are well and safe.

As I write this message, India is going through a tough phase - battling the Covid pandemic as well as grappling with a significant economic downturn. The second wave of Covid and its subsequent lockdowns have impacted us hard, resulting in a loss of lives and livelihoods like never before. The relief measures announced by the Government, coupled with multi pronged efforts of the Medical fraternity, Industry, Social sector and HNIs are all working to see us through this very difficult time.

I am happy to share that in spite of a prolonged lockdown and challenging business environment through most of FY2021, the Centrum Financial Services Limited (CFSL), team worked relentlessly, servicing clients through a 'Phy-gital Model' combining technology with a personal approach.

Post the Covid lockdown in March 2020, NBFCs took a substantial hit, suffering multiple setbacks against a backdrop of stressed borrowers and pandemic-struck defaulters. Despite the prolonged slowdown, NBFCs have now recovered up to as much as 55% from pre-pandemic numbers, and the progress continues, by leveraging emerging technologies and offering innovative services.

CFSL had a satisfactory year, despite the many challenges. We re-strategized our growth plans to focus on stronger risk management practices and remained cautious in making fresh disbursals. A conscious effort was made to keep the loan book granular by scaling down our wholesale lending business and concentrating on smaller ticket sizes to MSME and Supply Chain entities. Additionally, new relationships were established with PSU and Private sector banks (which ensured we remained adequately capitalized) and reputed service providers such as BharatPe and a few international entities. The benefits from these associations should be visible in FY2022.

We have invested substantially during the year, to improve corporate governance, strengthen our backend technology and reduce turnaround times to provide a superior experience to clients. All of these, coupled with greater traction expected in MSME and supply chain lending (driven by improving business sentiments and incentives given to boost manufacturing in India) should enable us to grow well organically, while simultaneously pursuing in-organic opportunities.

I wish the CFSL team a successful FY2022 and thank all our Board Members, Regulators and Stake Holders for their continued support.

CEO'S MESSAGE

Dear Shareholders,

I hope this message finds you well.

The last year has been both challenging and exciting for CFSL for multiple reasons. While Covid once again tried to dampen spirits, our prudent and proactive approach in seizing opportunities enabled us to lay a strong foundation to build on going forward.

It gives me immense pleasure to share that your company along with Resilient Innovations Pvt. Ltd. (RIPL): BHARATPE was awarded an "in-principle" approval on 18th June, 2021 from RBI to set up a Small Finance Bank (SFB), marking the first such approval from RBI in 6 years.

Operationally, CFSL's business will transfer to the new SFB while CFSL will continue to be the holding company. This partnership will enable the SFB to become a digital first bank and leverage the adaptability and versatility of digitisation to build a liability franchise model while holding to our core business values of striving to best serve our customers.

Amidst the challenges of the second wave we found relief in being able to build on our previous knowledge of dealing with the pandemic induced difficulties. Preparedness, experience and tighter credit underwriting standards have enabled us to build a high quality book during the past year. Investors in our products seek great confidence from – first, improved GNPA numbers from 2.16% in FY20 to 1.49% in FY21 and second, improved CRAR ratio from 25.25% in FY20 to 30.69% in FY21. Correspondingly, our growth is muted but we are on a stable platform ready to catapult forward in FY22.

We are rebalancing our product offerings and exposures to maximise profitability. Furthering our proactive approach to move towards granular loans with more streamlined process flow, we are focusing on building book size in MSME and Supply Chain Finance while reducing exposure in Commercial Finance and Real Estate.

All Centrumites are tirelessly working to convert all upcoming challenges into opportunities and are geared to march onwards and upwards. I am more than hopeful that these relentless efforts will continue to drive sustainable organic growth while exploring inorganic expansion avenues.

I thank you all for your continued support and wish you prosperity and good health.

BOARD OF DIRECTORS

Mr. Ranjan Ghosh – MD & CEO

Mr. Ranjan Ghosh has close to 3 decades experience in the Banking & Financial Service Industry. He brings a wide array of professional and industry contacts, a deep understanding of Risk Management and Financial Markets and international best practices in Governance. He has held several Senior Management roles in Standard Chartered in India and Singapore. Ranjan has done his MBA from The University of Northern Iowa - USA and Bachelor of Electrical Engineering from Jadavpur University, Kolkata.

Mr. Shailendra Apte – Non-executive Director

Mr. Apte is a post graduate in management studies and has more than 25 years of experience in financial services sector. He started his career as part of the Corporate Finance Team in a leading financial services company. He had set up South India operations of the Company and managed all products in its Debt Division. At Centrum, he has been a key member of the lease syndication team specializing in lease pricing.

Mr. Rishad Byramjee – Non-Executive Director

Mr. Byramjee has more than 2 decades of experience in different businesses and has been actively involved with Casby Logistics Pvt. Ltd. He has also been actively associated with other companies of the Casby group. He also spearheads all new logistics ventures for the organization.

Mr. G S Sundararajan – Independent Director

Mr. Sundararajan holds a Bachelor of Engineering degree from Coimbatore and a Post Graduate Diploma in Management from the Indian Institute of Management (IIM), Ahmedabad. He is presently serving on Boards of several reputed companies in the Banking and Financial Service Industry. G S Sundararajan was till recently the Group Director, Shriram Group.

Mr. Subrata Kumar Mitra - Independent Director

Mr. Subrata Kumar Mitra has more than 40 years of experience in the financial industry. He has held roles in companies such as Standard Chartered, American Express and the Aditya Birla Group, operating across functions such as investment banking, asset management and financial services. Mr. Mitra had at different times managed each of businesses directly as CEO. Mr. Mitra is one of the early investment bankers in India. He was also inducted on the Board of Aditya Birla Nuvo.

Mr. Siddhartha Sengupta - Independent Director

Mr. Siddhartha Sengupta was a career banker with SBI spanning 36 years in key leadership roles in India and overseas.As the Deputy Managing Director of International Banking Group of SBI from 1 Dec. 2014 to 31 Jan. 2019, he oversaw a balance sheet of $55 bn across 35 countries including the USA, Canada and UK in addition to driving strategic business development and risk management in other jurisdictions.

Ms. Dipali Sheth - Independent Director

Ms. Dipali Sheth is a seasoned HR professional with previous experience in Standard Chartered Bank where she joined in Learning and Development, moved onto Head Resourcing and Talent, Head HR Wholesale Bank and included experience in the Standard Chartered acquisition of Grindlays.

She was the Country Head of HR in R B Sand was overseeing HR function across all businesses and Geographies in India.

About Us

Our mission, vision and values make us who we are forge a path for sustainable and collaborative future growth.

Vision

Our vision is to be recognized as a digitally driven and trusted financial partner of emerging businesses, with the aim of providing innovative solutions and adapting to the ever-changing financial landscape.

Mission

To be at the forefront of facilitating growth and business expansion, filling the need for robust lending services for India's emerging micro, small and medium businesses.

- Serving the MSME Community through a mix of physical and digital channels aimed at maximizing our outreach.
- Creating sustainable value for our stakeholders by operating with efficiency and transparency

Values

Trust	Best outcomes are achieved when people work together across the entire company. Great teams are built on mutual trust, shared ownership and accountability. CFSL acts as one company and believes when we work together, we best meet the full needs of our clients
Partnership	Building meaningful partnerships is at the core of all our activities. We like to build strong partnerships and ownership mentalities within our internal teams while also building a strong bond with our customers and partners across the financial ecosystem.
Efficiency	Efficiency is central to how CFSL operates. We constantly work to improve our processes and functions daily in order to work towards our goal of serving our customers optimally. We achieve this through critical assessment of our processes and embracing technology as a solution.
Adaptability	Adaptability is critical to succeed in the current financial environment. We strive to be adaptable to changes around us and, in our ability, to cater to the ever-changing needs of our customers.

WHO MAKES CENTRUM – OUR CENTRUMITES

Major disruptions brought by Covid made us re-evaluate existing strategies and create fresh ones. We are driven by our biggest strength – Our Centrumites. The HR team undertook various fun events with our Centrumites and their families to support their mental and physical health during the challenging times. The initiatives saw phenomenal participation across India. The participation blurred the physical gaps and allowed everyone to continue to provide service par excellence to our clients. The busy, yet successful year of HR activities are summed up here.

INITIATIVES

- Employee Fitness Challenge
- Covid-19 Support groups
- Increased Medical cover for employees
- Emergency leaves for Covid
- Meditation session
- Doc-online tie ups
- Work From Home
- Virtual team get together

CFSL AT THE FOREFRONT

The government of India with RBI announced a slew of measures to ensure stability for MSME and Financial Institutions. CFSL has availed of these facilities as under →

Guarantee under ECLGS upto Rs. 3 lakh crore

- In line with Govt, of India's initiative to extend additional funding to eligible borrowers, CFSL has extended additional term loans under the ECLGS scheme to existing business clients.
- CFSL has currently sanctioned about 22 crs of additional term loans to its existing clients.

Diversified Resource raising sources

- Several PSU banks and SIDBI extended support to CFSL during the strenuous times based on our Financial performance and market credibility.
- CFSL has been able to raise various facilities from Banks/ FIs amounting to more than Rs. 200 crores comprising under TLTRO, PCG backed schemes, Structured Commercial paper etc which has enabled the Company to diversify its resource profile at comparatively lower borrowing costs.

Other Fund Raising Sources

Centrum Financial raises ₹50 crore

OUR BUREAU
Mumbai, December 14

Centrum Financial Services Ltd (CFSL), the NBFC arm of financial services major Centrum Group, has raised ₹50 crore by securitising its supply chain loan book, which was acquired from L&T Finance two years ago. Further, it is also looking to raise another ₹25 crore through the same route.The business, which provides financing with an average ticket size of ₹50 lakh to ₹1.5 crore to MSME supply chain dealers and vendors, has raised the funding from Indian high net worth individuals, family offices and treasuries among others.

However, the names of the investors could not be immediately ascertained. The funding was raised through Pass Through Certificates (PTCs) issued by a Special Purpose Vehicle of CFSL, which had received a CRISIL A1+ (SO) credit rating (highest rating for a PTC).

Article from: Business line – 13 Dec 2020

₹ Business Partnership agreements (BPAs) – Key BPAs were signed by CFSL with Fintech majors Bharat Pe for partnership on digital lending of MSME loans.

₹ Raising of Tier 2 Capital – from Resilient Innovations Private Ltd (BharatPe) by way of NCDs for an amount of Rs. 50 crore.

₹ Co-lending-Co Lending agreements were signed with Capital Float. These partnerships augur well for CFSL in FY22.

₹ One of its Kind Deal– CFSL issued Commercial Papers and Pass Through Certificates. These transactions are Bankruptcy Remote backed by Dual Recourse on Supply Chain Receivables. These were first of its kind of Structured Transactions in India.

DIRECTORS' REPORT

To
The Members,
Centrum Financial Services Limited,

Your Directors are pleased to present the Annual Report along with the Audited Financial Statements for the financial year ended March 31, 2021.

FINANCIAL HIGHLIGHTS

(Amt. in Rs. Crs.)

Particulars	**Year ended March 31, 2021 (As per INDAS)**	**Year ended March 31, 2020 (As per INDAS)**
Total Revenue	140.85	149.41
Total Expenses	138.18	137.23
Profit/ (Loss) before tax	2.66	12.18
Less: Taxation Expenses	0.84	3.95
Profit /(Loss) after tax	1.82	8.22
Other Comprehensive Income	0.03	(0.10)
Total Income post considering other Comprehensive income	1.85	8.12
Balance of profit/ (loss) for earlier years	(5.94)	(6.71)
Add: Profit for the year	1.85	8.12
Less: Transfers to reserve/profit or loss for the year	9.97	7.35
Balance carried forward	(14.06)	(5.94)

PERFORMANCE REVIEW AND STATE OF COMPANY'S AFFAIRS

The year commenced with COVID-19 related lockdowns, disruption in the economy and consequent slow down. The Company activated its Business Continuity Plan towards end of March 2020 and all its employees moved to Work from Home model very successfully. This continued till the end of the second quarter. The Company's priorities were collections, liquidity management and raising resources for loan repayments.

Your Company focused on sound risk management by diversifying its portfolio with lower ticket sizes in the Supply Chain Finance (SCF) and MSME segment.

As on March 31, 2021, the Company's loan book stood at INR 849.62 Crore as compared to INR 877.56 Crore in the previous financial year**.** This was due to reduction in exposure to mid-corporates as a proactive risk management strategy given the anticipated economic headwinds and a thrust to keep the asset book of the Company granular. Furthermore, the Company scaled down its dealer finance operations in the first two quarters for the same reason. As a result, the asset book at the year-end remained static.

The Gross income from operations of your Company decreased from INR 149.41 Crore in FY 2019-20 to 140.85 Crore 2020-21 in line with the above approach. The net profit for the year under review is INR 1.85 Crore against net profit of INR 8.12 Crore in the previous year. Part of this reduction in profits is due to the higher cash position the Company has maintained throughout the pandemic period.

Your Company reports its results on the basis of Ind-AS, under which the Company's Market Linked Debentures (MLDs) and the NIFTY Options contracted to hedge the MLDs, are required to be stated at a fair value as at year end. During the FY 2020-21 the net position was a negative INR 19 Crore (Previous year positive INR 12 Crore), which has been charged to the profit and loss account. This is primarily due to the sharp rise in NIFTY levels during the year as well as increase in volatility. The Company has made attempts to hedge the market risk to the maximum extent and is also evaluating the option of implementing hedge accounting system from FY 2021-22 onwards, to mitigate the volatility in the profit and loss account.

There has been no change in the nature of business of your Company during the year.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

During the year under review, your Company has submitted a final binding offer for acquisition of Punjab & Maharashtra Co-operative Bank Limited ("PMC Bank"), a multi-state co-operative bank, along with **Resilient Innovations Private Limited ("Bharat Pe")**. Further, the Company has also made an application for the licence of Small Finance Bank (SFB), with Bharat Pe acting as 'persons acting in concert'.

The Company executed a Memorandum of Understanding (MOU) with **Lion's Head Group Ltd,** a company registered under the laws of England, to jointly conduct business of providing venture debt funding to start-ups. The Company is in the process of setting up a SEBI registered Category II Alternative Investment Fund (**"Fund"**) and a wholly-owned subsidiary which shall act as the 'Investment Manager' to the Fund. All this shall be subject to regulatory approvals as may be required from time to time.

During the year, CFSL has sold two of its stressed assets, valued at INR 12.31 Crore, for an aggregate amount of INR 10.42 Crore. Due to this transaction and other resolutions by the Company, the Company's GNPA & NNPA has reduced substantially from 4.01% & 2.26% to 1.49% & 0.62 %, respectively.

The Company received Tier II capital amounting to INR 50 Crore which considerably improved its Capital adequacy.

Further, the Company has approved sale of its investment of 1,50,00,000 (One Crore Fifty Lacs) Unrated Unlisted Unsecured Compulsorily Convertible Debentures, of the face value of INR. 10/- (Rupees Ten only) each, aggregating upto Rs. 15,00,00,000/- (Rupees Fifteen Crore only) issued by Centrum Microcredit Limited (CML) at a considerable profit. The Company is expected to receive INR 23.55 crore for this sale with IRR of 49% including the upward movement in valuation. This transaction shall get materialised during FY2021-22.

COVID-19 impact

The outbreak of the deadly COVID-19 virus and the ensuing lockdown imposed across the country affected business operations. The health of the employees and workers became a priority for the Company. Stoppage of operations for an uncertain period resulted in a large financial burden and COVID-19 became an unprecedented challenge.

The lockdown gave India time to make a concerted effort to flatten the outbreak curve. However, towards later part of the year consequent to significant opening of the economic activity across the nation the business picked up compared to that during the initial period of COVID-19. However, the Company maintained a cautious approach and focused more on collections than disbursements.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis is presented in **Annexure A** forming part of this Annual Report. It provides details about the overall industry structure, domestic economic scenarios, developments in business operations/ performance of the Company's businesses and other material developments during the financial year 2020-21.

RESOURCES

The Company has raised funds through a mix of borrowings. During the year, the net borrowings have increased from INR 720 Crore as on March 31, 2020 to INR 751 Crore as on March 31, 2021.

During the year under review, the Company has raised an amount of INR 115.29 Crore in multiple tranches through private placement by way of issue of secured, listed, rated, redeemable, non-convertible principal protected market linked debentures (MLDs) bearing a face value of INR 1,00,000/- each. Further, MLDs amounting to INR 221.74 Crore raised earlier were redeemed during the year under review.

The Company has raised an amount of INR 300.00 Crore in multiple tranches through private placement by way of issue of Non-Convertible Debentures (NCDs). Further, NCDs amounting to INR 65.00 Crore raised earlier were redeemed during the year under review.

Also the Company raised Tier II capital amounting to INR 50 Crore through issuance of Unsecured, Subordinated, Redeemable, Non-convertible Debentures (NCDs) having a tenor of 7 years, to Resilient Innovations Private Limited.

The Company has also raised an amount of INR 8.50 Crore in multiple tranches by way of issue of Commercial Papers. Further, Commercial Papers amounting to INR 20.00 Crores were redeemed during the financial year.

The Company successfully securitized INR 50 Crore of the Supply Chain Finance book with high credit quality receivables sold to a SPV that issued the Pass Through Certificates (PTCs) to HNIs, Family Office Treasuries and MSME Corporate Treasuries. This is an Industry first transaction with the instrument carrying the highest rating in the ST from CRISL of A1+ (SO).

The Company now has an established relationship with several public and private sector banks viz. State Bank of India, Bank of Baroda, Union Bank, etc.

TRANSFER TO RESERVES

The Board of directors has approved transfer of INR 0.36 Crores to statutory reserves in terms of section 45IC of the RBI Act, 1934.

SHARE CAPITAL

During the financial year under review, the authorized share capital of the Company has remained unchanged i.e. INR 1,50,00,00,000/- and paid up capital is unchanged at INR 9,89,56,942/-.

DIVIDEND

In order to conserve the resources, your Directors do not recommend any dividend for the financial year 2020-21.

LISTING FEES

The Company's Market Linked Debentures (MLDs) are listed on Wholesale Debt Market Segment of BSE Limited. The Company has paid listing fees upto the financial year 2021-22.

SUBSIDIARIES, JOINT VENTURE AND ASSOCIATE COMPANIES

Centrum Retail Services Limited is the holding company of Centrum Financial Services Limited. Centrum Capital Limited continues to be the ultimate holding company of the Company.

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

India is currently experiencing a massive second wave of COVID-19 infections. The series of lockdowns have begun since the onset of new financial year. However, we expect no major changes in the economic activity as the nation is preparing to face the Pandemic with vaccines and preparedness.

AUDITORS AND AUDITORS' REPORT

M/s. Haribhakti & Co. LLP, Chartered Accountants (ICAI Firm No. 103523W / W100048), the Statutory Auditors of the Company, hold office until the conclusion of AGM to be held in the year 2024. Pursuant to Section 141 of the Act, the Auditors have represented that they are not disqualified and continue to be eligible to act as the Auditor of the Company. There are no observations/ qualifications of the Auditors in their report for the FY 2020-21.

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 M/s. Alwyn Jay & Co, Company Secretaries, Mumbai, 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 are no adverse remark, qualifications or reservation in the said Secretarial Audit Report.

INTERNAL AUDITORS & THEIR REPORT

During the financial year, the Internal Audit of the Company was conducted in two parts in the following manner:

(1) For Credit risk review - by Mr. Anjan Sen, Advisor- Internal Audit function

(2) For matters other than Credit – by M/s. Pinnacle Global Consultancy, Chartered Accounts, Mumbai.

The reports of the internal auditors were duly deliberated, considered, reviewed or noted at the Audit Committee and the Board meetings of the Company.

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 Kishor Apte (DIN: 00017814) retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment. There were following changes in the Board/KMPs, during the financial year under review:

- Mr. R.S. Reddy (DIN: 02339668) resigned as an Independent Director of the Company with effect from May 6, 2020. The Board places on record its sincere appreciation for valuable services rendered by Mr. Reddy as an Independent Director of the Company.
- Mr. Siddhartha Sengupta (DIN: 08467648) was appointed as an Additional Director in the capacity of an Independent Director with effect from May 14, 2020.
- Mr. Subrata Kumar Mitra (DIN: 00029961) was appointed as an Additional Director in the capacity of an Independent Director with effect from May 14, 2020.

As on March 31, 2021, the Company has the following Key Managerial Personnel:

1) Mr. Ranjan Ghosh – Managing Director & Chief Executive Officer
2) Mr. Abhishek Baxi – Chief Financial Officer
3) Ms. Archana Goyal – Company Secretary

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	Stakeholders Relationship Committee	CSR Committee
Number of Meetings	6	4	2	1	1
Dates of Meetings	14.05.2020, 11.06.2020, 11.09.2020, 06.11.2020, 18.01.2021, 01.02.2021.	11.06.2020, 11.09.2020, 06.11.2020, 01.02.2021.	14.05.2020, 11.06.2020.	02.02.2021	11.09.2020.
	Attendance of Directors/Committee Members				
Mr. Ranjan Ghosh	6	NA	NA	1	1
Mr. Rishad Byramjee	6	NA	2	NA	NA
Mr. Shailendra Apte	6	4	2	1	1
Mr. G. S. Sundararajan	6	4	2	NA	NA
Ms. Dipali Sheth	6	NA	2	NA	1
Mr. S.K. Mitra	6	NA	NA	NA	NA
Mr. Siddhartha Sengupta	6	4	NA	NA	NA

Six meetings of the Board were held during the financial 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 meetings of Independent Directors was held on May 14, 2020, 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 and regulatory guidelines, 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/ Risk Management 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.

The Risk Management Committee of the Company meets periodically wherein different aspects of probable risks to the business are discussed at length and its mitigants are identified.

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 financial year under review, the Company has not given loan 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 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 during the financial year, fall 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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") is included under note 38 of the financial statements.

POLICY ON RELATED PARTY TRANSACTIONS

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

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The statement containing names of top ten employees in terms of remuneration drawn and the particulars of employees as required under Section 197(12) of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate **Annexure C** which forms a part of this report.

PARTICULARS OF DEPOSITS

The Company being a 'Non-Deposit taking Systemically Important Non-Banking Financial Company' has not accepted public 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, 2021, was as follows:

Sr. No	Name	Category	Designation in the Committee
1	Mr. G S Sundararajan	Independent Director	Chairman
2	Mr. Siddhartha Sengupta	Independent Director	Member
3	Mr. Shailendra Apte	Non-Executive Director	Member

NOMINATION & REMUNERATION COMMITTEE

The constitution of the Nomination & Remuneration Committee as on March 31, 2021, is as follows:

Sr No	Name	Designation	Designation 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

STAKEHOLDERS RELATIONSHIP COMMITTEE

Stakeholders Relationship Committee was duly constituted on January 24, 2020 as the number of Debenture-holders of the Company exceeded one thousand. The constitution of the Committee is as follows:

Sr. No	Name	Position in the Committee
1	Mr. Shailendra Apte	Chairperson
2	Mr. Ranjan Ghosh	Member

One meeting of the Committee was held on February 2, 2021.

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 had 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 had 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 had prepared the annual accounts on a going concern basis;

(e) they had laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively;

(f) they had 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 D.**

PERFORMANCE EVALUATION

The Board of Directors carried out an annual evaluation of the Board itself, its Committees and individual Directors. The entire Board carried out performance evaluation of each Directors.

The evaluation was done after taking into consideration the inputs received from Directors, setting out parameters for 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 E**.

As on March 31, 2021, the CSR Committee comprised of:

Sr No	Name	Designation	Position in the Committee
1	Mr. Ranjan Ghosh	Managing Director & 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 September 11, 2020 has recommended an amount of **INR 9,41,523**/- as expenditure to be incurred on the CSR activities of the Company during the F.Y.2020-21.

As on March 31, 2021, the Company does not have any amount outstanding to be spent towards CSR for previous years.

VIGIL MECHANISM

The Company has a robust vigil mechanism through its Whistle Blower Policy approved and adopted by Board of Directors of the Company in compliance with the provisions of Section

177 (10) of the Companies Act, 2013. During the year under review, no instances were reported to the Chief Vigilance Officer (CVO) of the Company.

The aforesaid mechanism is available on the website of the Company.

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

The Company took immediate steps to manage the force majeure situation caused due to COVID outbreak, some of which have been:

i. Keeping employee safety as the topmost priority, and so ensuring that all employees moved immediately to 'Work-from-Home' (WFH). All employees were advised to strictly follow lockdown guidelines of the Government,
ii. Activating the Company's business continuity plans. As a result, CFSL continued operating under a WFH protocol,
iii. Engaging all business partners digitally and through WFH protocol for business continuity.

Further your Company initiated many employee engagement activities and Structured initiatives that foster motivation, team work and result-orientation continue to be addressed. Special measures were taken to keep the team together during Covid times. Employee's safety was given primary importance and 'work from home' was encouraged whenever required.

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

Your 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

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.

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 F.**

EMPLOYEES STOCK OPTION

The details pertaining to ESOP granted during the year are as given in **Annexure G.**

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 Listing Regulations and published in English newspaper and in regional language newspaper. The said financial results are also 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, 2nd 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

Your 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 financial 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. 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.
4. 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.
5. The Policies of the Company are uploaded on the website of the Company, viz. www.centrum.co.in

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	**Shailendra Apte**
Managing Director & CEO	**Non-Executive Director**
DIN: 07592235	**DIN: 00017814**

Place: Mumbai
Date: May 07, 2021

Note: Annexures C and G does not form a part of this report. The same are duly filed with MCA and circulated amongst members of the Company as per the relevant provisions. A copy of the same can be obtained on request.

ANNEXURE A

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A. Industry structure and developments

The novel coronavirus had induced a slowdown in the economy. The Financial Services Industry was not immune to the onslaught of the virus. However, recently green shoots were visible with improvement in consumer demand especially Industries like Pharma, IT, E-Commerce have shown resilience in such times.

Focused Government aided liquidity Schemes were announced and implemented during the last Financial Year to support the MSME sector which were well received and infused positivity in challenging market environment

Business Overview

Centrum Financial Services Limited (CFSL), is a registered NBFC, providing credit to small and mid-sized companies in multiple forms and structures. The business caters to entities in metros and Tier II cities that are either in the stage of building up or diversifying and generally not catered to by the mainstream banking system. It has established solutions in MSME Finance, Supply Chain Finance, Structured Credit, Real Estate Finance and Financial Institutions Finance. The key value propositions are flexibility, responsiveness and furthering financial inclusion while providing the right financing solutions. The new loan sizes range between ₹ 2 lakh to ₹ 2 crore. Furthermore, a slew of internal measures were adopted to mitigate the external risks including tightening of underwriting standards, granular loans, identification of negative sectors, greater impetus to Vendor Financing vis-à-vis dealer financing etc.

The year FY 2021

Despite a challenging year, the business remained adequately capitalized and met all its obligations towards its lenders. In FY 2021, the business re-worked its strategy to focus on a smaller and more granular loan book catering to MSMEs and Supply Chain Finance and reduced its exposure to large ticket loans. This transition is expected to be completed by H1 FY 2022. However, owing to the uncertainty in the economic environment, the business concentrated on collections, increased risk management practices, cost control and maintaining asset quality, while remained conservative on fresh loan disbursals. As a result, the loan book was steady at Rs 849.62 crore as on 31st March 2021.

The adverse economic environment and negative outlook on the NBFC sector, also led to a slippage in the credit rating of the Company to BBB+. However improved liquidity, healthy asset quality and increased focus on risk, an improvement in credit rating is expected in FY 2022.

Key Highlights of FY 2021:-

- Asset Quality maintained – Due to COVID pandemic, moratorium was extended to our Borrowers. Post the moratorium, CFSL has been prudent in its collections and recoveries and the GNPA levels have been a considerable lower levels at 1.46% and NNPA at 0.62%.

- Diversified Product Profile and granularized portfolio – MSME segment was predominantly concentrated during FY 21 and constitutes ~15% of the portfolio with average ticket size of only ~ Rs 20 lakhs per borrower.

- Securitisation & Issuance of Pass through Certificates (PTC) – Amidst lockdown and COVID crisis, CFSL has successfully securitized Rs. 50 Cr of the Supply Chain financing book with high credit quality receivables sold to a SPV that issued the PTCs to HNIs, Family Office Treasuries and MSME

Corporate Treasuries. This is an Industry first transaction with the instrument carrying the highest rating in the ST from CRISL of A1+ (SO).

- Raising of Tier 2 Capital – from Resilient Innovations Private Ltd (BharatPe) by way of Subordinated debt for an amount of Rs. 50 Crore.

- Diversified Resource Profile and New Lending Relationships - Resources were raised from multiple sources and new banking relationships were developed during the year with SBI, BOB, IOB, Indian Bank, SIDBI, etc.

- Business Partnership agreements (BPAs) – Key BPAs were signed by CFSL with Digital Lending Partner Bharat Pe for partnership on digital lending of MSME loans.

- Co-lending- Co Lending agreements were signed with Capital Float. These partnerships augur well for CFSL in FY22.

- Emergency Credit Line Guarantee Scheme (ECLGS) - In line with Government of India's initiative to extend additional funding to eligible borrowers backed by National Credit Guarantee Trustee Company (NCGTC) guarantee, CFSL has extended additional term loans under the ECLGS scheme to existing business clients. Under the ECLGS scheme, CFSL has sanctioned Rs. 22 Crore (approx.) of additional term loans to its existing clients.

- Commercial Paper issuance - The vendor pool was issued in the year 2019 by CFSL with the "Covered" nature making it Bankruptcy remote. Multiple issuances have happened since then. This instrument also carries highest external credit rating of A1+ (CE) from ICRA and CARE and is raised at competitive rates.

- Setup of Venture Debt fund - During the year, the Company executed a Memorandum of Understanding (MOU) with **Lion's Head Group Ltd,** a company registered under the laws of England, to jointly conduct business of providing venture debt funding to start-ups. l This is proposed to be launched in FY 2022.

Diversified Resource raising sources

- In order to fund the diversified portfolio of assets entailing varied tenors and structures, CFSL has been raising a judicious mix of long term and short term borrowings across bilateral borrowing and structured capital markets instruments. CFSL has raised funds through institutional borrowing (Banks & NBFCs), Structured Instruments and Market Linked Debentures (MLDs) during the FY 2021.

- Post outbreak of COVID 19 pandemic which hit the Indian economy, RBI announced various Economic Stimulus Package measures viz. TLTRO scheme, PCG & ECG backed facilities, Special Liquidity Schemes, refinancing schemes to MSME sectors whereby funds are made available to Eligible Financial Institutions at a cheaper rate for a particular period of time. Several PSU banks as well as SIDBI extended credit facilities to CFSL during the pandemic based on companies' financial performance and market credibility. New Banking relationships were built during FY 2020-21, with State Bank of India, Bank of Baroda, Union Bank of India, Indian Bank, Indian Overseas Bank etc.

- CFSL has been able to raise various facilities from Banks/ FIs amounting to more than Rs. 450 crores comprising under TLTRO, PCG backed schemes, term loans, Structured and Rated Commercial paper/ Pass Through certificates, MLDs etc which has enabled the Company to diversify its resource profile at comparatively lower borrowing costs.

- The Company is also in the process of availing funding through other financing structures; viz. co-lending arrangements and plans to raise additional capital by way of NCDs and MLDs to maintain its growth momentum.

- CFSL's profitability however has remained muted due to negative carry on idle funds, conservative approach to asset portfolio growth & sharp increase in hedging costs on our MLD liabilities

B. Opportunities and Threats

In the medium-to-long term, the Company would be looking to tap into the following opportunities

- **Co-origination-** This has been our new focus area. Co-Lending with a partner would enable us to build a sustainable business by catering to MSME and priority sector clients by leveraging our network, existing & prospective clients through a tech enabled platform. This would ensure Faster Turnaround time (TAT). Additionally, the tie-up with BharatPe and Co-lending relationships with Capital Float etc. is also expected to contribute significantly to the loan book.

- **Demand Supply Gap -**Currently there is a huge gap between demand and supply in the MSME sector. While our focus as mentioned has been on the MSME sector we would also focus on co-origination with our partners to cater to our clients and also tap the demand supply gap.

- **Opportunities to cross-sell-** Around 45 - 50% of our book comprise of granular loans. We have a huge SCF client base many of them fall in the MSME category. These clients provide a captive database for MSME lending. Also given our past / existing relationship we have a fair idea about their business model, account conduct etc.

The Company envisages following threats in the coming years:

- **Banks and unorganised sector:** Growing retail thrust within Banks and competition from unorganised money lenders, makes it challenging for NBFCs to compete in certain sectors.

- **High Cost of Funds**: NBFC sector is still considered as a high risk sector and thus the rating agencies and the lenders assign higher risk premiums to NBFCs, thereby raising the cost of borrowings and making it difficult to compete with Banks on margins.

- **Significant slowdown in Economy:** Due to COVID pandemic and the second wave lock down, there has been severe negative impact on the economy ad has resulted in growth slowdown. Thus the credit offtake may be lesser then envisaged in FY 22.

C. Outlook

Covid-19 has disrupted businesses across the globe, and the Company has not been unaffected. However, the Indian economy is looking to bounce back & the IMF expects an 11% growth. The 2nd COVID wave may impact our recoveries. We still remain cautiously optimistic about growth and once the vaccine drive gets going we plan for a 30% growth in AUM.

We have taken the time to ruminate and review our position regarding market strategies and have formulated a plan of action focusing on the market conditions.

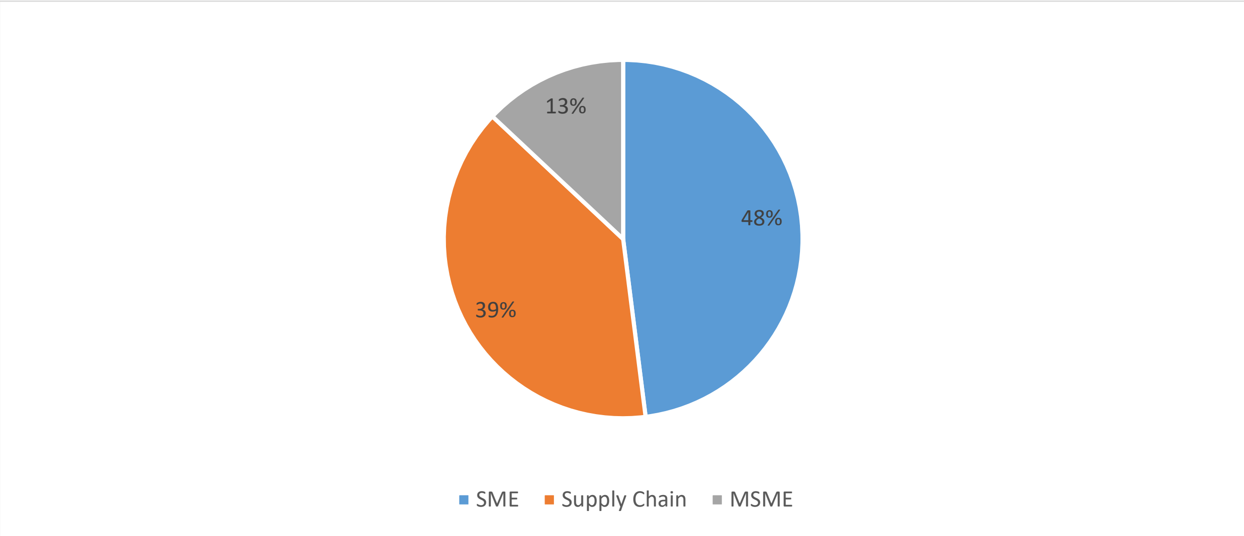
- We will continue to build granular business & cross 75% of overall AUM.
- The MSME loans business (Business, Term loans, WCL) and Supply Chain Finance catering primarily to dealers & vendors of reputed anchors who represent the MSME category would continue to remain our focus area.

- We plan to sponsor a venture debt AIF in partnership with a global firm & plan to raise equity from global sources of 75-100 Crore.

With improving business sentiments and various incentives given by the Government to boost manufacturing capabilities in India, the MSME segment expects greater business traction. With the MSME team now fully in place and adequate capital available, the business expects to grow its loan book significantly. As the focus remains on small ticket size loans with a wider interest margin, the Net Interest Margin (NIM) is also expected to increase.

D. Product-wise Performance of the Company

The Loan Book as on March 31, 2021 is as detailed below:



The product portfolio of the Company includes:

1. Supply Chain Financing Business

- **Vendor Finance**

Helping the Vendors of Large Corporates and the Large Corporates themselves with working capital facilities in the form of discounting of invoices raised by Vendors of Large Corporates.

- **Dealer 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.

2. MSME

With the recent change in the definition of MSMEs, most clients of CFSL will now fall within this definition. This vertical has branch/ sales offices in Mumbai, Delhi, Hyderabad, Chennai, Ahmedabad, Surat and Jaipur. It extends secured loans in the sub INR 20 lacs category, upto INR 1 Cr category and from INR 1 Cr to INR 2 Cr category with different underwriting approaches.

3. Others

SCF and MSME divisions will be the growth drivers for CFSL going forward. The existing books of other divisions of SME Finance is on a run off currently and this book will in the future concentrate on bespoke high yield transactions, which will form a small portion of CFSL's book and will provide the necessary income buffer.

E. Major Risks, Concerns & Possible Mitigation

Industry Related Risks

- Within the NBFC sector, the challenges would remain amplified due to extended lockdown. COVID-19 added to the stress in the system in the following ways:
    - The COVID-19 imposed lockdown has brought business activity to a halt.
    - Significant drop in new customer acquisition and disbursements
    - Sharp decrease in customer's repayments/ collections due to customer related stress
- Capital market flows curtailed due to fear of a systemic crisis. The increased scrutiny by the investors highlighted the structural problem with many NBFCs who were financing long-term assets through short-term borrowing.
- Given the uncertainty surrounding the macro environment, majority of NBFCs focused on liquidity conservation through elongation of liability maturities. While this enabled them to tie down liquidity issues in the short term, but have led capital inefficiencies and lower profitability.
- The levels and cost of compliance are increasing as a response to specific incidents being witnessed by the sector.
- Banks are flushed with liquidity, but they are not lending to NBFCs, especially smaller ones due to risk aversion
- NBFCs are perceived to typically focus on fewer product lines and hence perceived to have limited opportunities for a cross-domain exposure
- Currently, the entire RE developer sector is penalized due the stress of a few developers. Housing finance sector will grow only with adequate support to the developer ecosystem.

Steps to take to mitigate the above mentioned challenges:

- Due to the lack of liquidity for large ticket deals during the Financial Year 2020-21 and the reshaping being undertaken, as mentioned above, CFSL undertook fresh disbursement/s primarily in the Supply Chain Finance and the MSME divisions only. This led to increase in granularity in the book.
- As NBFCs continued to face pressures in rolling over existing short-term liabilities, CFSL adopted prudent ALM practices while being subjected to an increased monitoring by the RBI.
- CFSL raised diversified resources through various RBI packages / schemes rolled over during the pandemic
- The underwriting standards were kept tight, with few deals passing the muster and these standards have incidentally been further tightened in the current crisis in the Financial Year 2020-21. We are now doing very selective deals in SCF and have agreed to look at deals only in selective sectors in MSME which, CFSL believes may recover faster from the current crisis.
- CFSL further deepened it's relationships with Public Sector Banks and achieved positive results from SBI, Bank of Baroda, Indian Bank, Indian Overseas Bank, SIDBI with expectations to add more banks for direct lending on balance sheet as well as co-lending in the near future.
- CFSL has been raising specific pool based funding through CPs and PTCs.
- Existing portfolio is being monitored more meticulously and thereby there has been no significant increase in any NPA accounts in FY 21, inspite of the stress due to COVID 19 Pandemic

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

- **Human Capital**
  Year 2021 was a challenging year. However, the Core team of the Company is intact, except for few voluntary movements. During pandemic, your Company initiated following employee engagement activities and contests so as to ensure happiness and well- being of the employees.

    - Doc online subscription
    - Meditation app & subscription for 3months
    - CFSL Marathon from home
    - Online session on COVID awareness
    - Salary advances
    - WFH survey
    - Setting up offices at home
    - COVID Test @ Office
    - Tying up for Vaccination
    - Regular Intervention by HR
    - On call assistance for grievance & help.
    - Training

- **Employee Count**
  Employee headcount increased from 123 in the Financial Year 2019-20 to 156 in the Financial Year 2020-21. However, there was a reduction in employee cost by 12 % as the senior team took a pay cut to support their subordinates and the Company.

G. **Financial Performance**

(INR in Crs.)

	2020-2021 (IND AS)	**2019-2020 (IND AS)**
Total Revenue	140.85	149.42
Total Income post considering other Comprehensive income	1.85	8.12
Net worth	303.25	299.27
Loan Book (Gross)	849.62	877.56
Borrowings (Gross)	751.19	720.73

Total Revenue:
The Total income registered a decline of INR 8.57 Crore to reach INR 140.85 Crore in the Financial Year 2020-21 from INR 149.42 Crore in the Financial Year 2020-21. The decrease in revenue was mainly on account of strategic decrease in loan book on large & mid-sized corporates in order to lend cautiously and stay liquid in COVID times.

Net Worth:
The Company's net worth increased by INR 3.98 Crore to reach INR 303.25 Crore in the Financial Year 2020-21 from INR 299.27 Crore in the Financial Year 2019-20. The increase is mainly on account of profit earned in the current year of INR 1.85 Crore and employee stock reserves.

Loan Book:
The Gross Loan Book stood at INR. 849.62 Crore during the year under review. Loan book marginally decreased from INR 877.56 Crore previous year end. This was due to reduced exposure to large and mid-corporates as a proactive risk management strategy given the anticipated economic headwinds and a thrust to keep the asset book of the Company granular. The Company's loan portfolio comprises: Supply Chain Finance, Structured SME Credit, Real Estate Finance, Financial Institutions Finance and MSME Finance.

Borrowings:

During the financial year, the Company has successfully raised INR 115.29 Crore from Market Linked Debenture issue and INR 8.50 Crore from Commercial Paper issued during the year. Further, the Company has raised an amount of INR 300.00 Crore in multiple tranches through private placement by way of issue of secured, unsecured, listed, Unlisted rated, unrated, redeemable, principal protected Non-Convertible Debentures (NCDs).

Provisions:

The Company is in a unique position to be able to assess the portfolio on a client by client basis in it's SME, MSME, RE and FI segments. In the SCF segment, the Company assess the behaviour of a class of clients such as dealers/vendors of various anchors to judge their behaviour. After undertaking this analysis, the Company has decided to make following provisions:

- In addition to the above:
    - An RBI mandated provision of INR 4.81 Cr was taken in March20 and
    - Another INR 4.81 Cr of provision is taken in June20 as per the same regulations
    - Further INR 2.20 Cr provision is taken on cases granted moratorium in June 20 and outstanding as at March 21

These are undertaken to specifically provide for possible COVID-19 related stress that the book might face.

This takes the overall provisions undertaken to INR 25.09 Cr, which includes ECL + Impairment Reserves to deal with the various stress that the book might face over FY22. This is 1.9% of the budgeted asset size for FY22 and covers stress to 55% of the book, which may be considered a fairly conservative estimate of the stress the book might face in FY22.

H. Internal Control Systems and their adequacy:

Centrum Financial Services Ltd has established thorough internal control systems to monitor and check 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 M/s. Pinnacle Global Consultancy as its internal auditor for all processes other than credit and has undertaken Internal Audit of Credit function through internal resource having requisite knowledge. It is envisaged to appoint an independent person/ entity to undertake the internal audit of the credit function in the Financial Year 2021-22.

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 advices 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 (for this Report)

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.

By Order of the Board
For Centrum Financial Services Limited

Ranjan Ghosh	**Shailendra Apte**
Managing Director & CEO	**Non-Executive Director**
DIN: 07592235	**DIN: 00017814**

Place: Mumbai
Date: May 07, 2021

Alwyn Jay & Co.

Company Secretaries

[Firm Registration No: P2010MH021500] [Peer Review Certificate No.621/2019]

Annex-103, Dimple Arcade, Asha Nagar, Kandivali (East),Mumbai 400101.
Branch Office: B-002, Gr. Floor, Shreepati-2, Royal Complex, Behind Olympia Tower, Mira Road (E), Thane-401107 ; **Tel**: 022-79629822 ; **Mob**: 09820465195; 09819334743
Email : alwyn@alwynjay.com Website:www.alwynjay.com

FORM NO. MR.3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,

Centrum Financial Services Limited

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Centrum Financial Services Limited** (CIN: U65910MH1993PLC192085) (hereinafter called "the Company").

Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct, statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's statutory registers, books, papers, minute books, forms and returns filed and other records maintained by the Company and the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31st March, 2021,** complied with the statutory provisions listed hereunder and also that the Company has followed proper Board-processes and have required compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minutes books, forms and returns filed and other records maintained by the Company for the financial year ended on **31st March, 2021** in accordance with the provisions of:

(i) The Companies Act, 2013 (the Act) and the Rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, **as may be applicable**;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), **as amended from time to time - As applicable to the Company with respect to its listed debentures -**

a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 - **Not Applicable to the Company;**

b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 - **Not applicable to the Company;**

d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 - **Not applicable to the Company;**

e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - **Not applicable to the Company;**

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - **Not applicable to the Company**;

h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 - **Not applicable to the Company;**

i) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013 - **Not applicable to the Company;**

j) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.

(vi) Other specific business/industry related laws applicable to the Company - The Company has complied with the Reserve Bank of India Act, 1934, Non-Banking Financial Company Systematically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016, Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016, Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016 and the other applicable general laws, rules, regulations and guidelines.

We have also examined compliance with the applicable clauses of the following:-

i. Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India ; and

ii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 - **to the extent applicable to Listed Non-convertible Debentures**.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above and there are no material non-compliances that have come to our knowledge.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Director, Non-Executive Directors and Independent Directors. 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.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, 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.

The minutes of the Board meetings and Committee Meetings have not identified any dissent by members of the Board /Committee of the Board, respectively hence we have no reason to believe that the decisions by the Board were not approved by all the directors/members present.

We further report that, there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. As informed, the Company has responded appropriately to communication received from various statutory / regulatory authorities including initiating actions for corrective measures, wherever found necessary.

We further report that during the audit period the following events / actions have taken place, having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines and standards:

1. Approval of the Shareholders was obtained at the Annual General Meeting held on 31st July, 2020:

a. to create, offer, issue and allot any securities on private placement or preferential allotment basis or through other modes, for cash or for consideration other than cash, at par or at premium or at discount as may be decided by the Board, in one or more tranches, to such persons or entities as the Board may decide so for aggregate value /amount of funds not exceeding Rs.1000 Crores;

b. to create, offer, invitation, issue and from time to time in one or more tranches, Unsecured, Unrated, Compulsorily Convertible Debentures aggregating up to Rs. 300,00,00,000/- (Rupees Three hundred Crores only) ("CCDs") on private placement or preferential basis in dematerialized form, for cash or consideration other than cash, at par or at a premium or at a discount , to be issued in one or more series, with or without a put /call option to Centrum Capital Limited or Centrum Retail Services Limited any other Promoter entity or Centrum Group Company and on such other terms and conditions as may be decided by the Board of Directors of the Company or any Committee of the Board.

2. Approval of the Shareholders was obtained at the Extra Ordinary General Meeting held on 5th October, 2020 for the CFSL Employee Incentive Scheme – Series III in accordance with the CFSL Employee Incentive Plan.

3. The Company has allotted 125 Secured, Rated, Listed, Redeemable, Non-convertible, Principal Protected Market Linked Debentures bearing of face value of Rs.1,00,000/- each through Private Placement on 29th April, 2020.

4. The Company has allotted 150 Secured, Listed, Rated, Redeemable, Non-Convertible, Principal Protected Market Linked Debentures of Face Value of Rs.1,00,000 through private placement on 30th April, 2020.

5. The Company has allotted 235 Secured, Listed, Rated, Redeemable, Non-Convertible, Principal Protected Market Linked Debentures of Face Value of Rs.1,00,000 through private placement on 8th May, 2020.

6. The Company has allotted 685 Secured, Listed, Rated, Redeemable, Non-Convertible, Principal Protected Market Linked Debentures of Face Value of Rs.1,00,000 through private placement on 18th May, 2020.

7. The Company has allotted 150 Secured, Listed, Rated, Redeemable, Non-Convertible, Principal Protected Market Linked Debentures of Face Value of Rs.1,00,000 through private placement on 22nd May, 2020.

8. The Company has allotted 680 Secured, Listed, Rated, Redeemable, Non-Convertible, Principal Protected Market Linked Debentures of Face Value of Rs.1,00,000 through private placement on 28th May, 2020.

9. The Company has allotted 280 Secured, Listed, Rated, Redeemable, Non-Convertible, Principal Protected Market Linked Debentures of Face Value of Rs.1,00,000 through private placement on 1st June, 2020.

10. The Company has allotted 330 Secured, Listed, Rated, Redeemable, Non-Convertible, Principal Protected Market Linked Debentures of Face Value of Rs.1,00,000 through private placement on 12th June, 2020.

11. The Company has allotted 525 Secured, Listed, Rated, Redeemable, Non-Convertible, Principal Protected Market Linked Debentures of Face Value of Rs.1,00,000 through private placement on 16th June, 2020.

12. The Company has allotted 100 Secured, Listed, Rated, Redeemable, Non-Convertible Debentures of Face Value of Rs.10,00,000 through private placement on 29th June, 2020.

13. The Company has allotted 500 Secured, Redeemable, Non-Convertible, Rated, Listed, Taxable Debentures (NCDs) bearing face value of Rs.10,00,000/- through Private Placement on 30th July, 2020.

14. The Company has allotted 400 Secured, Listed, Rated, Redeemable Non-Convertible debentures (NCDs) bearing face value of Rs.10,00,000/- through Private Placement basis on 18th August, 2020.

15. The Company has allotted 250 Secured, Rated, Listed, Redeemable, Senior, Fully Paid Up Non-Convertible Debentures of face value of Rs.10,00,000/- through Private Placement basis on 22nd September, 2020.

16. The Company has allotted 250 Secured, Rated, Listed Redeemable Taxable Non-Convertible Debentures of face value of Rs.10,00,000/- through Private Placement basis on 30th September, 2020.

17. The Company has allotted 250 Secured, Rated, Listed Taxable Fully Paid Up Redeemable Non-Convertible Debentures of face value of Rs.10,00,000/- through Private Placement basis on 4th November, 2020.

18. The Company has allotted 2540 Secured, Rated, Listed, Redeemable, Non-convertible, Principal Protected Market Linked Debentures bearing face value of Rs.1,00,000/- through Private Placement basis on 27th November, 2020.

19. The Company has allotted 777 Secured, Rated, Listed, Redeemable, Non-convertible, Principal Protected Market Linked Debentures bearing face value of Rs.1,00,000/- each through Private Placement basis on 11th December, 2020.

20. The Company has allotted 250 Secured, Listed, Rated, Redeemable, Taxable, Non-Convertible debentures (NCDs) bearing face value of Rs.10,00,000/- each through Private Placement basis on 14th December, 2020.

21. The Company has allotted 2,623 Secured, Rated, Listed, Redeemable, Taxable, Non-convertible, Principal Protected Market Linked Debentures bearing face value of Rs.1,00,000/- each through Private Placement basis on 18th December, 2020.

22. The Company has allotted 2,175 Secured, Rated, Listed, Redeemable, Non-convertible, Principal Protected Market Linked Debentures bearing face value of Rs.1,00,000/- through Private Placement basis on 30th December, 2020.

23. The Company has allotted 500 Secured, Rated, Listed, Redeemable, Taxable Non-Convertible Debentures of face value of Rs.10,00,000/- through Private Placement basis on 31st December, 2020.

24. The Company has allotted 200 Secured, Rated, Listed, Redeemable, Non-convertible, Principal Protected Market Linked Debentures bearing of face value of Rs.1,00,000/- each through Private Placement basis on 4th January, 2021.

25. The Company has allotted 500 Unsecured, Unrated, Unlisted, Redeemable, Non Convertible Debentures of face value Rs. 10,00,000/- each through Private Placement basis on 25th March, 2021.

Place : Mumbai
Date : 7th May, 2021

ALWYN JAY & Co.
Company Secretaries

<u>Office Address :</u>
Annex-103, Dimple Arcade,
Asha Nagar, Kandivali (East),
Mumbai 400101.

[**Alwyn D'Souza, FCS.5559**]
[Partner]
[Certificate of Practice No.5137]
[**UDIN : F005559C000269867**]

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

Annexure A

To

The Members,

Centrum Financial Services Limited

Secretarial Audit Report of even date is to be read along with this letter.

1. The compliance of provisions of all laws, rules, regulations, standards applicable to **Centrum Financial Services Limited** (hereinafter called 'the Company') is the responsibility of the management of the Company. Our examination was limited to the verification of records and procedures on test check basis for the purpose of issue of the Secretarial Audit Report.

2. Maintenance of secretarial and other records of applicable laws is the responsibility of the management of the Company. Our responsibility is to issue Secretarial Audit Report, based on the audit of the relevant records maintained and furnished to us by the Company, along with explanations where so required.

3. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial and other legal records, legal compliance mechanism and corporate conduct. Further part of the verification was done on the basis of electronic data provided to us by the Company due to COVID-19 lockdown and on test check basis to ensure that correct facts as reflected in secretarial and other records produced to us. We believe that the processes and practices we followed, provides a reasonable basis for our opinion for the purpose of issue of the Secretarial Audit Report.

4. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

5. Wherever required, we have obtained the management representation about list of applicable laws, compliance of laws, rules and regulations and major events during the audit period.

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.

Place : Mumbai
Date : 7th May, 2021

ALWYN JAY & Co.
Company Secretaries

ALWYN JAY & CO. MUMBAI COMPANY SECRETARIES

Office Address :
Annex-103, Dimple Arcade,
Asha Nagar, Kandivali (East),
Mumbai 400101.

[**Alwyn D'Souza, FCS.5559**]
[Partner]
[Certificate of Practice No.5137]
[**UDIN : F005559C000269867**]

Annexure –D

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 31st 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 31st, 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.

Annexure E

ANNUAL REPORT ON CSR ACTIVITIES

1. Brief outline on CSR Policy of the Company.

The Company is a part of Centrum Group, which has established 'Centrum Foundation', which is registered trust and formed with the aim of providing a dedicated approach to community development and also to fulfil Corporate Social Responsibility (CSR) commitments of Centrum Group of Companies in letter and spirit. The Group's focus has always been to contribute to the sustainable development of the society and environment, and to make our planet a better place for future generations.

Corporate Social Responsibility of the Company is strongly connected with the principles of Sustainability; It believes that an organization should make decisions based not only on financial factors, but also considering the social and environmental consequences. As a corporate citizen receiving various benefits out of society, it is our co-extensive responsibility to pay back in return to the society in terms of helping needy people by providing foods, clothes, etc., keeping the environment clean and safe for the society by adhering to the best industrial practices and adopting best technologies, and so on. It is the Company's intent to make a positive contribution to the society in which the Company operates.

The Company's CSR policy encompasses the Company's philosophy for delineating its responsibility as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programmes for welfare & sustainable development of the community at large, and applies to all CSR initiatives and activities taken up at the various work- centers and locations of the Company, for the benefit of different segments of the society, specifically the deprived, under-privileged and differently abled persons. It is a catalyst for social empowerment. It is the reason behind the smiles that light up a million faces.

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

- **ASSISTING CENTRUM FOUNDATION:** Assisting Centrum Foundation in any CSR related activities conducted by them.
- **PROVIDING ASSISTANCE IN THE AREAS OF HUNGER, POVERTY, MALNUTRITION, HEALTH, MEDICAL, DISASTER AND EMERGENCY RELEIF:** Eradicating extreme hunger, poverty and malnutrition, promoting preventive healthcare and sanitation and making available safe drinking water. Providing Food, medical and other basic essentials to affected families with the objective of easing food troubles in times of crisis.
- **EDUCATION, LITERACY, TRAINING & EMPLOYMENT:** Promoting computer literacy to help bridge the technology gap between urban and rural schools by providing better education, training and career opportunities. Providing old/unused laptops also serve as a way to recycle E-waste. Providing financial education and assisting in digitalization of finances.
- **WOMAN & OLD AGED:** promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.
- **CSR POLICY:** A detailed CSR policy was framed by the Company with approvals of the CSR Committee and Board and is being reviewed from time to time. The CSR policy is hosted on the Company's website www.centrum.co.in.

2. **Composition of CSR Committee:**

Sl. No.	Name of Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Ranjan Ghosh	Managing Director & CEO	1	1
2	Ms. Dipali Sheth	Independent Director	1	1
3	Mr. Shailendra Apte	Non- Executive Director	1	1

Section 135 of the Companies Act, 2013 was amended vide Companies (Amendment) Act, 2020, according to which the requirement of constitution of CSR Committee shall not be applicable to a company, in case the amount required to be spent on CSR does not exceed Rs. 50 lakhs. Accordingly, the Board had, at its meeting held on November 6, 2020, approved that going forward all functions of CSR Committee of the Company will be discharged by the Board of directors till the Company reaches a particular scale.

3. **Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company**.

The Composition of CSR committee, CSR Policy and CSR projects approved by the board of the Company can be accessed on the web link: www.centrum.co.in

4. **Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).**

Not applicable

5. **Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any**

Not applicable

6. **Average net profit of the company as per section 135(5) :** INR 4,70,76,128

7.

(a) Two percent of average net profit of the company as per section 135(5):	Rs. 9,41,523/-
(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years.	Nil
(c) Amount required to be set off for the financial year, if any:	Nil
(d) Total CSR obligation for the financial year (7a+7b- 7c):	Rs. 9,41,523/-

8. The Company was required to spend in aggregate INR 53,58,835/ - till financial year ended March 31, 2021 towards CSR activities. This entire amount was transferred to Centrum Foundation, which is the CSR implementing agency for the Company.

As on March 31, 2020, INR 34,22,881/- was the balance amount available with Centrum Foundation, that has been contributed by the Company to carry out CSR activities. Additional amount of INR 9,41,523/- was transferred during the year. Out of this INR 13,54,991 was spent during FY 2020-21/-

Thus the balance available with Centrum Foundation as on March 31, 2021 will be INR 30,10,073/-. The said amount is being utilized rationally and systematically by Centrum Foundation.

a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
Rs. 9,41,523/-	Nil	NA	NA	NA	NA

(b) Details of CSR amount spent against **ongoing projects** for the financial year:

(1) Sl. No.	(2) Name of the Project.	(3) Item from the list of activities in Schedule VII to the Act.	(4) Local area (Yes/ No).	(5) Location of the project. State	(5) Location of the project. District.	(6) Project duration.	(7) Amount allocated for the project (in Rs.).	(8) Amount spent in the current financial Year (in Rs.).	(9) Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.).	(10) Mode of Implementation - Direct (Yes/No)	(11) Mode of Implementation Through Implementing Agency Name	(11) Mode of Implementation Through Implementing Agency CSR Registration number
1	Feed the Needy	Eradicating extreme hunger & poverty	Yes	Maharastra	Mira Road, Karjat, Saphale, Khapoli, Kalyan, Andheri, Malvani, Sahapur, Thane, Malad	Five Years	**FY 20-21: 9,41,523** (till FY 2019-20: 39,22,881)	FY 20-21: 13,54,991 (till FY 2019-20: 5,00,000)	Nil	No	Centrum Foundation	CSR00001436
	Total						48,64,404	18,54,991				

(c) Details of CSR amount spent against **other than ongoing projects** for the financial year: **Nil**

(d) Amount spent in Administrative Overheads: **NIL**

(e) Amount spent on Impact Assessment, if applicable: **Not Applicable**

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): **Rs. 9,41,523/-**

(g) Excess amount for set off, if any: Nil

Sl. No.	Particular	Amount (in Rs.)
(i)	Two percent of average net profit of the Company as per section 135(5)	Rs. 9,41,523/-
(ii)	Total amount spent for the Financial Year	Rs. 9,41,523/-
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Nil
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

9. (a) **Details** of Unspent CSR amount for the preceding three financial years: Nil

(b) Details of CSR amount spent in the financial year for **ongoing projects** of the preceding financial year(s): **INR 13,54,991**

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year **(Asset-wise details).**

(a) Date of creation or acquisition of the capital asset(s). :	Not Applicable
(b) Amount of CSR spent for creation or acquisition of capital asset:	Not Applicable
(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc:	Not Applicable
(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).	Not applicable

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): **Not Applicable.**

By Order of the Board
For Centrum Financial Services Limited

Ranjan Ghosh
Managing Director & CEO
Chairman – CSR Committee
DIN: 07592235

Shailendra Apte
Non-Executive Director
DIN: 00017814

Place: Mumbai
Date: May 07, 2021

ANNEXURE F

Form No. MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31/03/2021

[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	January 27, 1993
iii.	Name of the Company	Centrum Financial Services Limited
iv.	Category / Sub-Category of the Company	Public Company/Limited by shares
	Address of the Registered office & Corporate Office and Contact details	Registered Office: Bombay Mutual Building, 2nd Floor, Dr. D.N. Road, Fort, Mumbai – 400001. Corporate Office: Centrum House, Vidaynagari Marg, Kalina, Santacruz(East), Mumbai 400098. Tel Number : 022 4215 9000 ; Fax No.: – 022 42159940 Email:info@centrum.co.in; cs@centrum.co.in
vi.	Whether listed company	Listed on WDM Segment of BSE Limited. However as per the definition of
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 **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

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	64920	Other Credit Granting Services	

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES AS ON MARCH 31, 2021

Sr No	Name and Address of the Company	CIN	Holding/ Subsidiary / Associate	%	Applicable section
1	Centrum Retail Services Limited **Corporate Office**: Centrum House, CST Road, Vidyanagari Marg, Kalina, Santacruz (East), Mumbai-400098	U74999MH2014PLC256774	Holding Company	100	2(46)
2	Centrum Capital Limited **Corporate Office**: Centrum House, CST Road, Vidyanagari Marg, Kalina, Santacruz (East), Mumbai-400098	L65990MH1977PLC019986	Ultimate Holding Company	94.85 through its subsidiary CRSL	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 01-04-2020				No. of Shares held at the end of the year 31-03-2021			
	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.	**9,89,56,942**	**-**	**9,89,56,942**	**100**	**9,89,56,942**	**-**	**9,89,56,942**	**100**
(e) Banks / FI			-				-	
(f) Any Other....			-				-	
Sub Total (A)(1):-	**9,89,56,942**	**-**	**9,89,56,942**	**100**	**9,89,56,942**	**-**	**9,89,56,942**	**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)	**9,89,56,942**	**-**	**9,89,56,942**	**100**	**9,89,56,942**	**-**	**9,89,56,942**	**100**

B. Public Shareholding	-	-	-	-	-	-	-	-
(1) Institutions	-	-	-	-	-	-	-	-
(a) Mutual Funds	-	-	-	-	-	-	-	-
(b) Banks FI	-	-	-	-	-	-	-	-
(c) Central Govt	-	-	-	-	-	-	-	-
(d) State Govet(s)	-	-	-	-	-	-	-	-
(e) Venture Capital Funds	-	-	-	-	-	-	-	-
(f) Insurance Companies	-	-	-	-	-	-	-	-
(g) FIIs	-	-	-	-	-	-	-	-
(h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-
(i) Others (specify)	-	-	-	-	-	-	-	-
* Financial Institutions	-	-	-	-	-	-	-	-
* Goverment 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-Repat)	-	-	-		-	-	-	-
* N.R.I. (Repat)	-	-	-		-	-	-	-
* Trust	-	-	-		-	-	-	-
* HUF	-	-	-		-	-	-	-
* 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)	**9,89,56,942**	**-**	**9,89,56,942**	**100**	**9,89,56,942**	**-**	**9,89,56,942**	**100**

B) Shareholding of Promoters

Sr No.	Shareholder's Name	Shareholding at the beginning of the year 01-04-2020			Shareholding at the end of the year 31-03-2021			% change in share holding during the year
		No. of Shares	% of Total Shares of the company	% of Shares Pledged / Encumbered to total shares	No. of Shares	% of Total Shares of the company	% of Shares Pledged / Encumbered o total share	
1	Centrum Retail Services Limited	98956942	100	-	98956942	100	-	Nil

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

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

Indebtedness of the Company including interest outstanding/accrued but not due for payment

Particulars	Secured loans excluding deposits (Rs)	Unsecured loans (Rs)	Deposits (Rs)	Total Indebtedness (Rs)
Indebtedness at the beginning of the financial year				
i) Principal Amount	7,03,64,08,979	17,09,14,300		7,20,73,23,279
ii) Interest due but not paid	-	0.00	-	0.00
iii) Interest accrued but not due	68,35,38,737	56,72,232	-	68,92,10,969
Total (i+ii+iii)	**7,71,99,47,716**	**17,65,86,532**	**-**	**7,89,65,34,248**
CHANGE IN INDEBTEDNESS DURING THE FINANCIAL YEAR				
Addition (net)	6,06,99,14,740	54,00,00,000	-	6,60,99,14,740
Reduction	6,24,53,03,894	6,00,00,000	-	6,30,53,03,894
Exchange difference				
Net change	(17,53,89,154)	48,00,00,000	-	30,46,10,846
INDEBTEDNESS AT THE END OF FINANCIAL YEAR				
i) Principal Amount	6,86,10,19,824	65,09,14,300	-	7,51,19,34,124
ii) Interest due but not paid				
iii) Interest accrued but not due	74,08,04,848	11,50,685	-	74,19,55,533
Total (i+ii+iii)	**7,60,18,24,673**	**65,20,64,985**	-	**8,25,38,89,658**

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 annum	97,58,860
a) Salary as per provisions contained in section 17(1) of the Income Tax Act,1961	-
b) Value of perquisites u/s 17(2) Income Tax Act, 1961	39,600
c) Profits in lieu of salary u/s r17(3) of the Income Tax Act,1961	-
Stock options*	-
Sweat Equity	-
Commission	-
>as a % of profit	-
>others	
Others (please specify)	
Total	97,98,460

**No fresh stock options were granted during the year.*

B. Remuneration to other Directors:

Particulars of remuneration	Name of the Directors				Total Amount
Independent Directors	**Gopalasamudram Srinivasaraghavan Sundararajan**	**Dipali Hemant Sheth**	**Mr. S.K. Mitra**	**Mr. Siddhartha Sengupta**	
Fee for attending board /committee meetings	6,00,000	5,10,000	4,20,000	4,80,000	20,10,000
Commission	-	-	-		-
Others, please specify	-	-	-		-
Total (1)	**6,00,000**	**5,10,000**	**4,20,000**	**4,80,000**	**20,10,000**
Other Non-Executive Directors	**Rishad Khushrooh Byramjee**	**Shailendra Apte**	**-**	**-**	**-**
Fee for attending board / committee meetings	4,20,000	-	-	-	-
Commission	-	-	-	-	-
Others, please	-	-	-	-	-
Total (2)	**4,20,000**	**-**	**-**	**-**	**-**

Total (B)=(1+2)					**24,30,000**
Total Managerial Remuneration					97,98,460
Overall Ceiling as per the Act	11% of the Net Profit as per Section 197				

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

Particulars of remuneration	**Ms. Archana Goyal***	**Mr. Abhishek Baxi**
	Company Secretary	**Chief Financial Officer**
Gross Salary	NA	Rs. 43,43,334/-
a) Salary as per provisions contained in section 17(1) of the Income Tax Act,1961		-
b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-	-
c) Profits in lieu of salary u/s 17(3) of the Income Tax Act,1961	-	-
Stock option (Nos)	-	25,000
Sweat Equity	-	-
Commission	-	-
>as a % of profit	-	-
>others	-	-
Others (please specify)		-

**Ms. Archana Goyal draws remuneration from Centrum Retail Services Limited, the holding Company of your Company and hence her remuneration is not disclosed here.*

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	**Section of the companies Act**	**Brief description**	**Details of Penalty/ Punishment/ Compounding fees imposed**	**Authority [RD /NCLT/Court]**	**Appeal made. If any(give details)**
A. Company					
Penalty	N.A.	N.A.	N.A.	N.A.	N.A.
Punishment	N.A.	N.A.	N.A.	N.A.	N.A.
Compounding	N.A.	N.A.	N.A.	N.A.	N.A.
B. Directors					
Penalty	N.A.	N.A.	N.A.	N.A.	N.A.
Punishment	N.A.	N.A.	N.A.	N.A.	N.A.
Compounding	N.A.	N.A.	N.A.	N.A.	N.A.
C. Other Officers In Default					
Penalty	N.A.	N.A.	N.A.	N.A.	N.A.

Punishment	N.A.	N.A.	N.A.	N.A.	N.A.
Compounding	N.A.	N.A.	N.A.	N.A.	N.A.

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 07, 2021

Financial Statements

INDEPENDENT AUDITOR'S REPORT

To the Members of Centrum Financial Services Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of Centrum Financial Services Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the Ind AS financial statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Act, of the state of affairs of the Company as at March 31, 2021, its profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Standards on Auditing (SAs) 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 Ind AS 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 Ind AS financial statements under the provisions of the Act and 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 on the Ind AS financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS financial statements of the current year. These matters were addressed in the context of our audit of the Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter(s)	How our audit addressed the key audit matter
Impairment of loans and advances (*as described in Note 7, 52, 55 and 57.22 of the Ind AS financial statements*)	
Ind AS 109 requires the Company to provide for impairment of its loan	We have started our audit procedures with understanding of the internal control

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receivables using the expected credit loss (ECL) approach. ECL involves significant judgment and estimates. In the process, a significant degree of judgment has been applied by the Management for Staging of loans [i.e. classification in 'significant increase in credit risk' ('SICR') and 'default' categories]; Grouping of borrowers based on homogeneity by using appropriate statistical techniques; Estimation of behavioral life; Determining macro-economic factors impacting credit quality of receivables; Estimation of losses for loan products with no/minimal historical defaults. Additional considerations on account of COVID-19 Pursuant to the Reserve Bank of India circular dated 27 March 2020 , April 17, 2020 and 23 May 2020 ('RBI circular') allowing lending institutions to offer moratorium to borrowers on payment of instalments falling due between 1 March 2020 and 31 August 2020, the Company has extended moratorium to its borrowers in accordance with its approved Board policy. In Management's view and considering the guidance provided by the Institute of Chartered Accountants of India, providing moratorium to borrowers at a mass scale, based on RBI directives, by itself is not considered to result in a SICR for such borrowers. Further, RBI has approved Resolution Framework to allow one time restructuring to its borrowers who are undergoing stress on account of COVID. The staging for these borrower accounts is based on the Board Approved Policy and has not been regarded to result in significant increase in credit risk. The Company has considered the moratorium, one time restructuring, collection efficiencies post moratorium period and various other measures taken by Government and regulators and have assessed that no further provisioning on account COVID 19 is required at this time in the Statement of Profit and Loss. In view of the high degree of Management's judgment involved in estimation of ECL, accentuated by the COVID-19 pandemic, impairment of loans and advances has been identified as a key audit matter.	environment related to Impairment loss allowance. Our procedures over internal controls focused on recognition and measurement of impairment loss allowance. We assessed the design and tested the operating effectiveness of the selected key controls implemented by the Company. For loans and advances which are assessed for impairment on a portfolio basis we performed particularly the following procedures: • We tested the reliability of key data inputs and related management controls; • We checked the stage classification as at the balance sheet date as per the definition of Default of the Company; • We recalculated the ECL provision for selected samples; • We have reviewed the process of the Company to grant moratorium to the borrowers as per the Regulatory Package announced by the Reserve Bank of India (RBI). Further, we have relied on the assumption of the management that there will be no significant increase in the credit risk in the cases where moratorium is given and that the staging based on the days past due (DPD) will be considered as per the RBI COVID-19 Regulatory Package. We have tested on samples basis the DPD freeze for cases where moratorium is provided and not provided in accordance with RBI COVID-19 Regulatory Package; • We have checked that the stage classification for the borrowers has been given in accordance with the Resolution Framework issued by Reserve Bank of India (the 'RBI') and the Board approved policy for ECL provisioning and stage classification with respect to such accounts; • We have checked the provision on Loan Assets as per IRACP norms as required under RBI circular dated March 13, 2020. We have checked the DPD and provision in accordance with the RBI regulations in that regard further considering the COVID related Regulatory Packages issued by RBI; The Company created impairment reserve in earlier period in terms of Circular issued by RBI dated 13th March, 2020. To the extent it pertained to Loans sold to third parties during the period (without recourse), the Company has discontinued the reserve as on March 31,

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MUMBAI
CHARTERED ACCOUNTANTS

	2021. The Company has written to RBI in this regard and the response is awaited. In the opinion of management, such discontinuance is appropriate as the loan accounts against which the impairment reserve was created have ceased to exist as on March 31, 2021. We have relied on the management in this regard; and • With respect to impact assessment on provision for ECL on account of the impact of COVID-19 pandemic, we broadly reviewed the underlying assumptions and estimates used by the management for the same as the extent of impact is dependent on future developments which are highly uncertain, we have primarily relied on those assumptions and estimates. These assumptions and estimates are a subject matter of periodic review by the Company.
Impairment assessment of the carrying value of Goodwill (*Refer Note 12.F to the Ind AS financial statements*)	
The Company carries goodwill amounting to Rs. 1300.91 lakhs in its Ind AS financial statements as at March 31, 2021. This goodwill was recorded due to acquisition of Supply Chain Finance business from L&T Finance Limited. In terms with Ind AS 36, Goodwill is tested for impairment annually at the CGU level, whereby the carrying amount of the CGU (including goodwill) is compared with the recoverable amount of the CGU. The Company applied book value multiple to carrying value to arrive at the fair value and also computed value in use which requires management to make significant estimates and assumptions related to forecasts of future revenues and operating margins, and discount rates. Higher of the fair value and value in use is considered as recoverable amount. Changes in these assumptions could have a significant impact on either the recoverable value, the amount of any goodwill impairment charge, or both. The recoverable value of Supply Chain Finance Business exceeded its carrying value as of the measurement date and, therefore, no impairment was recognised.	Our audit procedures included but were not limited to the following: • We tested the Design, Implementation and Operating effectiveness of controls over impairment assessment process, including those over the forecasts of future revenue, operating margins and cash flows including selection of the discount rate; • Obtained an understanding of the process followed by the management to determine the recoverable amounts of cash generating units to which the goodwill has been allocated; • The projections used for the purpose of valuation are approved by the Board of Directors of the Company; •Engaged internal fair valuation experts to challenge management's underlying assumptions and appropriateness of the valuation model used; and • Evaluated the objectivity and independence of the specialist engaged by the Company and reviewed the valuation reports issued by such specialist.

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We focused this area because of the judgmental factors involved in impairment assessment, external economic factors on account of COVID pandemic, and the significant carrying value of the goodwill.	

Emphasis of Matter

We draw attention to Note 52 to the Statement which describes the staging of accounts to whom moratorium benefit was extended and uncertainty caused by COVID-19 pandemic with respect to the Company's estimates of impairment of loans to customers and recoverability of all other assets. Further, the extent to which the COVID-19 pandemic will impact the Company's financial performance is dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of this matter.

Other Information

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 Ind AS financial statements and our auditor's report thereon.

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

In connection with our audit of the Ind AS 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 Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including Ind AS prescribed under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, 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

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records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS 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.

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

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS 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 SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Ind AS financial statements. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Ind AS 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 with reference to financial statements 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 Ind AS 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 Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements of the current year 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

(1) 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 "Annexure 1", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

(2) As required by section 143(3) of the Act, we report that:

a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c. The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this report are in agreement with the books of account;

d. In our opinion, the aforesaid Ind AS financial statements comply with the Ind AS prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended;

e. On the basis of the written representations received from the directors as on March 31, 2021, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of section 164(2) of the Act;

f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure 2";

g. With respect to the other matter to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act:

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In our opinion and to the best of our information and according to the explanations given to us, managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act;

h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

(i) The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements - Refer Note 36 on Contingent Liabilities to the Ind AS financial statements;

(ii) The Company did not have any long-term contracts including derivative contracts. Hence, the question of any material foreseeable losses does not arise;

(iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No.103523W / W100048

HARIBHAKTI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

Sumant Sakhardande

Partner

Membership No. 034828

UDIN: 21034828AAAACV6462

Place: Mumbai

Date: May 07, 2021

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section in the Independent Auditor's Report of even date to the members of Centrum Financial Services Limited on the Ind AS financial statements for the year ended March 31, 2021]

Based on the audit procedures performed for the purpose of reporting a true and fair view on the Ind AS 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, we report that:

(i)

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) During the year, the fixed assets of the Company have been physically verified by the management and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets.

(c) The title deeds of immovable properties recorded as fixed assets in the books of account of the Company are held in the name of the Company except for the details given below:

Land/ Building	Total number of cases	Leasehold/ Freehold	Gross Block as on March 31, 2021	Net Block as on March 31, 2021	Remarks
Building	1	Freehold	Rs. 3,397.83 Lakhs	Rs. 3,341.34 Lakhs	The Company amalgamated with Shree Srinivas Realtors Pvt. Ltd. However, the title deeds are in the name of erstwhile Company.

(ii) The Company is a Non- Banking Finance Company, primarily engaged in the business of lending and does not hold any inventory. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.

(iii) The Company has granted unsecured loans to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act.

(a) The terms and conditions of the aforesaid loans granted by the Company are not prejudicial to the interest of the Company.

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(b) The schedule of repayment of principal and payment of interest in respect of such loans has been stipulated and the repayments or receipts of principal amounts and interest are regular.

(c) In respect of the aforesaid loans, there is no overdue amount in respect of loans granted to companies, firms, Limited Liability Partnerships, or other parties listed in the register maintained under section 189 of the Act.

(iv) The Company has complied with the provisions of section 185 and 186 (1) of the Act in respect of grant of loans, making investments and providing guarantees and securities as applicable. Further, as the Company is a Non-Banking Finance Company engaged in the business of financing, the provision of section 186 [except for subsection (1)] are not applicable to the Company.

(v) In our opinion, the Company has not accepted any deposits from the public within the provisions of sections 73 to 76 of the Act and the rules framed there under. Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) The Central Government has not prescribed the maintenance of cost records for any of the products of the Company under sub-section (1) of section 148 of the Act and the rules framed there under.

(vii)

(a) The Company is regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, income tax, goods and services tax (GST), customs duty, cess and any other material statutory dues applicable to it. During the year 2017-18, sales tax, value added tax, service tax and duty of excise subsumed in GST and are accordingly reported under GST.

No undisputed amounts payable in respect of provident fund, income tax, GST, customs duty, cess and any other material statutory dues applicable to it, were outstanding, at the year end, for a period of more than six months from the date they became payable. However, undisputed dues in respect of Professional tax, which were outstanding, at the year end for a period of more than six months from the date they became payable amounting to Rs. 1,840/- is still unpaid.

(b) There are no dues outstanding with respect to, income tax, sales tax, service tax, value added tax, GST, customs duty, excise duty on account of any dispute, except:

Name of the statute	Nature of dues	Amount Rs.	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	18,62,870	AY 2010-11	Commissioner of Income Tax (Appeals)

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Income Tax Act, 1961	Income Tax	61,22,030*	AY 2011-12	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	1,84,27,952*	AY 2012-13	Commissioner of Income Tax (Appeals)

*Net of Duties paid under protest

(viii) During the year, the Company has not defaulted in repayment of loans or borrowings to financial institutions, banks, governments or dues to debenture holders.

(ix) The Company did not raise moneys by way of initial public offer or further public offer. In our opinion on overall examination of the Balance Sheet, the Company has prima facie utilized the moneys raised by way of debt instruments and the term loans during the year were applied for the purposes for which they were raised, though idle/ surplus funds which were not required for immediate utilization were gainfully invested in liquid assets payable on demand.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or any fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such instance by the management.

(xi) Managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) In our opinion, the Company is not a Nidhi Company. Therefore, clause 3(xii) of the Order is not applicable to the Company.

(xiii) All transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of Act, where applicable, and the details have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.

(xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Therefore, clause 3(xiv) of the Order is not applicable to the Company.

(xv) The Company has not entered into any non-cash transactions with directors or persons connected with them during the year and hence provisions of section 192 of the Act are not applicable.

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HARIBHAKTI & CO. LLP
Chartered Accountants

(xvi) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and the registration has been obtained by the Company.

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 103523W / W100048

HARIBHAKTI & CO. LLP ★ MUMBAI ★ CHARTERED ACCOUNTANTS

Sumant Sakhardande

Partner

Membership No. 034828

UDIN: 21034828AAAACV6462

Place: Mumbai

Date: May 07, 2021

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section in our Independent Auditor's Report of even date to the members of Centrum Financial Services Limited on the Ind AS financial statements for the year ended March 31, 2021]

Report on the Internal Financial Controls with reference to Financial Statements under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of Centrum Financial Services Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements 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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing specified under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both 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 internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness.

Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

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Meaning of Internal Financial Controls with reference to Financial Statements

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal controls stated in the Guidance Note issued by the ICAI.

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No.103523W / W100048

HARIBHAKTI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

Sumant Sakhardande

Partner

Membership No. 034828

UDIN: 21034828AAAACV6462

Place: Mumbai

Date: May 07, 2021

Centrum Financial Services Limited

Balance Sheet as at March 31, 2021

(Currency : Indian Rupees in lakhs)

Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
ASSETS			
(I) Financial Assets			
(a) Cash and cash equivalents	3	9,627.74	5,624.56
(b) Bank balances other than cash and cash equivalents	4	4,097.14	2,220.30
(c) Derivative financial instruments	5	3,824.61	1,638.80
(d) Receivables			
(i) Trade receivables	6	430.95	-
(ii) Other receivables		-	-
(e) Loans	7	82,312.78	84,388.70
(f) Investments	8	5,880.87	4,642.70
(g) Other financial assets	9	583.64	1,072.99
		106,757.73	**99,588.05**
(II) Non Financial Assets			
(a) Current tax assets (net)	10	2,207.88	2,039.60
(b) Deferred tax assets (net)	34	130.67	215.94
(c) Investment property	11	-	3,397.84
(d) Property, plant and equipment	12	3,467.70	152.74
(e) Right-of-use assets	12	32.34	10.02
(f) Goodwill	12	1,442.02	1,442.02
(g) Other intangible assets	12	168.72	207.31
(h) Other non financial assets	13	679.40	390.58
		8,128.73	**7,856.05**
Total Assets		**114,886.46**	**107,444.10**
LIABILITIES AND EQUITY			
LIABILITIES			
(I) Financial Liabilities			
(a) Derivative financial instruments	5	6,482.90	3,401.88
(b) Payables			
i) Trade payables	14		
total outstanding dues of micro enterprises and small enterprises		-	5.94
total outstanding dues of creditors other than micro enterprises and small enterprises		227.65	220.23
ii) Other payables	14		
total outstanding dues of micro enterprises and small enterprises		-	-
total outstanding dues of creditors other than micro enterprises and small enterprises		6.63	12.15
(c) Debt securities	15	68,694.68	52,076.26
(d) Borrowings (other than debt securities)	16	6,557.99	19,535.16
(e) Deposits	17	-	256.72
(f) Lease liabilities	33	32.04	11.01
(g) Other financial liabilities	18	1,543.47	1,142.60
		83,545.36	**76,661.95**
(II) Non-Financial Liabilities			
(a) Current tax liabilities (net)	10	89.08	89.08
(b) Provisions	19	105.96	89.42
(c) Other non-financial liabilities	20	821.09	676.66
		1,016.13	**855.16**
EQUITY			
(a) Equity share capital	21	9,895.69	9,895.69
(b) Other equity	22	20,429.28	20,031.30
		30,324.97	**29,926.99**
Total Liabilities and Equity		**114,886.46**	**107,444.10**

See accompanying notes form an integral part of the Financial Statements. 1 & 2

As per our report of even date

For Haribhakti & Co. LLP
Chartered Accountants
ICAI Firm Registration No.103523W/W100048

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

Sumant Sakhardande
Partner
Membership No 034828

Ranjan Ghosh
Managing Director and CEO
DIN : 07592235

Shailendra Apte
Director
DIN: 00017814

Abhishek Baxi
Chief Financial Officer

Archana Goyal
Company Secretary

Mumbai
Date : May 7, 2021

Mumbai
Date : May 7, 2021

Centrum Financial Services Limited
Statement of Profit and loss for the year ended March 31, 2021

(Currency : Indian Rupees in lakhs)

	Particulars	Note No.	For the year ended March 31, 2021	For the year ended March 31, 2020
(I)	**Revenue from Operation**			
	(a) Interest income	23	11,642.34	14,197.54
	(b) Rental income		2.26	24.34
	(c) Fee and commission income	24	1,000.79	299.88
	(d) Net gain on fair value change	25	807.17	90.16
	(e) Net gain on derecognition of financial instruments under amortised cost category	26	419.15	-
	(f) Other operating revenue	27	46.50	189.11
	Total		**13,918.21**	**14,801.03**
(II)	Other income	28	166.36	140.52
	Total Revenue		**14,084.57**	**14,941.55**
(III)	**Expenses**			
	(a) Finance costs	29	9,271.00	8,774.76
	(b) Impairment on financial instruments (Refer note 52, 53 & 55)	30	487.12	(8.76)
	(c) Employee benefits expenses	31	2,706.77	3,112.67
	(d) Depreciation, amortization and impairment	12	161.21	166.21
	(e) Others expenses	32	1,192.36	1,678.41
	Total expenses		**13,818.46**	**13,723.29**
(IV)	**Profit before tax for the year**		**266.11**	**1,218.26**
(V)	**Tax Expense :**	34		
	(a) Current tax		-	-
	(b) Short / (excess) provision for earlier years		-	8.99
	(c) Deferred tax		84.27	386.65
			84.27	395.64
(VI)	**Profit after tax for the year**		**181.84**	**822.62**
(VII)	**Other Comprehensive Income**			
	(a) (I) Items that will not be reclassified to profit or loss			
	(i) Remeasurement gains and (losses) on defined benefit obligations (net)		3.95	(8.60)
	(II) Income tax relating to items that will not be reclassified to profit or loss		(0.99)	(2.17)
	Total		2.96	(10.77)
(VIII)	**Total Comprehensive Income for the year**		**184.80**	**811.85**
(IX)	**Earnings per equity share in Rupees (Face value Rs. 10 each)**			
	Basic	35	0.18	0.83
	Diluted	35	0.18	0.82

See accompanying notes form an integral part of the Financial Statements. 1 & 2

For Haribhakti & Co. LLP
Chartered Accountants
ICAI Firm Registration No.103523W/W100048

Sumant Sakhardande
Partner
Membership No 034828

Mumbai
Date : May 7, 2021

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

Ranjan Ghosh
Managing Director and CEO
DIN : 07592235

Shailendra Apte
Director
DIN: 00017814

Abhishek Baxi
Chief Financial Officer

Archana Goyal
Company Secretary

Mumbai
Date : May 7, 2021

Centrum Financial Services Limited
Statement of Cash flows for the year ended March 31, 2021

(Currency : Indian Rupees in lakhs)

	Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
A	**Cash flow from operating activities**		
	Profit before tax	266.11	1,218.26
	Adjustments for		
	Depreciation and amortisation	161.21	166.21
	Interest income	(10,811.17)	(13,331.73)
	Finance cost	9,271.00	8,774.76
	Impairment on financial instruments	487.12	(8.76)
	Net gain on fair value change	(807.17)	(90.16)
	Net gain on derecognition of financial instruments under amortised cost category	(419.15)	-
	Profit / loss on sale of fixed assets	-	0.93
	Employees stock option provision	171.98	155.23
	Unrealised gain on option	(1,278.33)	(44.26)
	Cash inflow from interest on loans	10,724.30	13,399.35
	Cash outflow towards finance costs	(8,743.55)	(9,420.05)
	Operating cash flow before working capital changes	**(977.65)**	**819.78**
	Add / (Less): Adjustments for working capital changes		
	Trade receivables	(430.95)	-
	Loans	2,102.09	24,832.34
	Other financial assets	489.35	982.27
	Other non financial assets	(38.82)	(152.75)
	Other bank balances	(1,874.38)	3,353.90
	Derivative financial instrument	2,173.54	(407.04)
	Trade and other payables	(4.04)	71.63
	Other financial liability	400.87	(458.09)
	Interest accrued on borrowings	-	(1,671.10)
	Non financial liabilities and provisions	166.28	(412.52)
	Cash used in operations	**2,006.29**	**26,958.42**
	Income taxes paid	(168.28)	(911.97)
	Net cash used in operating activities -A	**1,838.01**	**26,046.45**
B	**Cash flow from investing activities**		
	Purchase of property, plant and equipment, intangible assets and goodwill	(21.59)	(157.95)
	Sale of property, plant and equipment and intangible assets	-	0.22
	Payment as capital advance	(250.00)	-
	Purchase of investments	(1,495.01)	(1,877.67)
	Proceeds from sale of investments	1,095.17	4,020.79
	Net cash generated from / (used in) investing activities - B	**(671.43)**	**1,985.39**
C	**Cash flow from financing activities**		
	Proceeds from issue of debt securities	43,885.46	29,186.55
	Repayment of debt securities	(27,966.99)	(11,537.23)
	Proceeds from deposits & borrowings (other than debt securities)	6,764.12	3,743.08
	Repayment of deposits & borrowings (other than debt securities)	(19,212.60)	(50,539.23)
	Proceeds / (repayment) of short term borrowing (net)	-	-
	Payment of lease liabilities	(20.70)	
	Net cash generated from financing activities - C	**3,449.29**	**(29,146.83)**
	Net increase / (decrease) in cash and cash equivalents (A+B+C)	**4,615.90**	**(1,114.99)**

Centrum Financial Services Limited
Statement of Cash flows for the year ended March 31, 2021

(Currency : Indian Rupees in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Cash and cash equivalent as at the beginning of the year	3,587.25	4,702.24
Cash and cash equivalent as at the end of the year	8,203.15	3,587.25

Notes:

i) **Components of Cash and Cash Equivalents included above**

Particulars	As at March 31, 2021	As at March 31, 2020
Cash and cash equivalents (refer note 3)	9,627.74	5,624.56
Less: Bank overdraft (refer note 16.4)	(1,424.59)	(2,037.31)
Total	**8,203.15**	**3,587.25**

ii) Statement of cash flows has been prepared under the indirect method as set out in the Ind AS 7 "Statement of Cash Flows" as specified in the Companies (Indian Accounting Standards) Rules, 2015.

See accompanying notes form an integral part of the Financial Statements.

As per our report of even date

For Haribhakti & Co. LLP
Chartered Accountants
ICAI Firm Registration No.103523W/W100048

Sumant Sakhardande
Partner
Membership No 034828

Date : May 7, 2021
Mumbai

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

Ranjan Ghosh
Managing Director and CEO
DIN : 07592235

Shailendra Apte
Director
DIN: 00017814

Abhishek Baxi
Chief Financial Officer

Archana Goyal
Company Secretary

Date : May 7, 2021
Mumbai

Centrum Financial Services Limited
Statement of changes in Equity as at March 31, 2021

(Currency : Indian Rupees in lakhs)

A. Equity Share Capital

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number of Shares	Amount	Number of Shares	Amount
Issued, subscribed and fully paid up equity shares outstanding at the beginning of the year	**98,956,942**	**9,895.69**	**98,956,942**	**9,895.69**
Add: Changes in equity share capital during the year	-	-	-	-
Issued, subscribed and fully paid up equity shares outstanding at the end of the year	**98,956,942.00**	**9,895.69**	**98,956,942.00**	**9,895.69**

B. Other Equity

Particulars	Other Equity							Total Other Equity
	Securities premium	Statutory reserve	Employee stock options	Impairment Reserve	Retained Earnings	Other Comprehensive Income / (Expense)	Capital contribution	
Balance at March 31, 2019	**18,639.96**	**302.09**	**144.57**	**-**	**(676.33)**	**5.37**	**619.92**	**19,035.58**
Profit for the year	-	-	-	-	822.62	-	-	**822.62**
Other comprehensive income for the year	-	-	-	-	-	(10.77)	-	**(10.77)**
Issue of equity shares	-	-	-	-	-	-	-	**-**
Transfer (from) / to	-	164.52	-	570.64	(735.16)	-	-	**-**
Employee share options	-	-	155.23	-	-	-	-	**155.23**
Capital Contribution during the year	-	-	-	-	-	-	28.64	**28.64**
Balance at April 1, 2020	**18,639.96**	**466.61**	**299.80**	**570.64**	**(588.87)**	**(5.40)**	**648.56**	**20,031.30**
Profit for the year	-	-	-	-	181.84	-	-	**181.84**
Other comprehensive income for the year	-	-	-	-	-	2.96	-	**2.96**
Transfer (from) / to (Refer Note : 22 other equity)	-	36.38	-	960.17	(996.54)	-	-	**0.01**
Employee share options	-	-	171.98	-	-	-	-	**171.98**
Capital Contribution during the year	-	-	-	-	-	-	**41.19**	**41.19**
Balance at March 31, 2021	**18,639.96**	**502.99**	**471.78**	**1,530.81**	**(1,403.57)**	**(2.44)**	**689.75**	**20,429.28**

See accompanying notes form an integral part of the Financial Statements.

For Haribhakti & Co. LLP
Chartered Accountants
ICAI Firm Registration No.103523W/W100048

Sumant Sakhardande
Partner
Membership No 034828

Mumbai
Date : May 7, 2021

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

Ranjan Ghosh
Managing Director and CEO
DIN: 07592235

Shailendra Apte
Director
DIN: 00017814

Abhishek Baxi
Chief Financial Officer

Archana Goyal
Company Secretary

Mumbai
Date : May 7, 2021

(Currency : Indian Rupees in lakhs)

1. Background

Centrum Financial Services Limited (the 'Company') 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 CNBFC') activities without accepting public deposits having registration number - B-13.01946.

The Company has listed its debt on Bombay Stock Exchange (BSE) and is registered with Ministry of Corporate Affairs (MCA) having Corporate Identification number (CIN) - U65910MH1993PLC192085.

The registered office is situated at 2nd Floor, Bombay Mutual Building, Dr. D.N. Road, Fort, Mumbai-400001.

The financial statements of the Company for the year ended March 31, 2021 were approved for issue in accordance with the resolution of the Board of Directors on May 7, 2021.

2.1 Significant accounting policies

2.1.a Statement of compliance with Indian Accounting Standards (Ins As)

The financial statements of the Company have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) issued by Ministry of Corporate Affairs in exercise of the powers conferred by section 133 read with sub-section (1) of section 210A of the Companies Act, 2013. In addition, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied along with compliance with other statutory promulgations require a different treatment. Any application guidance/clarifications/ directions issued by RBI or other regulators are implemented as and when they are issued/ applicable.

2.1.b Basis of preparation

The financial statements have been prepared on the historical cost basis except for the certain financial instruments which have been measured at fair value, assets held for sale measured at fair value less cost to sell, net defined benefit liability/assets and share based payments.

Fair value measurements under Ind AS are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

• Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at reporting date
• Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
• Level 3 inputs are unobservable inputs for the valuation of assets or liabilities

2.1.c Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Division III to Schedule III to the Companies Act, 2013 (“the Act”) applicable for Non- Banking Finance Companies (“NBFC”). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 “Statement of Cash Flows”. The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified Ind As and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Amounts in the financial statements are presented in Indian Rupees in lakhs rounded off to nearest Rupee as permitted by Schedule III to the Companies Act, 2013. Per share data are presented in Indian Rupee to two decimal places.

2.1.d Property, plant and equipment (PPE) and depreciation

On transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as at 1st April, 2018 measured as per the previous GAAP, and use that carrying value as the deemed cost of the property, plant and equipment.

PPE are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of PPE which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use. Gains or losses arising from derecognition of PPE are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is derecognized.

Depreciation on tangible assets is provided on straight line method over the useful lives of assets as prescribed in Schedule II of the Act except some cases. The residual values, useful lives and method of depreciation of tangible assets are reviewed at each financial year end and adjusted prospectively.

(Currency : Indian Rupees in lakhs)

Particulars	Estimated useful life according to the Company
Office equipments	3 Years
Computer and accessories	3 Years
Computer software	6 Years
Vehicles	8 Years
Furniture and fixtures	10 Years
Building	60 Years

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

2.1.e Intangible assets

On transition to Ind AS, the Company has elected to continue with the carrying value of all its Intangible Assets recognised as at 1st April, 2018 measured as per the previous GAAP and use that carrying value as the deemed cost of the intangible assets.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortisation period or methodology, as appropriate, which are then treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is presented as a separate line item in the statement of profit and loss. Amortisation on assets acquired/sold during the year is recognised on a pro-rata basis to the Statement of Profit and Loss from / upto the date of acquisition/sale.

Amortisation is calculated using the straight–line method to write down the cost of intangible assets to their residual values over their estimated useful lives. Intangible assets comprising of software are amortised on a straight-line basis over a period of 6 years, unless it has a shorter useful life.

Goodwill represents excess of the cost of portfolio acquisition over the net fair value of the identifiable assets and liabilities. Goodwill 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.

2.1.f Intangible assets under development

It includes assets not ready for the intended use and are carried at cost, comprising direct cost and related incidental expenses.

2.1.g Investment property

Investment properties are properties that are held for long-term rentals yields or for capital appreciation. Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Investment properties are depreciated using the straight-line method over their useful lives. Investment properties generally have useful lives of 60 years. The useful life has been determined based on technical evaluation performed by the management expert.

Though the company measures the investment property using cost based measurement, the fair value of the investment property is disclosed in the notes. Fair values are determined based on an annual evaluation.
Investment properties are derecognized either when they have been disposed off or when they are permanently withdrawn from their use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

2.1.h Impairment of non-financial assets

As at the end of each accounting year, the Company reviews the carrying amounts of its PPE, investment property and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the PPE, investment property and intangible assets are tested for impairment so as to determine the impairment loss, if any. Goodwill and intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication then the asset may be impaired.

Impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, such deficit is recognized immediately in the Statement of Profit and Loss as impairment loss and the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. For this purpose, the impairment loss recognized in respect of a cash generating unit is allocated first to reduce the carrying amount of any goodwill allocated to such cash generating unit and then to reduce the carrying amount of the other assets of the cash generating unit on a pro-rata basis.

(Currency : Indian Rupees in lakhs)

2.1.i Revenue recognition

Interest income

Interest income is recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial assets other than credit-impaired assets and financial assets classified as measured at FVTPL. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument.

The calculation of the EIR includes all transaction cost and fees that are incremental and directly attributable to the acquisition of a financial asset.

The interest income is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortized cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortized cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses (ECLs)). The Company assesses the collectability of the interest on credit impaired assets at each reporting date. Based on the outcome of such assessment, the Interest income accrued on credit impaired financial assets are either accounted for as income or written off.

Income from bill discounting is recognised over the tenure of the instrument so as to provide a constant periodic rate of return.

Dividend income

Dividend income is recognized when the Company's right to receive dividend is established by the reporting date. It is probable that the economic benefits associated with the dividend will flow to the entity. Amount of dividend can be measured reliably.

Syndication fees

Syndication fees is accounted over the period as customer simultaneously receives and consumes the benefits, as the performance obligations are completed based on achievement of milestones as per the mandates/agreement with the clients or terms confirmed and agreed by the client.

Fees and commission income

Fees such as consultancy fees, referral fees and commission income include fees other than those that are an integral part of EIR and are recognised on accrual basis based on contractual terms. Processing fees earned on Supply Chain Finance Business is recognised on accrual basis and does not form part of EIR as it being short term in nature.

Rental income

Rental income is recognized over a period of time as and when accrued as per the terms of the contract.

Net Gain/Loss on fair value changes

Any differences between the fair values of financial assets classified as fair value through the profit or loss (refer Note 25), held by the Company on the balance sheet date is recognised as an unrealised gain / loss. In cases there is a net gain in the aggregate, the same is recognised in "Net gains on fair value changes" under Revenue from operations and if there is a net loss the same is disclosed under "Expenses" in the statement of Profit and Loss.

Similarly, any realised gain or loss on sale of financial instruments measured at FVTPL and debt instruments measured at FVOCI is recognised in net gain / loss on fair value changes. As at the reporting date the Company does not have any financial instruments measured at FVTPL and debt instruments measured at FVOCI.

However, net gain / loss on derecognition of financial instruments classified as amortised cost is presented separately under the respective head in the Statement of Profit and Loss.

Other operational revenue

Other operational revenue represents income earned from the activities incidental to the business and is recognized when the right to receive the income is established as per the terms of the contract.

Other income and expenses

Other income and expenses are recognised in the period in which they occur.

2.1.j Leases

The Company as a lessee

The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (1) the contract involves the use of an identified asset (2) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of the leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option. Lease liabilities are remeasured at fair value at the balance sheet date with the corresponding impact considered in the statement of profit and loss as interest charge/ income.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

The Company as a lessor
Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

2.1.k Financial instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and measurement
Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Regular way purchase and sale of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset.

At initial recognition, the Company measures a financial asset (other than trade receivables) or financial liability at its fair value plus or minus, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability (other than financial asset or financial liability carried at fair value through profit or loss). Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss.

Financial assets
Classification and subsequent measurement
Financial assets are classified into three categories:
• fair value through profit or loss (FVTPL);
• fair value through Other comprehensive income (FVOCI); or
• amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms including contractual cash flows.
For debt instruments, classification will depend on the business model in which the debt is held.
For equity instruments, classification will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.
The classification requirements of financial assets are described below:

(Currency : Indian Rupees in lakhs)

Debt instruments
Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective.

Business model: The business model reflects how the Company manages the assets in order to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows from the sale of asset. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of ‘other’ business model and measured at FVTPL. Factors considered by the Company in determining the business model for a Company of assets include past experience on how the cash flows for these assets were collected, how risks are assessed and managed. Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVTPL. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement.

Based on these factors, the Company classifies its debt instruments into one of the following three measurement categories:

Amortised cost: Financial assets that are held for collection of contractual cash flows where business model of those cash flows represents solely payment of principal and interest ('SPPI'), and that are not designated at FVTPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured. Interest income from these financial assets are recognised using the effective interest rate method.

Fair value through other comprehensive income (FVOCI): Financial assets are measured at FVOCI when the instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets and contractual terms of the financial asset meet the SPPI test.

FVOCI financial assets are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in other comprehensive income (OCI). Interest income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified to Statement of profit and loss account.

Fair value through profit or loss (FVTPL): Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. Financial assets designated at FVTPL are carried in the Balance sheet at fair value with net changes in fair value presented as other (gains)/losses in Statement of profit or loss. Interest income on financial assets classified as FVTPL is not recognised in net gain/(loss) on fair value changes and is recognised separately as interest income.

Equity instruments
Equity instruments is a contract that evidences residual interest in the assets of the Company after deducting all its liabilities. The Company subsequently measures all equity investments under the scope of Ind AS 109 at fair value. Changes in the fair value of these instruments are recognized in profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTPL are not reported separately from other changes in fair value.

Impairment of financial assets
The Company assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instruments carried at amortised cost and FVOCI, loans and advances and on exposure arising from loan commitments. The Company recognizes a loss allowance for such losses at each reporting date.

The measurement of ECL reflects:
• An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
• The time value of money;
• Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The method and significant judgments used while computing the expected credit losses and information about the exposure at default, probability of default and loss given default have been set out in note 45B (Risk Management).

Write-off policy
The Company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery.

Financial liabilities
Classification and subsequent measurement
Financial liabilities are classified at amortised cost, except for financial liabilities at fair value through profit or loss: This classification is applied to derivatives and financial liabilities held for trading and other financial liabilities designated as such at initial recognition.

Gains or losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, which is determined as the amount that is not attributable to changes in market conditions that give rise to market risk) and partially profit or loss (the remaining amount of change in the fair value of the liability).

Derecognition of financial liabilities
Financial liabilities are derecognised when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired.

Reclassification of financial instrument
The Company reclassifies debt instruments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent.

After initial recognition, equity instruments and financial liabilities are not reclassified.

Derivatives
Derivatives are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently measured at fair value.

Embedded derivatives
The embedded derivatives are treated as separate derivatives when:
• their economic characteristics and risks are not closely related to those of the host contract;
• a separate instrument with the same terms would meet the definition of a derivative;

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non- derivative host contract, with the effect that some of the cash flows of the combined instrument vary in a way similar to a standalone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to an index of prices or rates or other variable. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

These embedded derivatives are separately accounted for at fair value, with changes in fair value recognised in the statement of profit or loss unless the Company chooses to designate the hybrid contracts at fair value through profit or loss.

Certain market linked non-convertible debentures (MLDs) issued by the Company have returns linked to non- interest related benchmarks. Embedded derivative component of such debentures are separately accounted for at fair value and host contract. The Company hedges the risk of variable payout by taking positions in futures & options of Nifty 50 Index. 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 at cost of borrowings. Any gain/loss on these hedge positions are netted against with interest expenses on MLD and resultant net loss/gain is recognised in Statement of Profit & Loss after considering the mark to market position of the options at the balance sheet date.

Debt securities and other borrowed funds
After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and transaction costs that are an integral part of the Effective Interest Rate (EIR).

Financial guarantees
Financial guarantees are initially recognised in the financial statements at fair value, being the premium received. Subsequent to initial recognition, the Company's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the statement of profit and loss.
The premium is recognised in the statement of profit and loss on a straight-line basis over the life of the guarantee.

(Currency : Indian Rupees in lakhs)

2.1.l Fair value measurement

The Company measures financial instruments, such as investments and derivatives at fair values at each Balance Sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
a) In the principal market for the asset or liability, or
b) In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities (for which fair value is measured or disclosed in the financial statements) are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for disposal in discontinued operations.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

2.1.m Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, short-term deposits and highly liquid investments with an original maturity of three months or less, which are readily convertible in cash and subject to insignificant risk of change in value. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

2.1.n Borrowing Costs

Borrowing costs include interest expense calculated using the effective interest method. Borrowing costs net of any investment income from the temporary investment of related borrowings that are attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of cost of such asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

2.1.o Retirement and other employee benefits

Defined Contribution Plan

Retirement benefits in the form of Provident Fund are a defined contribution scheme and the contributions are charged to the statement of profit and loss of the year when the contribution to the fund is due. There are no other obligations other than the contribution payable to the fund.

(Currency : Indian Rupees in lakhs)

Defined Benefit Plan
Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation carried out by an independent actuary using Projected Unit Credit Method made at the end of the financial year. The Company makes contribution to a scheme administered by an Insurance Company approved by the Insurance Regulatory and Development Authority of India (IRDAI) to discharge the gratuity liability to the employees. The Company records its gratuity liability based on an actuarial valuation made by an independent actuary as at the year end. Provisions made for the funded amount are expensed in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized directly in the other comprehensive income in the period in which they occur. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Remeasurements are not reclassified to the statement of profit and loss in the subsequent periods.

Long term compensated absences
The Company's liabilities towards compensated absences to employees are accrued on the basis of valuations as at the balance sheet date, carried out by an independent actuary using Projected Unit Credit Method. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognized immediately in the statement of profit and loss. The Company presents the provision for compensated absences under provisions in the balance sheet.

2.1.p Income tax
The income tax expense or credit for the period is the tax payable on the current period's taxable income based in accordance with the Income Tax Act, 1916 adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current tax
The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate based on amounts expected to be paid to the tax authorities.

Deferred tax
Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Balance Sheet and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the Balance Sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, and when they relate to income taxes levied by the same taxation authority, and the Company intends to settle its current tax assets and liabilities on a net basis.

Goods and services tax paid on acquisition of assets or on incurring expenses
Expenses and assets are recognised net of the goods and services tax paid, except:
i. When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
ii. When receivables and payables are stated with the amount of tax included.
The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.1.q Provisions, contingent liabilities and contingent assets

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined by discounting the expected future cash flows at a pretax rate that reflects current market assessments of the time value of money and the risks specific to the liability. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent assets are neither recognized nor disclosed in the Financial Statements.

2.1.r Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2.1.s Employee stock option scheme (ESOP)

Equity-settled share-based payments to employees and others providing similar services that are granted by the ultimate parent Company are measured by reference to the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the 'Employee Stock Options reserve'. In cases where the share options granted vest in instalments over the vesting period, the Company treats each instalments as a separate grant, because each instalment has a vesting period, and hence the fair value of each instalment differs. In situation where the stock option expires unexercised, the related balance standing to the credit of the Employee Stock Options Outstanding Account is transferred within equity.

2.2 Significant accounting judgments, estimates and assumptions

2.2.a The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities, the accompanying disclosures including the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances existing when the financial statements were prepared. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates is recognised in the year in which the estimates are revised and in any future year affected.

2.2.b Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, estimates and assumptions, which have significant effect on the amounts recognised in the financial statements:

• ***Fair value measurement of financial instruments***

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using appropriate valuation techniques. The inputs for these valuations are taken from observable sources where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of various inputs including liquidity risk, credit risk, volatility etc. Changes in assumptions/judgments about these factors could affect the reported fair value of financial instruments. For further details about determination of fair value refer note 44A.

• ***Impairment of financial assets using the expected credit loss method***

The impairment provisions for financial assets are based on assumptions about risk of default, expected loss rates and loss given defaults. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's history, existing market conditions as well as forward looking estimates at the end of each reporting period. For further details about assumptions used in calculating expected credit losses and the sensitivity of assumptions refer note 44B.

• ***Business model assessment***

Classification and measurement of financial assets depends on the results of the Solely for payment of principal and interest (SPPI) test and the business model test The Company determines the business model at a level that reflects how Company's of financial assets are managed together to achieve a particular business objective. This assessment includes judgment used by the Company in determining the business model including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed. The Company monitors financial assets that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held.

(Currency : Indian Rupees in lakhs)

• Income taxes
Significant judgments are involved in estimating budgeted profits for the purpose of paying advance tax, determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions. For further details refer note 34.

• Provisions and contingencies
Provisions and contingencies are recognized when they become probable and when there will be a future outflow of funds resulting from past operations or events and the outflow of resources can be reliably estimated. The timing of recognition and quantification of the provision and liability requires the application of judgement to existing facts and circumstances, which are subject to change.

• Employee stock option scheme (ESOP)
The Company measures the cost of equity-settled transactions with employees using Black-Scholes Model to determine the fair value of the liability incurred on the grant date. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

2.2.c Assumptions and estimates

The key assumptions concerning the future and other key sources of estimating uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when financial statements are prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

• Retirement and other employee benefits
The cost of the gratuity and long-term employee benefits and the present value of its obligations are determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the future salary increases, attrition rate, mortality rates and discount rate. Due to the complexities involved in the valuation and its long-term nature, the obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Future salary increases are based on expected future inflation rates for India. The attrition rate represents the Company's expected experience of employee turnover. The mortality rate is based on publicly available mortality tables for India. Those mortality tables tend to change only at interval in response to demographic changes. Discount rate is based upon the market yields available on Government bonds at the accounting date with a term that matches that of the liabilities.

Further details about gratuity and long term employee benefits obligations are provided in note 42.

• Effective interest rate
The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments and other fee income/expense that are integral parts of the instrument.

(Currency : Indian Rupees in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
3. Cash and cash equivalents		
a) Cash on hand	0.75	2.11
b) Balances with Banks		
i) in current accounts	9,626.99	5,622.45
Total	9,627.74	5,624.56

Note :

Short term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

Company has taken Bank overdraft facilities, therefore, cash and cash equivalents in cash flow statement is not same as cash and cash equivalent given above.

Particulars	As at March 31, 2021	As at March 31, 2020
4. Bank balances other than cash and cash equivalents		
Other Bank balances		
a) In fixed deposit accounts		
i) Fixed deposit accounts with maturity more than 3 months	411.65	1.00
ii) Fixed deposits pledged for PTC securitization	250.00	-
iii) Fixed deposits pledged for Bank overdraft Facility	-	1,047.50
b) Earmarked balance held with bank's	3,435.62	1,174.39
	4,097.27	2,222.89
Less: Impairment allowance on Fixed deposits	0.13	2.59
Total	4,097.14	2,220.30

Note: Fixed deposits and other balances with banks earns interest at fixed rate or floating rates based on daily bank deposit rates.

4.A Encumbrances on fixed deposits held by the Company:

Fixed deposits pledged for:

Particulars	As at March 31, 2021	As at March 31, 2020
a) **Bank guarantee for cash credit lines**		
i) A U Small Finance Bank	-	1,047.50
b) **Security deposit for PTC Securitisation**		
i) RBL Bank Limited	250.00	-

(Currency : Indian Rupees in lakhs)

4.B Bank balances other than cash and cash equivalents

i) Credit quality of assets:

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's year-end stage classification on the balances in Fixed Deposits with banks. The amounts presented are gross of impairment allowances.

Details of Company's internal grading system are explained in note 45.B.2

Particulars	As at March 31, 2021				As at March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Performing								
High grade	661.65	-	-	661.65	1,048.50	-	-	1,048.50
Total	**661.65**	**-**	**-**	**661.65**	**1,048.50**	**-**	**-**	**1,048.50**

ii) Reconciliation of changes in gross carrying amount for : Fixed deposits with Banks

Particulars	As at March 31, 2021				As at March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount - opening balance	**1,048.50**	**-**	**-**	**1,048.50**	**3,046.75**	**-**	**-**	**3,046.75**
New assets originated or purchased	661.65	-	-	661.65	1,048.50	-	-	1,048.50
Unwinding of discount (recognised in interest income)	-	-	-	-	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-	-	-	-	-
Assets derecognised or matured (excluding write offs)	(1,048.50)	-	-	(1,048.50)	(3,046.75)	-	-	(3,046.75)
Closing balance	**661.65**	**-**	**-**	**661.65**	**1,048.50**	**-**	**-**	**1,048.50**

iii) Reconciliation of ECL balance is given below on Fixed Deposits

Particulars	As at March 31, 2021				As at March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL Allowance - Opening Balance	**2.59**	**-**	**-**	**2.59**	**12.24**	**-**	**-**	**12.24**
New Assets Originated or Purchased	0.13	-	-	**0.13**	2.59	-	-	2.59
Assets derecognised or repaid (excluding write offs)	(2.59)	-	-	(2.59)	(12.24)	-	-	(12.24)
Transfer to Stage 1	-	-	-	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-	-	-	-
Impact on year end ECL of Exposures transferred between Stages during the year and reversal of ECL on account of recovery	-	-	-	-	-	-	-	-
Unwinding of Discount	-	-	-	-	-	-	-	-
Changes to Contractual Cash Flows due to modification not resulting into derecognition	-	-	-	-	-	-	-	-
Changes to models and inputs used for ECL Calculation	-	-	-	-	-	-	-	-
Amounts written off	-	-	-	-	-	-	-	-
ECL Allowance - Closing Balance	**0.13**	**-**	**-**	**0.13**	**2.59**	**-**	**-**	**2.59**

(Currency : Indian Rupees in lakhs)

5. Derivative financial instruments

The Company issues market linked debentures (MLD) which has a component in the nature of "Embedded derivatives- Market linked derivatives". Further to hedge it enters into options which is in the nature of "Index linked derivatives- options". Derivatives are entered for risk management purposes. These include hedges that either meet the hedge accounting requirements or hedges that are economic hedges, but the Company has elected not to apply hedge accounting requirements.

The table below shows the fair values of derivative financial instruments recorded as assets & Liabilities together with their notional amounts.

The notional amounts indicate the value of transactions outstanding at the year end and are not indicative of either the market risk or credit risk .

Particulars	As at March 31, 2021							
	Unit	Currency	Notional	Fair value asset	Unit	Currency	Notional	Fair value liability
(i) Interest rate derivatives								
Interest rate swaps	-	-	-	-	-	-	-	-
Subtotal(i)	-	-	-	-	-	-	-	-
(ii) Equity linked derivatives	-	-	-	-	-	-	-	-
Subtotal(ii)	-	-	-	-	-	-	-	-
(iii) Index linked derivatives								
Options purchased	-	-	2,522.38	3,904.61	-	-	-	-
Options sold	-	-	(233.62)	(80.00)	-	-	-	-
Subtotal(iii)	-	-	**2,288.76**	**3,824.61**	-	-	-	-
(iv) Embedded derivatives	-	-	-	-	-	-	-	-
In market linked debentures	-	-	-	-	-	-	-	6,482.90
Subtotal(iv)	-	-	-	-	-	-	-	**6,482.90**
Total derivative financial instruments	-	**Total**	**2,288.76**	**3,824.61**	-	-	**Total**	**6,482.90**

Particulars	As at March 31, 2020							
	Unit	Currency	Notional	Fair value asset	Unit	Currency	Notional	Fair value liability
(i) Interest rate derivatives								
Interest rate swaps	-	-	-	-	-	-	-	-
Subtotal(i)	-	-	-	-	-	-	-	-
(ii) Equity linked derivatives	-	-	-	-	-	-	-	-
Subtotal(ii)	-	-	-	-	-	-	-	-
(iii) Index linked derivatives								
Options purchased	-	-	1,614.90	2,102.69	-	-	-	-
Options sold	-	-	(233.62)	(463.89)	-	-	-	-
Subtotal(iii)	-	-	**1,381.28**	**1,638.80**	-	-	-	-
(iv) Embedded derivatives	-	-	-	-	-	-	-	
In market linked debentures	-	-	-	-	-	-	-	3,401.88
Subtotal(iv)	-	-	-	-	-	-	-	**3,401.88**
Total derivative financial instruments	-	**Total**	**1,381.28**	**1,638.80**	-	-	**Total**	**3,401.88**

Centrum Financial Services Limited
Notes to the financial statements as at and for the year ended March 31, 2021

(Currency : Indian Rupees in lakhs)

6 Trade Receivable	As at March 31, 2021	As at March 31, 2020
Trade Receivables considered good - Secured	-	-
Trade Receivables considered good - Unsecured	430.95	-
Trade Receivables which have significant increase in credit risk	-	-
Trade Receivables - Credit impaired	-	-
Total	430.95	-
Less: Allowance for expected credit losses	-	-
Total	**430.95**	**-**

There is no dues from directors or other officers of the company or any firm or private company in which any director is a partner, a director or a member.

Trade receivable are non-interest bearing and are generally on terms of 30 days

Trade receivables days past due		Current	1-30 days past due	31-60 days past due	61-90 days past due	91-360 days past due	More than 360 days past due	Total
31-Mar-20	Estimated total gross carrying amount at default	-	-	-	-	-	-	-
	ECL-simplified approach	-	-	-	-	-	-	-
	Net carrying amount	-	-	-	-	-	-	-
31-Mar-21	Estimated total gross carrying amount at default	-	430.95	-	-	-	-	430.95
	ECL-simplified approach	-	-	-	-	-	-	-
	Net carrying amount	**-**	**430.95**	**-**	**-**	**-**	**-**	**430.95**

The management expects no default in receipt of trade receivables. Hence no ECL has been recognised on trade receivables.

(Currency : Indian Rupees in lakhs)

Particulars		As at March 31, 2021	As at March 31, 2020
7. Loans			
At amortised cost			
A. **Proudctwise Details**			
a) Bills discounting		32,318.01	35,947.04
b) On demand loans		2,479.97	5,502.91
c) Term loans		48,471.70	44,233.02
d) Others			
Loan to staff		2.50	2.50
	Total (A) - Gross	83,272.18	85,685.47
Less: Impairment loss allowance		959.40	1,296.77
	Total (A) - Net	**82,312.78**	**84,388.70**
B. Securitywise Details			
a) Secured			
i) Secured by tangible assets		50,663.07	43,118.59
ii) Secured by intangible assets		-	-
b) Unsecured		32,609.11	42,566.88
	Total (B) - Gross	83,272.18	85,685.47
Less: Impairment loss allowance		959.40	1,296.77
	Total (B) - Net	**82,312.78**	**84,388.70**
C. **Regionwise Details**			
a) Loans in India			
- Public sector		-	-
- Others		83,272.18	85,685.47
b) Loans outside India		-	-
	Total (C) - Gross	83,272.18	85,685.47
Less: Impairment loss allowance		959.40	1,296.77
	Total (C) - Net	**82,312.78**	**84,388.70**

(Currency : Indian Rupees in lakhs)

7. Loans

7.1 Credit quality of assets

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

Details of the Company's internal grading system are explained in note 45.B.2

7.1.1 Credit quality of Loans

Particulars	As at March 31, 2021				As at March 31, 2020			
	Stage I	Stage II	Stage III	Total	Stage I	Stage II	Stage III	Total
Internal rating grade								
Low Risk	73,931.28	-	-	**73,931.28**	80,484.09	-	-	**80,484.09**
Medium Risk	-	8,060.75	-	**8,060.75**	-	3,284.57	-	**3,284.57**
High Risk	-	-	1,280.15	**1,280.15**	-	-	1,916.81	**1,916.81**
Total	**73,931.28**	**8,060.75**	**1,280.15**	**83,272.18**	**80,484.09**	**3,284.57**	**1,916.81**	**85,685.47**

7.1.2 Reconciliation of changes in gross carrying amount and corresponding ECL allowances for loans and advances to corporate and retail customers:

The following disclosure provides stage wise reconciliation of the Company's gross carrying amount and ECL allowances for loans and advances to corporates and retail customers. The transfers of financial assets represents the impact of stage transfers upon the gross carrying amount and associated allowance for ECL. The net remeasurement of ECL arising from stage transfers represents the increase or decrease due to these transfers.

The 'New assets originated /repayments received (net)' represent the gross carrying amount and associated allowance ECL impact from transactions within the Company's lending portfolio.

7.1.2.i <u>An analysis of changes in the gross carrying amount as follows:</u>

Particulars	As at March 31, 2021					As at March 31, 2020				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount opening balance	**80,484.09**	**3,284.57**	**1,916.81**	-	**85,685.47**	**108,906.16**	**4.16**	**1,703.38**	-	**110,613.70**
New Assets Originated or Purchased	74,033.88	2,467.31	91.18	-	**76,592.37**	326,709.86	(14,870.22)	213.43	-	**312,053.07**
Assets derecognised or repaid (excluding write offs)	(74,197.96)	(3,867.69)	(501.62)	-	**(78,567.27)**	(336,977.14)	(4.16)	-	-	**(336,981.30)**
Transfer to Stage 1	376.28	(376.28)	-	-	-	(18,154.79)	18,154.79	-	-	-
Transfer to Stage 2	(6,765.01)	6,765.01	-	-	-	-	-	-	-	-
Transfer to Stage 3	-	(212.17)	212.17	-	-	-	-	-	-	-
Changes to Contractual Cash Flows due to modification not resulting into derecognition	-	-	-	-	-	-	-	-	-	-
Amounts written off	-	-	(438.39)	-	**(438.39)**	-	-	-	-	-
Gross carrying amount closing balance	**73,931.28**	**8,060.75**	**1,280.15**	-	**83,272.18**	**80,484.09**	**3,284.57**	**1,916.81**	-	**85,685.47**

(Currency : Indian Rupees in lakhs)

7.1.2. Reconciliation of ECL balance is given below

Particulars	**As at March 31, 2021**					**As at March 31, 2020**				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
ECL Allowance - Opening Balance	**179.52**	**15.82**	**1,101.43**	**-**	**1,296.77**	**448.26**	**0.01**	**877.58**	**-**	**1,325.85**
New Assets Originated or Purchased	144.29	713.87	-	-	**858.16**	129.41	7.03	223.85	-	**360.29**
Assets derecognised or repaid (excluding write offs)	(121.76)	(673.70)	(236.12)	-	**(1,031.58)**	(389.36)	(0.01)		-	**(389.37)**
Transfer to Stage 1	2.62	(2.62)	-	-	**-**	(8.79)	8.79	-	-	**-**
Transfer to Stage 2	(34.93)	34.93	-	-	**-**	-	-	-	-	**-**
Transfer to / from Stage 3	-	(45.13)	45.13	-	**-**	-	-	-	-	**-**
Impact on year end ECL of Exposures transferred between Stages during the year and reversal of ECL on account of recovery	-	-	-	-	**-**	-	-	-	-	**-**
Unwinding of Discount	-	-	-	-	**-**	-	-	-	-	**-**
Changes to Contractual Cash Flows due to modification not resulting into derecognition	-	-	-	-	**-**	-	-	-	-	**-**
Changes to models and inputs used for ECL Calculation	-	-	-	-	**-**	-	-	-	-	**-**
Amounts written off	-	-	(163.95)	-	**(163.95)**	-	-	-	-	**-**
ECL Allowance - Closing Balance	**169.74**	**43.17**	**746.49**	**-**	**959.40**	**179.52**	**15.82**	**1,101.43**	**-**	**1,296.77**

During the year, the Company has sold assets to an ARC on cash basis amounting to Rs. 1,042 lakhs whose Net asset value in books was Rs. 622.84 lakhs.
Further, the Company also sold collateral of one of the stressed asset and recovered it's dues. Net loss on all of the above transactions amounted to Rs.135.07 lakhs. Ecl provision created on these assets amounted to Rs. 379.61 lakhs which got reversed.

Centrum Financial Services Limited
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(Currency : Indian Rupees in lakhs)

8. Investments

As at March 31, 2021		At Fair value (FV)					
Particulars	At Amortised cost	Through OCI	Through Profit or Loss	Designated at FV through Profit or loss	Subtotal	Others	Total
	(A)	(B)	(C)	(D)	(D) = (B+C)	(E)	(F) = (A+D+E)
A. Category of Instrument							
a) Equity instruments (Quoted)	-	-	0.63	-	0.63	-	0.63
b) Bonds and debentures (Quoted) (Refer Note 50)	-	-	-	-	-	-	-
c) Compulsorily Convertible Debentures	-	-	2,355.00	-	2,355.00	-	2,355.00
d) Loans in nature of debentures	2,893.85	-	-	-	-	-	2,893.85
e) Pass Through Certificates	650.79	-	-	-	-	-	650.79
Total (A) - Gross	**3,544.64**	**-**	**2,355.63**	**-**	**2,355.63**	**-**	**5,900.27**
Less: Allowance for impairment	19.40	-	-	-	-	-	19.40
Total (A) - Net	**3,525.24**	**-**	**2,355.63**	**-**	**2,355.63**	**-**	**5,880.87**
B. a) Investments outside India	-	-	-	-	-	-	-
b) Investment in India	3,544.64	-	2,355.63	-	2,355.63	-	5,900.27
Total (B) - Gross	**3,544.64**	**-**	**2,355.63**	**-**	**2,355.63**	**-**	**5,900.27**
Less: Allowance for impairment	19.40	-	-	-	-	-	19.40
Total (B) - Net	**3,525.24**	**-**	**2,355.63**	**-**	**2,355.63**	**-**	**5,880.87**

As at March 31, 2020		At Fair value (FV)					
Particulars	At Amortised cost	Through OCI	Through Profit or Loss	Designated at FV through Profit or loss	Subtotal	Others	Total
	(A)	(B)	(C)	(D)	(D) = (B+C)	(E)	(F) = (A+D+E)
A. Category of Instrument							
a) Equity instruments (Quoted)	-	-	0.25	-	0.25	-	0.25
b) Bonds and debentures (Quoted) (Refer Note 50)	-	-	100.00	-	100.00	-	100.00
c) Security receipts	-	-	-	-	-	-	-
d) Compulsorily Convertible Debentures	-	-	1,500.00	-	1,500.00	-	1,500.00
e) Loans in nature of debentures	3,050.63	-	-	-	-	-	3,050.63
f) Mutual fund units	-	-	-	-	-	-	-
Total (A) - Gross	**3,050.63**	**-**	**1,600.25**	**-**	**1,600.25**	**-**	**4,650.88**
Less: Allowance for impairment	8.18	-	-	-	-	-	8.18
Total (A) - Net	**3,042.45**	**-**	**1,600.25**	**-**	**1,600.25**	**-**	**4,642.70**
B. a) Investments outside India	-	-	-	-	-	-	-
b) Investment in India	3,050.63	-	1,600.25	-	1,600.25	-	4,650.88
Total (B) - Gross	**3,050.63**	**-**	**1,600.25**	**-**	**1,600.25**	**-**	**4,650.88**
Less: Allowance for impairment	8.18	-	-	-	-	-	8.18
Total (B) - Net	**3,042.45**	**-**	**1,600.25**	**-**	**1,600.25**	**-**	**4,642.70**

More information regarding the valuation methodologies can be found in Note 44.B

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8.A Investments carried at amortised cost- Credit quality of Assets

i) Credit quality of assets:

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's year-end stage classification. The amounts presented are gross of impairment allowances.

Particulars	As at March 31, 2021				As at March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Performing								
High grade	3,544.64	-	-	3,544.64	3,050.63	-	-	3,050.63
Total	**3,544.64**	**-**	**-**	**3,544.64**	**3,050.63**	**-**	**-**	**3,050.63**

ii) Reconciliation of changes in gross carrying amount for investments in Debentures & Pass through Certificates:

Particulars	As at March 31, 2021				As at March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
		-	-	-	-	-	-	
Gross carrying amount - opening balance	3,050.63	-	-	**3,050.63**	2,812.96	-	-	**2,812.96**
New assets originated or purchased	6,042.80	-	-	**6,042.80**	237.67	-	-	**237.67**
Assets derecognised or matured (excluding write offs)	(5,548.79)	-	-	**(5,548.79)**	-	-	-	**-**
Transfer to Stage 1	-	-	-	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-	-	-	-	-
Amounts written off	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Closing balance	**3,544.64**	**-**	**-**	**3,544.64**	**3,050.63**	**-**	**-**	**3,050.63**

iii) Reconciliation of ECL balance is given below:

Particulars	As at March 31, 2021					As at March 31, 2020				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
ECL Allowance - Opening Balance	**8.18**	**-**	**-**	**-**	**8.18**	**10.07**	**-**	**-**	**-**	**10.07**
New Assets Originated or Purchased	0.13	-	-	-	**0.13**	0.70	-	-	-	**0.70**
Assets derecognised or repaid (excluding write offs)	-	-	-	-	-	-	-	-	-	-
Transfer to Stage 1	-	-	-	-	-	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-	-	-	-	-	-
Impact on year end ECL of Exposures transferred between Stages during the year and reversal of ECL on account of recovery	-	-	-	-	-	-	-	-	-	-
Unwinding of discount	-	-	-	-	-	-	-	-	-	-
Changes to Contractual Cash Flows due to modification not resulting into derecognition	11.09	-	-	-	**11.09**	-	-	-	-	-
Changes to models and inputs used for ECL Calculation	-	-	-	-	-	(2.59)	-	-	-	**(2.59)**
Amounts written off	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-				-
ECL Allowance - Closing Balance	**19.40**	**-**	**-**	**-**	**19.40**	**8.18**	**-**	**-**	**-**	**8.18**

(Currency : Indian Rupees in lakhs)

	Particulars	As at March 31, 2021	As at March 31, 2020
9.	**Other financial assets**		
a)	Security deposits	25.85	16.32
b)	Loan processing fees receivable	5.53	-
c)	Margin with broker	202.75	1,023.49
d)	Other financial assets	349.51	33.18
	Total	**583.64**	**1,072.99**
10.	**Current tax assets / liabilities (Net)**		
10.A	**Advance income tax** (Net of Provision for income tax Rs. 1,102 Lakhs (Previous year Rs.1,107 Lakhs)	2,207.88	2,039.60
	Total	**2,207.88**	**2,039.60**
10.B	**Provision for taxation** (Net of Advance tax Rs. 3,193 Lakhs (Previous year Rs.2,950 Lakhs)	89.08	89.08
	Total	**89.08**	**89.08**

11. Investment property

Particulars		As at March 31, 2021	As at March 31, 2020
		Building	**Building**
A) Gross carrying amount as at beginning of the year		3,510.95	3,510.95
Additions during the year		-	-
Disposals		-	-
Adjustment*		3,510.95	-
Gross carrying amount as at end of the year	**(A)**	-	3,510.95
Accumulated Depreciation as at beginning of the year		113.12	56.48
Depreciation during the year		-	56.64
Disposals		-	-
Adjustment*		113.12	-
Accumulated Depreciation as at end of the year	**(B)**	-	113.12
Net carrying amount	**(A-B)**	**-**	**3,397.84**

* During 2020-21, management has the intent to use to property for its own business purpose & hence investment property is transferred to PPE.

B) Amounts recognised in Statement of profit or loss for investment properties

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Rental income from Investment Property	-	24.25
Direct operating expense arising from Investment property that generated rental income during the year	-	16.81
Profit from investment properties before depreciation	**-**	**7.44**
Depreciation charge for the year	-	56.64
Profit from investment properties after depreciation	**-**	**(49.20)**

C. Notes:

i) **Contractual obligations**
The Company has no contractual obligations to purchase, construct or develop investment property. However, the responsibility for its repairs, maintenance or enhancements is with the Company.

ii) **Fair value -** The fair valuation of investment property as at March 31, 2020 was Rs.3,451.60 Lakhs

iii) **Pledged details -** For March 2020, the **i**nvestment property is pledged against Bank overdraft facility availed from Union Bank of India.

iv) **Estimation of fair value -** For March 2020, the fair value is based on the valuation report issued by an independent valuer

v) **Leasing arrangements -** During 2019-20, Investment property was leased fully to tenants. Agreement provides for cancellation by either party or contain clause for escalation and renewal of agreements. The non-cancellable operating lease agreement is for a period of 3 years, however during 2020-21, the management has the intent to use to property now for its own business purpose.

(Currency : Indian Rupees in lakhs)

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	Particulars	Property, plant and equipment						Right-of-use assets			Goodwill	Other intangible assets
		Computer Hardware (A)	Office Equipment (B)	Building (C)	Vehicles Owned (D)	Furniture & Fixtures (E)	Total F = (A+B+C+D+E)	Right of use - Car (G)	Right of use - Premise (H)	Total (I) = (G+H)	Total (J)	Software
A.	**Cost**											
	Balance at March 31, 2019	**55.17**	**28.47**	**19.74**	**29.60**	**9.11**	**142.09**	**19.25**	**37.45**	**56.70**	**1,442.02**	**195.26**
	Additions	9.80	0.17	-	66.37	0.51	**76.85**	-	-	**-**	-	**81.10**
	Disposal of asset	0.58	0.67	-	-	0.37	**1.62**	-	19.91	**19.91**	-	**-**
	Balance at March 31, 2020	**64.39**	**27.97**	**19.74**	**95.97**	**9.25**	**217.32**	**19.25**	**17.54**	**36.79**	**1,442.02**	**276.36**
	Additions	10.25	-	-	-	2.67	**12.92**	-	41.68	**41.68**	-	**8.67**
	Disposal of asset	-	-	-	-	-	**-**	9.07	-	**9.07**	-	**-**
	Adjustment*	-	-	3,397.83	-	-	**3,397.83**	-	-	**-**	-	**-**
	Balance at March 31, 2021	**74.64**	**27.97**	**3,417.57**	**95.97**	**11.92**	**3,628.07**	**10.18**	**59.22**	**69.40**	**1,442.02**	**285.03**
B.	**Accumulated Depreciation / amortisation**											
	Balance at March 31, 2019	**13.76**	**8.63**	**0.24**	**4.24**	**0.67**	**27.54**	**4.93**	**6.01**	**10.94**	**-**	**32.70**
	Depreciation / Amortisation expenses	21.12	9.69	0.32	5.29	1.06	**37.48**	6.45	29.29	**35.74**	-	**36.35**
	Disposal of asset	0.23	0.18	-	-	0.03	**0.44**	-	19.91	**19.91**	-	**-**
	Balance at March 31, 2020	**34.65**	**18.14**	**0.56**	**9.53**	**1.70**	**64.58**	**11.38**	**15.39**	**26.77**	**-**	**69.05**
	Depreciation / Amortisation expenses	18.60	7.23	56.80	12.12	1.04	**95.79**	6.39	11.78	**18.17**	-	**47.26**
	Disposal of asset	-	-	-	-	-	**-**	7.88	-	**7.88**	-	**-**
	Balance at March 31, 2021	**53.25**	**25.37**	**57.36**	**21.65**	**2.74**	**160.37**	**9.89**	**27.17**	**37.06**	**-**	**116.31**
C.	**Carrying amount (net) (A-B)**											
	As at March 31, 2020	**29.74**	**9.83**	**19.18**	**86.44**	**7.55**	**152.74**	**7.87**	**2.15**	**10.02**	**1,442.02**	**207.31**
	As at March 31, 2021	**21.39**	**2.60**	**3,360.21**	**74.32**	**9.18**	**3,467.70**	**0.29**	**32.05**	**32.34**	**1,442.02**	**168.72**

D. Depreciation and Amortisations for the year

		For the year ended March 31, 2021	For the year ended March 31, 2020
a)	Depreciation on Property, Plant & Equipments	95.79	37.48
b)	Depreciation of Right to Use assets	18.17	35.74
c)	Amortisation of Intangible assets	47.26	36.35
d)	Depreciation on Investment Property	-	56.64
	Total	**161.21**	**166.21**

* During FY 2020-21, management has the intent to use the property for its own business purpose & hence investment property is transferred to PPE.

(Currency : Indian Rupees in lakhs)

12.

E. Carrying Value of Property, Plant and Equipment pledged as collateral

	Particulars	**As at March 31, 2021**	**As at March 31, 2020**
a)	Vehicles pledged against Vehicle Loan	57.46	86.44
b)	Premises pledged against Secured MLDs & Bank overdraft facility availed from Union Bank of India *	3,360.21	19.18

* Previous year amount of Rs. 3397 Lakhs was classified under investment property

F. Note on Goodwill Impairment Testing

a. Goodwill

Particulars	**As at March 31, 2021**	**As at March 31, 2020**
Balance at the beginning of the year	1,442.02	1,442.02
Goodwill arising on acquisitions	-	-
Balance at the end of the year	**1,442.02**	**1,442.02**

b. Goodwill impairment assessment

The Company tests whether goodwill has suffered any impairment on an annual basis and when the circumstances indicate that the carrying value may be impaired. The recoverable amount of the cash generating unit (CGU) was determined based on the higher of the CGU's (Cash generating unit's) fair value less costs of disposal and its value-in-use, the calculations of which require the use of assumptions. The calculations of the value in use consider the cash flow projections based on financial budgets approved by the management covering a five-year period. Cash flows beyond the five-year period are extrapolated using estimated growth rate. Fair value is determined by applying book value multiple.

The Company is primarily engaged in the business of financing and there are no separate reportable segments identified. However, the Company has different types of portfolios and the portfolio of Supply Chain Finance Business is considered as the cash generating unit for the purpose of allocating goodwill.

This represents the goodwill recognised on the acquisition of Supply Chain Finance Business. The Company believes that the carrying amount of the goodwill is recoverable based on experts' valuation report.

(Currency : Indian Rupees in lakhs)

Particulars		As at March 31, 2021	As at March 31, 2020
13. Other non financial assets			
a) Prepaid expenses		115.64	73.19
b) Advance for expenses			
Advance to employees		0.02	2.51
Advance to vendors		52.28	34.04
c) Advance for purchase of shares		250.00	-
d) Balances with statutory authorities		261.46	280.84
	Total	**679.40**	**390.58**
14. Trade payables			
a) Micro and small enterprises (Refer note below)		-	5.94
b) Due to related parties (Refer note : 41)		11.19	98.84
c) Due to others		216.46	121.39
	Total	**227.65**	**226.17**

Note:
The amounts due to Micro and Small Enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006, has been determined to the extent such parties have been identified on the basis of information available with the Company. For disclosure pertaining to Micro and Small Enterprises refer note No.39

Particulars		As at March 31, 2021	As at March 31, 2020
14. Other payables			
a) Micro and small enterprises (Refer note below)		-	-
b) Due to related parties		-	-
c) Due to Others		6.63	12.15
	Total	**6.63**	**12.15**

Note:
The amounts due to Micro and Small Enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006, has been determined to the extent such parties have been identified on the basis of information available with the Company. For disclosure pertaining to Micro and Small Enterprises refer note No.39

15. Debt securities

Particulars		As at March 31, 2021	As at March 31, 2020
15.1 At amortised cost			
A. Secured			
a) Secured Non Convertible Market Linked Debentures - privately placed		37,955.56	48,693.35
b) Secured Non Convertible Debentures - privately placed		19,110.33	-
c) Commercial Papers - privately placed		805.91	1,873.77
d) Securitisation Liability		4,302.23	-
	(A)	62,174.03	50,567.12
B. Unsecured			
a) Non Convertible Debentures - privately placed		5,011.51	-
b) Compulsorily Convertible Debentures - privately placed		1,509.14	1,509.14
	(B)	6,520.65	1,509.14
	Total (A + B)	**68,694.68**	**52,076.26**
Of the Above			
i) Debt securities in India		68,694.68	52,076.26
ii) Debt securities outside India		-	-
	Total	**68,694.68**	**52,076.26**

15.2 Security Details

i) Non Convertible Debentures and Commercial Papers are secured against receivables of the Company.
ii) Above mentioned Market Linked Debentures 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.
iii) Securitisation liability is secured by supply chain receivables and cash collateral

15.3 Terms of Repayments of Compulsory Convertible Debentures (CCD)

i) The above CCD's are unrated unlisted unsecured debentures carrying 10% coupon rate to be paid annually over the tenure of 5 years.

ii) Conversion Event:
The earlier of:
a) Expiry of the tenor of Compulsorily Convertible Debentures; or
b) At the option of the holder of the Compulsorily Convertible Debentures by issuing a notice of 7(seven) working days to the Company.

Centrum Financial Services Limited
Notes to the financial statements as at and for the year ended March 31, 2021

(Currency : Indian Rupees in lakhs)

15 ***Debt securities - (Continued)***

15.4 A Terms of repayment of MLD as on March 31, 2021

Particulars	Type	ISIN	Quoted / Unquoted	As at March 31, 2021	Current	Non-Current	Issue Date	Date of Maturity
MLD 47	-	INE244R07900	Quoted	685.00	685.00	-	08-Oct-19	12-May-21
MLD 47A	-	INE244R07900	Quoted	331.29	331.29	-	22-Nov-19	12-May-21
MLD 47B	-	INE244R07900	Quoted	392.22	392.22	-	29-Nov-19	12-May-21
MLD 47C	-	INE244R07900	Quoted	204.06	204.06	-	23-Jan-20	12-May-21
MLD 47D	-	INE244R07900	Quoted	205.06	205.06	-	11-Feb-20	12-May-21
MLD 49	-	INE244R07918	Quoted	125.00	125.00	-	29-Apr-20	11-Sep-21
MLD 45	-	INE244R07884	Quoted	755.00	755.00	-	21-Jun-19	28-Oct-21
MLD 52A	-	INE244R07918	Quoted	684.90	684.90	-	18-May-20	03-Jan-22
MLD 52	-	INE244R07918	Quoted	685.00	685.00	-	18-May-20	03-Jan-22
MLD 52C	-	INE244R07918	Quoted	527.84	527.84	-	18-May-20	03-Jan-22
MLD 52B	-	INE244R07918	Quoted	331.39	331.39	-	18-May-20	03-Jan-22
MLD39	-	INE244R07827	Quoted	1,955.00	-	1,955.00	02-Nov-18	12-May-22
MLD39A	-	INE244R07827	Quoted	257.01	-	257.01	12-Dec-18	12-May-22
MLD40	-	INE244R07835	Quoted	1,315.00	-	1,315.00	05-Dec-18	14-Jun-22
MLD 41	-	INE244R07843	Quoted	1,893.00	-	1,893.00	25-Jan-19	04-Aug-22
MLD 41A	-	INE244R07843	Quoted	2,342.68	-	2,342.68	31-Jan-19	04-Aug-22
MLD 41B	-	INE244R07843	Quoted	536.93	-	536.93	06-Feb-19	04-Aug-22
MLD 41C	-	INE244R07843	Quoted	1,483.82	-	1,483.82	28-Feb-19	04-Aug-22
MLD 41D	-	INE244R07843	Quoted	207.73	-	207.73	15-Mar-19	04-Aug-22
MLD 41E	-	INE244R07843	Quoted	1,135.21	-	1,135.21	26-Mar-19	04-Aug-22
MLD 41F	-	INE244R07843	Quoted	560.74	-	560.74	12-Apr-19	04-Aug-22
MLD 41G	-	INE244R07843	Quoted	257.93	-	257.93	30-Apr-19	04-Aug-22
MLD 41H	-	INE244R07843	Quoted	206.44	-	206.44	02-May-19	04-Aug-22
MLD 41I	-	INE244R07843	Quoted	879.27	-	879.27	24-May-19	04-Aug-22
MLD 41J	-	INE244R07843	Quoted	625.08	-	625.08	07-Jun-19	04-Aug-22
MLD 41K	-	INE244R07843	Quoted	265.99	-	265.99	12-Jun-19	04-Aug-22
MLD 41L	-	INE244R07843	Quoted	630.35	-	630.35	27-Jun-19	04-Aug-22
MLD 41M	-	INE244R07843	Quoted	210.24	-	210.24	12-Jul-19	04-Aug-22
MLD 41N	-	INE244R07843	Quoted	417.66	-	417.66	25-Jul-19	04-Aug-22
MLD 41O	-	INE244R07843	Quoted	701.38	-	701.38	31-Jul-19	04-Aug-22
MLD 41P	-	INE244R07843	Quoted	315.33	-	315.33	02-Aug-19	04-Aug-22
MLD 41Q	-	INE244R07843	Quoted	697.87	-	697.87	22-Aug-19	04-Aug-22
MLD 41R	-	INE244R07843	Quoted	572.49	-	572.49	29-Aug-19	04-Aug-22
MLD 41S	-	INE244R07843	Quoted	633.26	-	633.26	12-Sep-19	04-Aug-22
MLD 41T	-	INE244R07843	Quoted	93.37	-	93.37	01-Oct-19	04-Aug-22
MLD 41U	-	INE244R07843	Quoted	174.60	-	174.60	18-Oct-19	04-Aug-22
MLD 41V	-	INE244R07843	Quoted	107.98	-	107.98	25-Oct-19	04-Aug-22
MLD 41W	-	INE244R07843	Quoted	343.39	-	343.39	20-Dec-19	04-Aug-22
MLD 41X	-	INE244R07843	Quoted	338.01	-	338.01	24-Dec-19	04-Aug-22
MLD 43	-	INE244R07868	Quoted	1,594.00	-	1,594.00	24-Apr-19	01-Nov-22
MLD 43A	-	INE244R07868	Quoted	568.00	-	568.00	30-May-19	01-Nov-22
MLD 43B	-	INE244R07868	Quoted	205.00	-	205.00	26-Jun-19	01-Nov-22
MLD 43C	-	INE244R07868	Quoted	177.27	-	177.27	17-Jul-19	01-Nov-22
MLD 43D	-	INE244R07868	Quoted	275.00	-	275.00	16-Aug-19	01-Nov-22
MLD 53	-	INE244R07918	Quoted	2,540.00	-	2,540.00	27-Nov-20	16-Dec-22
MLD 53A	-	INE244R07918	Quoted	780.34		780.34	11-Dec-20	16-Dec-22
MLD 53B	-	INE244R07918	Quoted	2,639.52		2,639.52	18-Dec-20	16-Dec-22
MLD 53C	-	INE244R07918	Quoted	2,195.23		2,195.23	30-Dec-20	16-Dec-22
MLD 53D	-	INE244R07918	Quoted	202.20		202.20	04-Jan-21	16-Dec-22
MLD 46	-	INE244R07892	Quoted	597.00	-	597.00	26-Sep-19	28-Apr-23
MLD 46A	-	INE244R07892	Quoted	200.40	-	200.40	30-Oct-19	28-Apr-23
MLD 46B	-	INE244R07892	Quoted	262.96	-	262.96	20-Nov-19	28-Apr-23
MLD 48	-	INE244R07918	Quoted	370.00	-	370.00	15-Nov-19	24-May-23
MLD 48A	-	INE244R07918	Quoted	269.67	-	269.67	25-Nov-19	24-May-23
MLD 48B	-	INE244R07918	Quoted	401.32	-	401.32	28-Nov-19	24-May-23
MLD 50	-	INE244R07918	Quoted	150.00	-	150.00	30-Apr-20	08-Nov-23
MLD 51	-	INE244R07918	Quoted	235.00	-	235.00	08-May-20	16-Nov-23
MLD 51 B	-	INE244R07918	Quoted	281.88	-	281.88	08-May-20	16-Nov-23
MLD 51 A	-	INE244R07918	Quoted	150.57	-	150.57	08-May-20	16-Nov-23
Total				**38,179.86**	**4,926.75**	**33,253.11**		
Add: Commission amortisation				**(6,962.08)**				
Add: Interest accrued				**6,737.78**				
Total				**37,955.56**				

Centrum Financial Services Limited
Notes to the financial statements as at and for the year ended March 31, 2021

(Currency : Indian Rupees in lakhs)

Note:

i) 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.

ii) The Company had raised Rs. 11,529 Lakh (Previous Year Rs. 24,094 Lakh) 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.

15.4 A Terms of repayment of MLD as on March 31, 2020

Particulars	Type	ISIN	Quoted / Unquoted	As at March 31, 2020	Current	Non-Current	Issue Date	Date of Maturity
MLD29	Type 1	INE244R07546	Unquoted	450.00	450.00	-	01-Dec-16	09-Apr-20
MLD29	Type 3	INE244R07561	Unquoted	600.00	600.00	-	01-Dec-16	09-Apr-20
MLD29	Type 4	INE244R07579	Unquoted	300.00	300.00	-	01-Dec-16	13-Apr-20
MLD30	Type 2	INE244R07603	Unquoted	100.00	100.00	-	02-Dec-16	15-Apr-20
MLD31	Type 3	INE244R07611	Unquoted	100.00	100.00	-	08-Dec-16	16-Apr-20
MLD33	Type 3	INE244R07652	Unquoted	400.00	400.00	-	20-Dec-16	28-Apr-20
MLD33	Type 4	INE244R07660	Unquoted	125.00	125.00	-	20-Dec-16	03-May-20
MLD34	Type 1	INE244R07678	Unquoted	450.00	450.00	-	27-Dec-16	05-May-20
MLD34	Type 2	INE244R07686	Unquoted	150.00	150.00	-	27-Dec-16	05-May-20
MLD35	Type 3	INE244R07744	Unquoted	150.00	150.00	-	30-Dec-16	08-May-20
MLD35	Type 4	INE244R07751	Unquoted	100.00	100.00	-	30-Dec-16	08-May-20
MLD35	Type 5	INE244R07769	Unquoted	300.00	300.00	-	30-Dec-16	08-May-20
MLD34	Type 3	INE244R07694	Unquoted	300.00	300.00	-	27-Dec-16	10-May-20
MLD35	Type 1	INE244R07728	Unquoted	250.00	250.00	-	30-Dec-16	14-May-20
MLD36	Type 1	INE244R07785	Unquoted	100.00	100.00	-	02-Jan-17	14-May-20
MLD36	Type 2	INE244R07793	Unquoted	150.00	150.00	-	02-Jan-17	15-Jun-20
MLD 42	-	INE244R07850	Quoted	2,282.00	2,282.00	-	22-Feb-19	17-Jun-20
MLD 42A	-	INE244R07850	Quoted	563.58	563.58	-	12-Mar-19	17-Jun-20
MLD 42B	-	INE244R07850	Quoted	800.09	800.09	-	19-Mar-19	17-Jun-20
MLD 42C	-	INE244R07850	Quoted	100.90	100.90	-	29-Mar-19	17-Jun-20
MLD 42D	-	INE244R07850	Quoted	399.03	399.03	-	05-Apr-19	17-Jun-20
MLD 42E	-	INE244R07850	Quoted	201.74	201.74	-	16-Apr-19	17-Jun-20
MLD 42F	-	INE244R07850	Quoted	574.15	574.15	-	26-Apr-19	17-Jun-20
MLD 42G	-	INE244R07850	Quoted	203.86	203.86	-	08-May-19	17-Jun-20
MLD 42H	-	INE244R07850	Quoted	459.63	459.63	-	17-May-19	17-Jun-20
MLD 42I	-	INE244R07850	Quoted	175.16	175.16	-	27-May-19	17-Jun-20
MLD37	-	INE244R07801	Quoted	2,350.00	2,350.00	-	08-Oct-18	06-Nov-20
MLD38	-	INE244R07819	Quoted	505.00	505.00	-	23-Oct-18	23-Nov-20
MLD 38A	-	INE244R07819	Quoted	458.00	458.00	-	22-Nov-18	23-Nov-20
MLD 38B	-	INE244R07819	Quoted	478.81	478.81	-	19-Dec-18	23-Nov-20
MLD 38C	-	INE244R07819	Quoted	874.09	874.09	-	28-Dec-18	23-Nov-20
MLD 38D	-	INE244R07819	Quoted	201.48	201.48	-	08-Jan-19	23-Nov-20
MLD 38E	-	INE244R07819	Quoted	139.27	139.27	-	15-Jan-19	23-Nov-20
MLD 38F	-	INE244R07819	Quoted	233.75	233.75	-	12-Feb-19	23-Nov-20
MLD 44	-	INE244R07876	Quoted	270.00	270.00	-	14-Jun-19	15-Dec-20
MLD 44A	-	INE244R07876	Quoted	482.54	482.54	-	04-Jul-19	15-Dec-20
MLD 44C	-	INE244R07876	Quoted	655.98	655.98	-	19-Jul-19	15-Dec-20
MLD 44D	-	INE244R07876	Quoted	501.95	501.95	-	23-Jul-19	15-Dec-20
MLD 44E	-	INE244R07876	Quoted	465.47	465.47	-	29-Jul-19	15-Dec-20
MLD 44F	-	INE244R07876	Quoted	253.46	253.46	-	30-Jul-19	15-Dec-20
MLD 44G	-	INE244R07876	Quoted	202.54	202.54	-	01-Aug-19	15-Dec-20
MLD 44H	-	INE244R07876	Quoted	470.73	470.73	-	08-Aug-19	15-Dec-20
MLD 44I	-	INE244R07876	Quoted	445.75	445.75	-	20-Aug-19	15-Dec-20
MLD 44J	-	INE244R07876	Quoted	586.27	586.27	-	27-Aug-19	15-Dec-20
MLD 44K	-	INE244R07876	Quoted	253.51	253.51	-	06-Sep-19	15-Dec-20
MLD 44L	-	INE244R07876	Quoted	307.80	307.80	-	09-Sep-19	15-Dec-20
MLD 44M	-	INE244R07876	Quoted	409.64	409.64	-	13-Sep-19	15-Dec-20
MLD 44N	-	INE244R07876	Quoted	159.39	159.39	-	18-Sep-19	15-Dec-20
MLD 44O	-	INE244R07876	Quoted	199.96	199.96	-	20-Sep-19	15-Dec-20
MLD 44P	-	INE244R07876	Quoted	185.00	185.00	-	27-Sep-19	15-Dec-20
MLD 44Q	-	INE244R07876	Quoted	962.36	962.36	-	23-Oct-19	15-Dec-20
MLD 44R	-	INE244R07876	Quoted	335.99	335.99	-	31-Oct-19	15-Dec-20
MLD 47	-	INE244R07900	Quoted	685.00	-	685.00	08-Oct-19	12-May-21
MLD 47A	-	INE244R07900	Quoted	331.29	-	331.29	22-Nov-19	12-May-21
MLD 47B	-	INE244R07900	Quoted	392.22	-	392.22	29-Nov-19	12-May-21
MLD 47C	-	INE244R07900	Quoted	204.06	-	204.06	23-Jan-20	12-May-21
MLD 47D	-	INE244R07900	Quoted	205.06	-	205.06	11-Feb-20	12-May-21
MLD 45	-	INE244R07884	Quoted	755.00	-	755.00	21-Jun-19	28-Oct-21
MLD39	-	INE244R07827	Quoted	1,955.00	-	1,955.00	02-Nov-18	12-May-22
MLD39A	-	INE244R07827	Quoted	257.01	-	257.01	12-Dec-18	12-May-22
MLD40	-	INE244R07835	Quoted	1,315.00	-	1,315.00	05-Dec-18	14-Jun-22
MLD 41	-	INE244R07843	Quoted	1,893.00	-	1,893.00	25-Jan-19	04-Aug-22
MLD 41A	-	INE244R07843	Quoted	2,342.68	-	2,342.68	31-Jan-19	04-Aug-22
MLD 41B	-	INE244R07843	Quoted	536.93	-	536.93	06-Feb-19	04-Aug-22
MLD 41C	-	INE244R07843	Quoted	1,483.82	-	1,483.82	28-Feb-19	04-Aug-22
MLD 41D	-	INE244R07843	Quoted	207.73	-	207.73	15-Mar-19	04-Aug-22
MLD 41E	-	INE244R07843	Quoted	1,135.21	-	1,135.21	26-Mar-19	04-Aug-22
MLD 41F	-	INE244R07843	Quoted	560.74	-	560.74	12-Apr-19	04-Aug-22
MLD 41G	-	INE244R07843	Quoted	257.93	-	257.93	30-Apr-19	04-Aug-22
MLD 41H	-	INE244R07843	Quoted	206.44	-	206.44	02-May-19	04-Aug-22
MLD 41I	-	INE244R07843	Quoted	879.27	-	879.27	24-May-19	04-Aug-22
MLD 41J	-	INE244R07843	Quoted	625.08	-	625.08	07-Jun-19	04-Aug-22

Centrum Financial Services Limited
Notes to the financial statements as at and for the year ended March 31, 2021

(Currency : Indian Rupees in lakhs)

15.4 ***A Terms of repayment of MLD as on March 31, 2020 (Continued)***

Particulars	Type	ISIN	Quoted / Unquoted	As at March 31, 2020	Current	Non-Current	Issue Date	Date of Maturity
MLD 41K	-	INE244R07843	Quoted	265.99	-	265.99	12-Jun-19	04-Aug-22
MLD 41L	-	INE244R07843	Quoted	630.35	-	630.35	27-Jun-19	04-Aug-22
MLD 41M	-	INE244R07843	Quoted	210.24	-	210.24	12-Jul-19	04-Aug-22
MLD 41N	-	INE244R07843	Quoted	417.66	-	417.66	25-Jul-19	04-Aug-22
MLD 41O	-	INE244R07843	Quoted	701.38	-	701.38	31-Jul-19	04-Aug-22
MLD 41P	-	INE244R07843	Quoted	315.33	-	315.33	02-Aug-19	04-Aug-22
MLD 41Q	-	INE244R07843	Quoted	697.87	-	697.87	22-Aug-19	04-Aug-22
MLD 41R	-	INE244R07843	Quoted	572.49	-	572.49	29-Aug-19	04-Aug-22
MLD 43	-	INE244R07868	Quoted	1,594.00	-	1,594.00	24-Apr-19	01-Nov-22
MLD 43A	-	INE244R07868	Quoted	568.00	-	568.00	30-May-19	01-Nov-22
MLD 43B	-	INE244R07868	Quoted	205.00	-	205.00	26-Jun-19	01-Nov-22
MLD 43C	-	INE244R07868	Quoted	177.27	-	177.27	17-Jul-19	01-Nov-22
MLD 43D	-	INE244R07868	Quoted	275.00	-	275.00	16-Aug-19	01-Nov-22
MLD 41S	-	INE244R07843	Quoted	633.26	-	633.26	12-Sep-19	04-Aug-22
MLD 41T	-	INE244R07843	Quoted	93.37	-	93.37	01-Oct-19	04-Aug-22
MLD 41U	-	INE244R07843	Quoted	174.60	-	174.60	18-Oct-19	04-Aug-22
MLD 41V	-	INE244R07843	Quoted	107.98	-	107.98	25-Oct-19	04-Aug-22
MLD 41W	-	INE244R07843	Quoted	343.39	-	343.39	20-Dec-19	04-Aug-22
MLD 41X	-	INE244R07843	Quoted	338.01	-	338.01	24-Dec-19	04-Aug-22
MLD 46	-	INE244R07892	Quoted	597.00	-	597.00	26-Sep-19	28-Apr-23
MLD 46A	-	INE244R07892	Quoted	200.40	-	200.40	30-Oct-19	28-Apr-23
MLD 46B	-	INE244R07892	Quoted	262.96	-	262.96	20-Nov-19	28-Apr-23
MLD 48	-	INE244R07918	Quoted	370.00	-	370.00	15-Nov-19	24-May-23
MLD 48A	-	INE244R07918	Quoted	269.67	-	269.67	25-Nov-19	24-May-23
MLD 48B	-	INE244R07918	Quoted	401.32	-	401.32	28-Nov-19	24-May-23
Total				**48,824.88**	**22,174.00**	**26,651.00**		
Add: Commission amortisation				**(6,843.42)**				
Add: Interest accrued				**6,711.89**				
Total				**48,693.35**				

Note:

i) 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.

ii) The Company had raised Rs. 24,094 Lakh (Previous Year Rs. 20,045 Lakhs) 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.

(Currency : Indian Rupees in lakhs)

15 Debt securities - (Continued)

15.5 Secured Non Convertible Debentures - privately placed

Terms of Repayment - As at March 31, 2021

Particulars	Rate of Interest	Repayment Details	Amount
24-36 months	10.60%	Bullet Repayment	1,000.00
12-24 months	9.95%- 10%	Quarterly & Bullet Repayments	8,125.00
Upto 12 months	10%-10.25%	Quarterly & Bullet Repayments	9,985.33
			19,110.33

Security Details

Non Convertible Debentures are secured against receivables of the Company.

15.6 Commercial Paper

Terms of Repayment - As at March 31, 2021

Particulars	Rate of Interest	Repayment Details	Amount
Commercial Paper Issued	7.74% to 7.75%	11-12 Months	850.00
Less: Unamortised Discount			(44.09)
			805.91

Terms of Repayment - As at March 31, 2020

Particulars	Rate of Interest	Repayment Details	Amount
Commercial Paper Issued	8.50%	12 Months	2,000.00
Less: Unamortised Discount			(126.23)
			1,873.77

15.7 Securitisation Liability

Terms of Repayment - As at March 31, 2021

Tenure	Rate of Interest	Repayment Details	Amount
12 months	8.25%- 11%	Interest is payable on Monthly basis & principal is payable on Maturity	4,302.23
			4,302.23

15.8 Unsecured Non Convertible Debentures - privately placed

Terms of Repayment - As at March 31, 2021

Tenure (From the date of the Balance Sheet)	Rate of Interest	Repayment Details	Amount
More than 48 Months	12%	Bullet Repayment	5,000.00
Upto 12 months	12%	Annually	11.51
			5,011.51

(Currency : Indian Rupees in lakhs)

			As at March 31, 2021	As at March 31, 2020
16.	**Borrowings (other than debt securities)**			
A.	**Borrowings At amortised cost**			
I	a)	Term Loans (Secured)		
		i) from banks	4,802.21	6,250.52
		ii) from others	331.19	11,247.33
	b)	Repayable on demand (Secured)		
		i) Bank Overdraft	1,424.59	2,037.31
		Total	**6,557.99**	**19,535.16**
	Of the Above			
II	i)	Borrowings in India	6,557.99	19,535.16
	ii)	Borrowings outside India	-	-
		Total	**6,557.99**	**19,535.16**

16.1 Details of security and terms of repayment

i) Loans from banks and others are secured against the remaining receivables of the Company and Moveable Assets of the Company

ii) Loans from certain banks & financial institutions are secured against specific receivables of the Company.

iii) Bank Overdraft are secured against Fixed Deposits and building under PPE

16.2 Term loans from banks -Secured

Terms of Repayment - As at March 31, 2021

Tenure (From the date of the Balance Sheet)	Rate of Interest	Repayment Details	Amount Rs. In Lakhs
36-48 months	10.50%-10.90%	Quarterly Instalments	1,761.05
24-36 months	10.50%-10.90%	Quarterly Instalments	844.59
12-24 months	10.50%-10.90%	Quarterly Instalments	799.59
upto 12 months	9.15% - 11.10%	Monthly & Quarterly Instalments	1,676.97
			5,082.20
Add: Effective interest rate amortisation			(280.00)
			4,802.21

Terms of Repayment - As at March 31, 2020

Tenure (From the date of the Balance Sheet)	Rate of Interest	Repayment Details	Amount Rs. In Lakhs
36-48 months	10.50%	Quarterly Instalments	346.40
24-36 months	10.50%	Quarterly Instalments	173.20
12-24 months	10.05% to 10.50%	Quarterly Instalments	1,119.97
upto 12 months	9.25% to 11.65%	Monthly & Quarterly Instalments	4,721.07
			6,360.64
Add: Effective interest rate amortisation			(110.12)
			6,250.52

(Currency : Indian Rupees in lakhs)

16.3 Term loans from Others -Secured

Terms of Repayment - As at March 31, 2021

Tenure (From the date of the Balance Sheet)	Rate of Interest	Repayment Details	Amount Rs. In Lakhs
12-24 months	9.53%	Monthly & Bullet Repayment	41.73
upto 12 months	6.85%-9.53%	Monthly	289.52
			331.25
Add: Effective Interest rate amortisation			(0.06)
			331.19

Terms of Repayment - As at March 31, 2020

Tenure (From the date of the Balance Sheet)	Rate of Interest	Repayment Details	Amount Rs. In Lakhs
24-36 months	9.54%	Bullet & Monthly Instalments	41.73
12-24 months	9.54%	Monthly Instalments	8.36
upto 12 months	9.54% to 10.75%	Monthly Instalments	11,214.22
			11,264.31
Add: Effective interest rate amortisation			(16.98)
			11,247.33

16.4 Bank overdraft

Terms of Repayment

Particulars	Rate of Interest	Repayment Details	As at March 31, 2021
Bank overdraft	9.25%	12 months	1,424.59
		Total	**1,424.59**

Particulars	Rate of Interest	Repayment Details	As at March 31, 2020
Bank overdraft	8.50% to 10.5%	12 months to 24 months	2,037.31
		Total	**2,037.31**

17. Deposits - At amortised cost

	As at March 31, 2021	As at March 31, 2020
Intercorporate deposits (unsecured)	-	256.72
	-	**256.72**

Repayment Terms of Deposits

	Particulars	Rate of Interest	Repayment Details	As at March 31, 2021	As at March 31, 2020
a)	Intercorporate Deposits (unsecured)	9% to 11.99%	On Demand	-	256.72
	Total			**-**	**256.72**

18. Other financial liabilities

a)	Security deposits	-	9.46
b)	Payable on the accounts of assignments	93.80	246.54
c)	Payable to anchors	1,357.57	
d)	Other financial liabilities	92.10	886.61
	Total	**1,543.47**	**1,142.60**

19. Provisions

a)	Provision for employee benefits		
	i) Gratuity (Refer Note : 42)	65.74	38.94
	ii) Compensated absences	16.81	15.62
	iii) Others	20.27	30.36
b)	Provision for undrawn commitments	3.14	4.50
	Total	**105.96**	**89.42**

(Currency : Indian Rupees in lakhs)

19.1 Loan Commitments

Credit quality of exposure

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Company's internal grading system are explained in Note 45.B.2

Particulars	As at March 31, 2021	As at March 31, 2020
	Stage 1 Collective	Stage 1 Collective
Internal rating grade		
Performing		
High grade	1,207.39	1,834.85
Total	**1,207.39**	**1,834.85**

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to other undrawn loan commitments is, as follows:

Gross exposure reconciliation

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
	Stage 1	Stage 1
Opening balance of outstanding exposure	1,834.85	210.78
New exposures	1,207.39	1,834.85
Exposures derecognised or matured/repaid (excluding write offs)	(1,834.85)	(210.78)
Closing balance of outstanding exposure	**1,207.39**	**1,834.85**

Reconciliation of ECL balance in relation to other undrawn loan commitments is given below:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
	General approach	General approach
	Stage 1	Stage 1
ECL allowance - opening balance	**4.50**	0.93
New exposures	3.14	4.50
Exposures derecognised or matured (excluding write offs)	(4.50)	(0.93)
ECL allowance - closing balance	**3.14**	**4.50**

20. Other non-financial liabilities

	Particulars	As at March 31, 2021	As at March 31, 2020
a)	Advances from customers	300.69	58.86
b)	Statutory dues payable	188.96	213.80
c)	Undisbursed processing fees	11.30	6.75
d)	Unearned discounting charges	320.14	397.25
	Total	**821.09**	**676.66**

(Currency : Indian Rupees in lakhs)

21. Equity share capital

a) Share capital authorised, issued, subscribed and paid up

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	Amount	No. of shares	Amount
Authorised:				
Equity Shares of Rs. 10/each	150,000,000	15,000.00	150,000,000	15,000.00
	150,000,000	**15,000.00**	**150,000,000**	**15,000.00**
Issued, Subscribed & paid up:				
Equity Shares of Rs. 10/each	98,956,942	9,895.69	98,956,942	9,895.69
	98,956,942	9,895.69	**98,956,942**	9,895.69

b) Reconciliations of the number of equity shares and share capital :

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	Amount	No. of shares	Amount
Issued, Subscribed & paid up:				
Outstanding at the beginning of the year	98,956,942	9,895.69	98,956,942	9,895.69
Add: Shares issued during the year	-	-	-	-
Outstanding at the end of the year	**98,956,942**	**9,895.69**	**98,956,942**	**9,895.69**

c) 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.

d) Shareholder holding more than 5% of equity shares as at the end of the year :

Name of Shareholders	As at March 31, 2021		As at March 31, 2020	
	No. of shares	% Holding	No. of shares	% Holding
Centrum Retail Services Limited, Holding Company	98,956,942	100.00%	98,956,942	100.00%

e) Shares reserved for issue under options

Refer note 43 for shares reserved for issue under the employee stock option scheme (ESOP) of the Company.

f) Aggregate number of equity shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:
Nil

g) No dividend is paid during the year or recommended by the Board Of Directors for the financial year 2020-21.

h) Refer Note 46 : Capital Management for the Company's objectives, policies and processes for managing capital

(Currency : Indian Rupees in lakhs)

Particulars		As at March 31, 2021	As at March 31, 2020
22. Other equity			
a) Securities premium		18,639.96	18,639.96
b) Statutory reserve		502.99	466.61
c) Employee stock options		471.78	299.80
d) Retained earnings		(1,403.57)	(588.87)
e) Impairment reserve		1,530.81	570.64
f) Capital contribution		689.75	648.56
g) Other comprehensive income		(2.44)	(5.40)
	Total	**20,429.28**	**20,031.30**

A. Nature and purpose of reserves

a. Securities premium reserve
Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

b. Statutory reserve
Reserve created under 45-IC(1) in The Reserve Bank of India Act, 1934 a sum not less than twenty per cent of its net profit every year as disclosed in the profit and loss account and before any dividend is declared.

c. Employee stock options
The share options outstanding account is used to recognise the grant date fair value of options issued to employees under Employee stock option plan.

d. Retained Earnings
Retained earnings comprises of the Company's undistributed earnings after taxes.

e. Impairment reserve
Impairment reserve comprises of the excess provisiong as per Income Recognition, Asset Classification and Provisioning norms (IRACP norms) as compared to the provisiong as per the ECL model adopted by the Company.

f. Capital contribution
Capital contribution represents the indirect equity contribution by the Parent.

B. Movement in Other equity		As at March 31, 2021	As at March 31, 2020
a) Securities premium			
Opening balance		18,639.96	18,639.96
Add : Premium Received on issue of securities		-	-
Closing Balance	**(a)**	**18,639.96**	**18,639.96**
b) Statutory reserve			
Opening balance		466.61	302.09
Add : Transfer from retained earnings		36.38	164.52
Closing Balance	**(b)**	**502.99**	**466.61**
c) Employee stock options			
Opening balance		299.80	144.57
Add : Additions during the year		171.98	155.23
Closing Balance	**(c)**	**471.78**	**299.80**
d) Retained Earnings			
Opening balance		(594.27)	(670.96)
Add: Profit for the year		181.84	822.62
Add: Other comprehensive income		2.96	(10.77)
Amount available for appropriation		**(409.47)**	**140.89**
Appropriations:			
Transfer to impairment reserve		960.17	570.64
Transfer to statutory reserve		36.37	164.52
Closing Balance	**(d)**	**(1,406.01)**	**(594.27)**
e) Impairment reserve			
Opening balance		570.64	-
Add : Transfer from retained earnings		960.17	570.64
Closing Balance *		**1,530.81**	**570.64**
f) Capital contribution			
Opening balance		648.56	619.92
Add : Addition during the year		41.19	28.64
Closing Balance	**(e)**	**689.75**	**648.56**
	(a+b+c+d+e)	**20,429.28**	**20,031.30**

* The Company has discontinued impairment reserve created in earlier period in terms of Circular issued by RBI dated 13th March, 2020 towards loans which were then existing, which since have been sold to third parties without recourse and hence ceased to exist as on March 31, 2021. The company has sought dispensation from RBI on carrying the impairment reserve to that extent and permission is awaited. In the opinion of management, such discontinuance /withdrawal from impairment reserve, for which approval of RBI has also been sought, is appropriate in as much as the loan accounts against which impairment reserve was created have ceased to exist as on March 31, 2021. The Statutory Auditors have relied on the management representation in this regard.

(Currency : Indian Rupees in lakhs)

23. Interest income

	Particulars	For the year ended March 31, 2021				For the year ended March 31, 2020			
		On Financial Assets measured			Total	On Financial Assets measured			Total
		at Fair Value through OCI	at Amortised Cost	at Fair Value through profit or loss		at Fair Value through OCI	at Amortised Cost	at Fair Value through profit or loss	
i)	Interest income on loans	-	10,811.17	-	10,811.17	-	13,331.73	-	13,331.73
ii)	Interest income on investments / debt instruments	-	528.72	-	528.72	-	493.26	-	493.26
iii)	Interest income on deposits with banks	-	77.05	-	77.05	-	275.12	-	275.12
iv)	Interest income on investments	-		225.00	225.00	-	-	96.94	96.94
v)	Interest income - others	-	0.40	-	0.40	-	0.49	-	0.49
	Total	**-**	**11,417.34**	**225.00**	**11,642.34**	**-**	**14,100.60**	**96.94**	**14,197.54**

(Currency : Indian Rupees in lakhs)

24. Fee and commission income

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
a) Processing fees	220.27	239.56
b) Referral fee income	2.68	36.00
c) Advisory fees	747.80	-
d) Other fees	30.04	24.32
Total	**1,000.79**	**299.88**

Revenue from contract with Customers

Set out below is the revenue from contracts with customers & reconciliation to Statement of profit and loss

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Type of Services		
i) Fees and commission income	780.52	60.32
Total Revenue from contract with Customers	**780.52**	**60.32**
Geographical Markets		
i) India	780.52	60.32
ii) Outside India		-
Total Revenue from contract with Customers	**780.52**	**60.32**
Timing of revenue recognition		
i) Services transferred at a point in time	780.52	60.32
ii) Services transferred over time	-	-
Total Revenue from contract with Customers	**780.52**	**60.32**
Contract Balance		
i) Trade receivables	430.95	-
ii) Contract assets	-	-
	430.95	**-**

The Company does not have any contract assets or liability, hence disclosures related to it has not been presented.

(Currency : Indian Rupees in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
25. Net gain on fair value change		
A. On trading portfolio	-	-
Investments at FVTPL		
Profit/(loss) on debt securities and other investments held for trade (net)	-	-
B. On non - trading portfolio		
Investments at FVTPL		
Profit/(loss) on equity securities held for trade (net)	51.92	452.57
Fair valuation of investments	755.25	(362.41)
Total	**807.17**	**90.16**
a) Realised	51.92	452.57
b) Unrealised	755.25	(362.41)
Total	**807.17**	**90.16**
26. Net gain on derecognition of financial instruments under amortised cost category		
Gain on de-recognition of financial assets	419.15	-
Total	**419.15**	**-**
27. Other operating revenue		
a) Premium on subscription of bonds	-	8.07
b) Gain / (Loss) on direct assignments	(1.00)	(1.91)
c) Amounts written back	-	173.20
d) Other operating revenue*	47.50	9.75
Total	**46.50**	**189.11**
* includes documentation charges, utilisation charges		
28. Other income		
a) Interest subsidy	-	86.11
b) Lease liability written back	-	22.73
c) Inter corporate borrowings written back	164.34	-
d) Other income	2.02	31.68
Total	**166.36**	**140.52**

Centrum Financial Services Limited
Notes to the financial statements as at and for the year ended March 31, 2021

(Currency : Indian Rupees in lakhs)

29. Finance costs

	Particulars	For the year ended March 31, 2021			For the year ended March 31, 2020		
		Financial Liabilities measured		Total	Financial Liabilities measured		Total
		at Fair Value through profit or loss	at Amortised Cost		at Fair Value through profit or loss	at Amortised Cost	
a)	Interest on borrowings (other than debt securities)	-	1,459.38	1,459.38	-	4,331.16	4,331.16
b)	Interest on debt instruments*	-	7,652.80	7,652.80	-	3,803.62	3,803.62
c)	Interest on inter corporate deposits	-	10.72	10.72	-	88.20	88.20
d)	Interest - others	-	148.10	148.10	-	132.96	132.96
e)	Other finance charges	-	-	-	-	418.82	418.82
	Total	**-**	**9,271.00**	**9,271.00**	**-**	**8,774.76**	**8,774.76**

* Gain on options amounting to Rs. 1278.33 lakhs (Previous year Rs. 44.26 lakhs is netted from interest on debt instruments.

30. Impairment on financial instruments (refer note 52)

A.

	Particulars	Year ended March 31, 2021			Year ended March 31, 2020		
		Financial Instruments measured		Total	Financial Instruments measured		Total
		at fair value through OCI	at amortised cost		at fair value through OCI	at amortised cost	
i)	Loans	-	344.78	**344.78**	-	(29.07)	**(29.07)**
ii)	Investments	-	11.09	**11.09**	-	(1.88)	**(1.88)**
iii)	Fixed deposits	-	(2.46)	**(2.46)**	-	(9.66)	**(9.66)**
iv)	Undrawn commitments	-	(1.36)	**(1.36)**	-	3.56	**3.56**
v)	Write off	-	135.07	**135.07**	-	28.29	**28.29**
	Total	**-**	**487.12**	**487.12**	**-**	**(8.76)**	**(8.76)**

B. The table below shows the ECL charges on financial instruments for the year recorded in the profit and loss based on evaluation stage:
Year ended March 31, 2021

	Particulars	General approach				Total
		Stage 1 collective	Stage 2 collective	Stage 3 collective	POCI	
i)	Loans and advances to customers	(9.78)	27.34	327.22	-	**344.78**
ii)	Investments	11.09	-	-	-	**11.09**
iii)	Fixed deposits	(2.46)	-	-	-	**(2.46)**
iv)	Undrawn commitments	(1.36)	-	-	-	**(1.36)**
	Total impairment loss	**(2.51)**	**27.34**	**327.22**	**-**	**352.05**

Year ended March 31, 2020

	Particulars	General approach				Total
		Stage 1 collective	Stage 2 collective	Stage 3 collective	POCI	
i)	Loans and advances to customers	(268.72)	15.80	223.85	-	**(29.07)**
ii)	Investments	(1.88)	-	-	-	**(1.88)**
iii)	Fixed deposits	(9.66)	-	-	-	**(9.66)**
iv)	Undrawn commitments	3.56	-	-	-	**3.56**
	Total impairment loss	**(276.70)**	**15.80**	**223.85**	**-**	**(37.05)**

(Currency : Indian Rupees in lakhs)

	Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
31.	**Employee Benefits Expenses**		
a)	Salaries, allowances and bonus	2,369.18	2,759.99
b)	Contribution to provident fund & other funds	112.20	114.83
c)	Contribution to gratuity fund (Refer Note : 42)	30.76	30.23
d)	Share Based payments to employees (Refer Note : 43)	183.74	181.26
e)	Staff welfare expenses	10.89	26.36
	Total	**2,706.77**	**3,112.67**

During the year, the Company has paid Rs. 227.79 Lakhs as managerial remuneration (including stock options) to its Managing Director and Chief Executive Officer. he 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 October 1, 2019, by passing a special resolution in the Extra Ordinary General Meeting for such excess remuneration.

32.	**Others expenses**		
a)	Auditor's fees and expenses (Refer note 32.1 below).	27.43	21.52
b)	Business promotion expenses	3.12	0.47
c)	Communication cost	7.76	8.46
d)	Director's sitting fees	26.76	16.94
e)	Energy cost	14.96	22.46
f)	Expenditure towards corporate social responsibility (refer note 38)	9.42	44.17
g)	Fees and subscription	16.62	12.98
h)	Insurance charges	3.28	4.14
i)	Legal and professional fees	685.61	1,043.73
j)	Loss on sale of fixed assets (net)	-	0.93
k)	Office expenses	19.23	30.27
l)	Printing and stationery	4.60	6.09
m)	Rates, duties and taxes	15.95	25.48
n)	Rent	92.66	67.79
o)	Repairs and maintenance	37.70	27.55
p)	Service charges	3.09	3.02
q)	Software charges	193.86	108.45
r)	Travelling expenses	18.82	48.60
s)	Miscellaneous expenses	11.49	185.36
	Total	**1,192.36**	**1,678.41**

32.1	**Auditors' fees and expenses**		
	As Auditor		
a)	Audit fee	13.08	13.08
b)	Limited review	8.18	8.18
c)	for certification	6.17	0.27
	Total	**27.43**	**21.53**

(Currency : Indian Rupees in lakhs)

33. Lease liabilities

A) The following is the movement in lease liabilities:

Particulars	As at March 31, 2021	As at March 31, 2020
Balance as at beginning	**11.01**	**47.25**
Additions	39.95	-
Finance cost accrued during the period	3.21	13.91
Deletions	1.43	19.91
Payment of lease liabilities	20.70	30.24
Balance as at end	**32.04**	**11.01**

The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

Particulars	As at March 31, 2021	As at March 31, 2020
Less than one year	15.59	9.88
One to five years	20.46	1.81
More than five years	-	-
Total	**36.05**	**11.69**

The amounts considered above are actual cash outflows. The lease liability in the balance sheet is the present value of these amounts as on the reporting date.

Particulars	As at March 31, 2021	As at March 31, 2020
Depreciation on Right of use assets	18.17	35.74
Interest expense on lease liability	3.21	13.91
Total cash outflow for leases (rental payments)	20.70	30.24
Additions to Right of use assets	41.68	-
Carrying value Right of use assets	32.34	10.02

The Company has taken various office premises under lease. Certain agreements provide for cancellation by either party or certain agreements contains clause for escalation and renewal of agreements. The non-cancellable operating lease agreements are ranging for a period 12 to 36 months. There are no restrictions imposed by lease arrangements.

The weighted average incremental discounting rate of 10% has been applied to lease liabilities recognised in the balance sheet as at the reporting date .

The Company does not face a significant liquidity risk with regard to its lease liabilities as the assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

B) This note provides information for leases where the Company is a lessor.

The Company has given office premises under lease. The income from lease recognised in the Statement of Profit and Loss are Rs. 2.26 Lakhs (March 31, 2020: Rs. 24.34 Lakhs). Agreements provide for cancellation by either party or contain clause for escalation and renewal of agreements. The non-cancellable operating lease agreement is for a period of 36 months.

Particulars	As at March 31, 2021	As at March 31, 2020
Less than one year	-	24.31
One to five years	-	97.25
More than five years	-	30.42
Total	**-**	**151.98**

(Currency : Indian Rupees in lakhs)

34. Disclosure pursuant to Ind AS 12 "Income Taxes"

34.1 Major components of tax expense/(income):

Particulars	**Year Ended March 31, 2021**	**2020**
I. Income Tax Expense charged to Statement of Profit and Loss:		
(i) Current income tax:		
Current income tax expense	-	-
Tax expense in respect of earlier years	-	8.99
(ii) Deferred tax:		
Tax expense on origination and reversal of temporary differences	84.27	386.65
Income tax expense reported in Profit or Loss (i + ii)	**84.27**	**395.64**
II. Income Tax Expense charged to Other Comprehensive Income :		
(i) Income tax expense / (gain) relating to items that will not be reclassified to profit or loss	0.99	2.17
(ii) Income tax expense / (gain) relating to items that will be reclassified to profit or loss	-	-
Income tax expense reported in the OCI (i + ii)	**0.99**	**2.17**

34.2 Reconciliation of tax expense and the accounting profit

The Company has exercised the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019 in March 2020. Accordingly, the Company had recognised and remeasured Provision for Income Tax and Deferred Tax based on the rate prescribed in the said section.

A reconciliation of income tax provison to the amount computed by applying statutory income tax rate to the income before taxes is summarised below.

Particulars	**Year Ended March 31, 2021**	**2020**
(a) Profit before tax	266.11	1,218.26
(b) Corporate tax rate as per Income tax Act, 1961	25.168%	25.168%
(c) Tax on Accounting profit (c) = (a) * (b)	66.97	306.61
(d) Tax impact due to		
(i) Tax expense of earlier years	-	8.99
(ii) Disallowances on account of permanent difference	1.70	7.49
(iii) (Benefit)/ Expense due to change in tax rates on the opening timing differences	0.02	57.23
(iv) Other items	15.58	15.32
Total effect of tax adjustments [(i) to (iv)]	**17.30**	**89.03**
(e) **Tax expense recognised during the year (e)=(c)+(d)**	**84.27**	**395.64**
(f) **Effective tax rate (f)=(e)/(a)**	**31.67%**	**32.48%**

(Currency : Indian Rupees in lakhs)

34.3 Movement in Deferred Taxes

34.3.A Movement in deferred tax balances for the year ended March 31, 2021

	Particulars	As at March 31, 2020	Recognised in profit or loss	Recognised in OCI	As at March 31, 2021
	Deferred tax asset/ (liabilities)				
i)	Depreciation on property, plant and equipment	(143.26)	(94.78)	-	(238.04)
ii)	Lease liabilities	0.25	(0.32)	-	(0.07)
iii)	EIR impact of financial assets	55.34	13.82	-	69.16
iv)	EIR impact of financial liabilities	(239.66)	17.54	-	(222.12)
v)	Unrealised gain on derivatives	(64.82)	(321.72)	-	(386.54)
vi)	Goodwill	33.44	-	-	33.44
vii)	Impairment loss on investments	105.15	(190.09)	-	(84.94)
viii)	Expected Credit loss on loans and other assets	330.25	(83.13)	-	247.12
ix)	Provision for employee benefits	13.74	8.04	(1.00)	20.78
x)	Disallowance under Section u/s 40a(ia)	125.49	(125.49)	-	-
xi)	DTA on business loss	-	681.64		681.64
xii)	Others	0.02	10.21	-	10.23
	Total	**215.94**	**(84.27)**	**(1.00)**	**130.67**

34.3.B Movement in deferred tax balances for the year ended March 31, 2020

	Particulars	As at March 31, 2019	Recognised in profit or loss	Recognised in OCI	As at March 31, 2020
	Deferred tax asset/ (liabilities)				
i)	Depreciation on property, plant and equipment	(64.06)	(79.20)	-	(143.26)
ii)	Lease liabilities	0.56	(0.31)	-	0.25
iii)	EIR impact of financial assets	9.60	45.74	-	55.34
iv)	EIR impact of financial liabilities	(151.02)	(88.64)	-	(239.66)
v)	Unrealised gain on derivatives	(70.66)	5.84	-	(64.82)
vi)	Goodwill	36.96	(3.52)	-	33.44
vii)	Impairment loss on investments	11.69	93.46	-	105.15
viii)	Expected Credit loss on loans and other assets	344.02	(13.77)	-	330.25
ix)	Provision for employee benefits	26.47	(14.90)	2.17	13.74
x)	Disallowance under Section u/s 40a(ia)	456.79	(331.30)	-	125.49
xi)	Others	0.01	0.01	-	0.02
	Total	**600.36**	**(386.65)**	**2.17**	**215.94**

34.3.C Amounts recognised in respect of current tax / deferred tax directly in equity:

Particulars	As at March 31, 2021	As at March 31, 2020
Amounts recognised in respect of current tax / deferred tax directly in equity	-	-

34.4 Tax losses

Unused tax losses for which no deferred tax asset has been recognised	(242.09)	(613.78)

(Currency : Indian Rupees in lakhs)

35. Earning per Share

Basic earnings per share (EPS) is calculated by dividing the net profit for the year attributable to equity holders of Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the net profit attributable to equity holders of Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on the conversion of all the dilutive potential ordinary shares (ESOP) into ordinary shares.

Particulars	For the year ended 31 March, 2021	2020
a) Profit after tax attributable to equity shareholders for Basic EPS	181.84	822.62
b) Profit after tax attributable to equity shareholders for Diluted EPS	181.84	822.62
c) Weighted average no. of equity shares outstanding during the year for Basic EPS	98,956,942	98,956,942
d) Weighted average no. of equity shares outstanding during the year for diluted EPS	102,048,758	100,762,037
e) Nominal value of equity shares (Rs. per share)	10.00	10.00
f) Basic earnings per share (EPS) (Rs. per share)	0.18	0.83
g) Diluted earnings per share (EPS) (Rs. per share)	0.18	0.82

Note: i) Compulsory convertible debentures are not considered in EPS calculation as number of equity shares that will be issued on conversion are not known at present.

36. Commitments and contingencies

Particulars	As at 31 March, 2021	2020
Contingent liabilities		
i) Corporate guarantee	3,000.00	-
ii) Income tax demands on account of dispute	325.51	325.51
iii) Intercorporate borrowings written back	164.34	-
Capital commitments		
i) Estimated amount of contracts remaining to be executed on capital account and not provided for	-	-
ii) Commitments related to loans sanctioned but undrawn	1,207.39	1,834.85

Future cash outflows in respect of above are determinable only on receipt of judgements / decisions pending with various forums/authorities. It is not practicable for the Company to estimate the timings of the cash flows, if any, in respect of the above pending resolution of the respective proceedings. The Company does not expect any reimbursement in respect of the above contingent liabilities. The Company is of the opinion that above demands are not sustainable and expects to succeed in its appeals. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

37. The Company did not have any long term contracts including derivative contracts for which any provision is required for the foreseeable losses.

38. Corporate Social Responsibility (CSR)

As per the provisions of Section 135 of Companies Act, 2013		For the year ended 31 March, 2021	2020
A) Gross amount required to be spent by the Company during the year was		9.42	9.12
B) Amount spent during the year on			
I Construction/acquisition of any assets			
i) In Cash		-	-
ii) Yet to be paid in cash		-	-
	Total (I)	**-**	**-**
II On purpose other than (i) above			
i) In Cash		9.42	44.17*
ii) Yet to be paid in cash		-	-
	Total (II)	**9.42**	**44.17**
	Total (I + II)	**9.42**	**44.17**

*For the year FY 2016 to FY 2019 the Company was in the process of identifying activities to be undertaken as specified in Schedule VII of the Act. Accordingly provision made towards CSR for following Financial years :

FY 2016-17	6.78
FY 2017-18	13.49
FY 2018-19	14.78
	35.05

(Currency : Indian Rupees in lakhs)

39. Dues to Micro, Small Enterprises

Disclosure pertaining to Micro and Small Enterprises as at March 31, 2021 is as under.

The details of amounts outstanding together with interest paid /payable to Micro and Small enterprises based on information available with the Company is as under:

		As at 31 March, 2021	2020
i)	Amounts outstanding but not due as at March 31,	-	5.94
ii)	Amounts due but unpaid as at March 31,	-	-
iii)	Amounts paid after appointed date during the year	-	-
iv)	Amount of interest accrued and unpaid as at March 31,	-	-
v)	The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act.	-	-
vi)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprise Development Act, 2006	-	-

40. Segment Reporting

The Company's Chief financial officer (CFO) and Managing director (MD) have been identified as the Chief Operating Decision Maker, examine the Company's performance on an entity level. The Company has only one reportable segment i.e. business of financing. The Company does not have any reportable geographical segment. Thus, the segment revenue, segment results, total carrying value of segment assets and segment liabilities, total costs incurred to acquire segment assets, total amount of charge of depreciation during the period are all reflected in the financial statements. No single customer contributes more than 10% of the total revenue earned during the year.

Centrum Financial Services Limited
Notes to the financial statements as at and for the year ended March 31, 2021

(Currency : Indian Rupees in lakhs)

41. Related Party Disclosure

As per the requirement of Ind AS 24, 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 :

41.1 List of related parties

Nature of relationship	Name of the party
Ultimate holding company	Centrum Capital Limited (From June 30, 2019)
Holding company	Centrum Retail Services Limited (From June 30, 2019)
	Centrum Capital Limited (From June 29, 2019)
List of Subsidiary/ holding/ Associate/ subsidiary of a holding company as per 2(76)(viii)	Centrum Wealth Management Limited
	Centrum Insurance Brokers Limited
	Centrum Investment Advisory Limited
	Centrum Broking Limited
	Centrum Capital International Limited
	CCAL Investment Managers Limited
	Centrum Alternatives LLP
	Centrum REMA LLP
	Centrum Capital Advisors Limited
	Centrum International Services PTE Limited
	Centrum Alternative Investment Managers Limited
	Centrum Housing Finance Limited
	Centrum Microcredit Limited
	Club 7 holidays Private Limited
	JBCG Advisory Services Private Limited
	Centrum Credit Opportunities Trust
	BG Advisory Services LLP
Key management personnel (KMP)	Ranjan Ghosh (Managing Director and CEO)
	Mr. Abhishek Baxi (CFO) (From December 2019)
	Mr. S.K. Apte (Non Executive Director)
	Mr. Rishad K. Byramjee (Non Executive Director)
	Mr. G. S. Sundararajan (Independent Director)
	Subrata Kumar Atindra Mitra (Independent Director)
	Siddharth Sengupta (Independent Director)
	Mrs. Dipali Seth (Independent Director)

41.2 Transactions with Related parties during the year

No.	Nature of Transaction	Name of Party	For the year ended 31 March, 2021	2020
1	**Loans given**	Centrum Retail Services Limited	2,900.00	7,400.00
		Centrum Capital Limited	-	4,585.00
		Centrum Wealth Management Limited	4,000.00	11,945.00
		Club 7 Holidays Private Limited	200.00	150.00
		JBCG Advisory Services Private Limited	2,800.00	-
2	**Loan repayment**	Centrum Capital Limited	2,400.13	2,185.00
		Centrum Retail Services Limited	6,004.68	4,300.00
		Centrum Wealth Management Limited	1,861.62	10,985.00
		JBCG Advisory Services Private Limited	2,800.00	-
		Club 7 Holidays Private Limited	150.00	-
3	**Loan taken**	Centrum Housing Finance Limited	-	500.00
		Centrum Microcredit Limited	400.00	800.00
4	**Loan repaid during the year**	Centrum Housing Finance Limited	-	500.00
		Centrum Microcredit Limited	400.00	800.00
5	**Sale of debentures**	Centrum Capital Advisors Limited	518.86	-
6	**Purchase of PTC investment**	Centrum Retail Services Limited	754.58	
7	**Debenture sold**	Centrum Credit Opportunities Trust	4,038.73	
8	**Debenture purchased**	Centrum Credit Opportunities Trust	2,000.00	

(Currency : Indian Rupees in lakhs)

41.

41.2 Transactions with Related parties during the year (Continued)

No.	Nature of Transaction	Name of Party	For the year ended 31 March, 2021	2020
9	**Investment in Compulsory Convertible Debentures during the year**	Centrum Microcredit Limited	-	1,500.00
10	**Consideration received for sale of portfolio on Direct Assignment**	Centrum Microcredit Limited	-	1,767.41
11	**MLD repaid including accrued interest***	Centrum Wealth Management Limited	22,195.65	10,841.87
	*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.			
12	**Sharing of economic benefits**	Centrum Retail Services Limited	-	639.43
13	**Rent income**	Centrum Microcredit Limited	0.09	0.09
		Centrum Retail Services Limited	-	24.25
		Centrum Wealth Management Limited	2.17	-
14	**Service fees income**	Centrum Retail Services Limited	-	2.78
		Centrum Microcredit Limited	-	7.50
		JBCG Advisory Services Private Limited	17.33	21.53
15	**Expenses incurred on behalf of the Company**	Centrum REMA LLP	-	1.23
		Centrum Wealth Management Limited	-	0.61
16	**Advisory fees income**	Centrum Capital Limited	335.00	-
17	**Interest income**	Centrum Capital Limited	193.47	116.26
		Centrum Retail Services Limited	392.46	287.97
		Club 7 Holidays Private Limited	22.41	0.92
		Centrum Wealth Management Limited	156.74	105.00
		JBCG Advisory Services Private Limited	17.35	-
18	**Interest Income on debt securities**	Centrum Microcredit Limited	225.00	59.84
19	**Interest expenses**	Centrum Retail Services Limited	150.91	151.33
		Centrum Housing Finance Limited	-	7.84
		Centrum Microcredit Limited	1.99	6.13
20	**Processing fees income**	Centrum Capital Advisors Limited	1.81	-
21	**Payment of rent**	Centrum Capital Limited	1.80	3.78
		Centrum Retail Services Limited	67.41	28.23
		Centrum Wealth Management Limited	-	11.28
		Centrum Broking Limited	2.42	4.96
22	**Electricity expenses paid on behalf of the Company**	Centrum Capital Limited	-	0.73
		Centrum Retail Services Limited	13.66	16.71
		Centrum Wealth Management Limited	-	1.28
		Centrum Broking Limited	0.25	0.47

(Currency : Indian Rupees in lakhs)

Related Party Disclosure (Continued)

41.2 Transactions with Related parties during the year (Continued)

No.	Nature of Transaction	Name of Party	For the year ended 31 March, 2021	2020
23	**Printing and stationery, postage and courier and telephone expense**	Centrum Retail Services Limited	4.16	2.73
		Centrum Wealth Management Limited	-	0.46
		Centrum Broking Limited	0.25	-
24	**Membership & subscription**	Centrum REMA LLP	0.47	-
		Centrum Broking Limited	1.13	-
25	**Travelling expense**	Club 7 Holidays Private Limited	0.51	1.30
26	**Brand fees**	Centrum Capital Limited	10.00	-
27	**Arrangers fees**	Centrum Capital Limited	-	72.50
		Centrum Wealth Management Limited	34.33	54.27
28	**Reimbursement of expenses**	Centrum Capital Limited	-	8.49
		Centrum Retail Services Limited	-	5.66
		Centrum Microcredit Limited	-	1.90
		Centrum Broking Limited	0.71	3.12
		Centrum REMA LLP	-	1.98
29	**Group allocation expense**	Centrum Retail Services Limited	315.00	375.78
30	**Security deposit repaid**	Centrum Retail Services Limited	9.46	50.00
31	**Corporate Guarantees issued by ultimate holding Company on behalf of Company**	Centrum Capital Limited	18,548.15	3,366.00
32	**Corporate Guarantees given / Securities pledged for group company**	JBCG Advisory Services Private Limited	2,500.00	1,000.00
		BG Advisory Services LLP	3,000.00	-
33	**Corporate Guarantees issued by holding Company on behalf of Company**	Centrum Retail Services Limited	2,500.00	-
34	**Commission and brokerage expenses**	Centrum Broking Limited	0.10	937.40
		Centrum Investment Advisors Limited	312.20	22.69
35	**Managerial remuneration**	Mr. Ranjan Ghosh	227.79	344.61
		Mr. Abhishek Baxi	43.74	15.19
36	**Compulsory Convertible Debentures issued**	Centrum Retail Services Limited	-	1,509.14
37	**Asset (Computer) purchased**	Centrum Alternatives Ltd	0.14	-
		Centrum Broking Limited	0.62	-
		Centrum REMA LLP	2.45	-
		Centrum Insurance Brokers Limited	0.05	-

41.3 Balances with Related parties as at year end

No.	Nature of Transaction	Name of Party	As at March 31, 2021	2020
1	**Commission and brokerage payable**	Centrum Broking Limited	-	318.55
2	**Corporate guarantee received**	Centrum Capital Limited	19,764.53	6,826.06
		Centrum Retail Services Limited	2,500.00	-
3	**Corporate guarantee / Security given**	JBCG Advisory Services Private Limited	2,500.00	10,000.00
		BG Advisory Services LLP	3,000.00	
4	**Loan asset**	Centrum Capital Limited	-	2,400.13
		Centrum Retail Services Limited	-	3,104.68
		Centrum Wealth Management Limited	3,100.00	961.62
		Club 7 Holidays Private Limited	203.07	150.92
5	**Investment *** * Increase is on account of fair valuation of investments	Centrum Microcredit Limited	2,355.00	1,500.00
6	**Margin balance with broker**	Centrum Broking Limited	202.75	1,023.49
7	**Other receivable**	JBCG Advisors Private Limited	-	17.69
		Centrum Wealth Management Limited	2.14	-
8	**Other financial liability**	Centrum Capital Limited	-	78.30
		Centrum Broking Limited	-	318.55

Centrum Financial Services Limited
Notes to the financial statements as at and for the year ended March 31, 2021

(Currency : Indian Rupees in lakhs)

No.	Nature of Transaction	Name of Party	As at March 31, 2021	As at March 31, 2020
9	**Closing debt securities**	Centrum Retail Services Limited	1,509.14	1,509.14
		Centrum Wealth Management Limited	-	1,065.00
10	**Security deposit**	Centrum Retail Services Limited	-	9.46
11	**Trade payable**	Centrum Retail Services Limited	1.16	98.84
		Centrum REMA LLP	-	1.28
		Club 7 Holidays Private Limited	0.27	-
		Centrum Alternatives Ltd	0.14	-
		Centrum Capital Limited	11.05	-
12	**Payable on the accounts of assignments**	Centrum Microcredit Limited	136.04	1,184.26
13	**TDS receivable**	Centrum Microcredit Limited	6.03	-
14	**Debt Service Reserve Account**	Club 7 Holidays Private Limited	6.87	-

Centrum Financial Services Limited
Notes to the financial statements as at and for the year ended March 31, 2021

(Currency : Indian Rupees in lakhs)

42. Employee benefits - Disclosure pursuant to Ind AS 19 'Employee Benefits'

A. Defined contribution plans

The Company makes Provident fund contributions which are defined contribution plans for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits

The Company has recognised the following amounts in the statement of profit and loss towards contribution to defined contribution plans which are included under contribution to provident and other funds:

	For the year ended 31 March, 2021	2020
Provident fund	112.20	114.83

B. Defined Benefit Plan

a) The Company has a funded defined benefit gratuity plan. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, an employee who has completed five years of service is entitled to specific benefits. The level of benefits provided depend on the member's length of service and salary at retirement age. The fund is managed by an independent Insurance Company. The Insurance Company is responsible for the administration of the plan assets and for defining the investment strategies.

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans:

	For the year ended 31 March, 2021	2020
Change in defined benefit obligations:		
Defined benefit obligation, beginning of the year	81.91	75.19
Current service cost	28.21	24.91
Past service cost	-	-
Interest cost	5.37	5.83
Remeasurements (gains) / losses	-	-
Actuarial (gains) / losses	-	-
arising from changes in demographic assumptions	-	(0.13)
arising from changes in financial assumptions	(0.07)	0.08
arising from changes in experience adjustments	(3.66)	10.09
Transfer in/(out) of liability	-	-
Benefits paid from plan assets	-	(34.06)
Net transfer in / (out) (Including the effect of any business combinations/ divestures)	-	-
Defined benefit obligation, end of the year	**111.76**	**81.91**
Change in plan assets:		
Fair value of plan assets, beginning of the year	42.97	5.25
Interest income	2.82	0.41
Return on plan assets, (excluding amount included in net Interest expense)	0.22	1.43
Employer's contributions	-	69.94
Benefits paid	-	(34.06)
Fair value of plan assets, end of the year	**46.01**	**42.97**

b) Amount recognized in the balance sheet consists of:	As at March 31, 2021	2020
Present value of defined benefit obligation	111.75	81.91
Fair value of plan assets	46.01	42.97
Net liability	**65.74**	**38.94**

c) The amounts recognised in the Statement of Profit and Loss are as follows:		For the year ended 31 March, 2021	2020
Service Cost			
Current service cost		28.21	24.91
Past service cost		-	-
Total Service cost	(i)	**28.21**	**24.91**
Net interest cost			
Interest expense on DBO		2.55	5.83
Interest expense / (income) on plan assets			(0.41)
Interest expense / (income) on reimbursement rights			-
Interest expense on effect of (asset celling)/onerous liability			-
Total Interest cost	(ii)	**2.55**	**5.42**
Remeasurements of Other Long term benefits	(iii)		(0.11)
Defined benefit cost included in Statement of Profit & Loss	(iv) = (i+ii+iii)	**30.76**	**30.23**

		For the year ended 31 March, 2021	2020
Remeasurements recognised in other comprehensive income (OCI)			
Due to changes in demographic assumptions		-	(0.13)
Due to changes in financial assumptions		(0.07)	0.08
Due to changes in experience adjustments		(3.66)	10.09
Return on plan assets (excl. interest income)		(0.22)	(1.43)
Total remeasurement in other comprehensive income (OCI)	(v)	**(3.95)**	**8.60**
Total Defined benefit cost included in Statement of Profit & Loss and OCI	(vi) =(iv + v)	**26.81**	**38.83**

Centrum Financial Services Limited

Notes to the financial statements as at and for the year ended March 31, 2021

(Currency : Indian Rupees in lakhs)

d) **The principal assumptions used in determining gratuity obligations for the Company's plans are shown below**

With the objective of presenting the plan assets and plan liabilities of the defined benefits plans and post retirement medical benefits at their fair value on the balance sheet, assumptions under Ind AS 19 are set by reference to market conditions at the valuation date.

	As at March 31, 2021	**As at March 31, 2020**
Discount rate	6.57%	6.56%
Salary escalation rate*	0% p.a. for next 1 year, 6.26% p.a. for next 1 year, starting from the 2nd year 5% p.a. thereafter, starting from the 3rd year	0% p.a. for next 2 years, 6.26% for next 1 year, starting from the 3rd year 5% p.a. thereafter, starting from the 4th year.
Expected return on plan assets	6.57%	6.56%
Rate of employee turnover	10.00%	10.00%
Mortality rate during employment	Indian Assured Lives Mortality (2006-08) Ult	Indian Assured Lives Mortality (2006-08) Ult
Mortality rate after employment	N.A.	N.A.

* takes into account the inflation, seniority, promotions and other relevant factors

e) The major categories of plan assets are as follows:

		As at 31 March, 2021	**2020**
a) Insurer managed funds		46.00	42.97
b) Cash	-	-	

f) **Impact on defined benefit obligation - Sensitivity Analysis**

	For the year ended 31 March, 2021 % Rate	**2021 Amount**	**2020 % Rate**	**2020 Amount**
Increase by 100 basis points				
i) Impact of change in discount rate	7.57%	(6.77)	7.56%	(5.37)
ii) Impact of change in salary growth rate	7.26%	7.73	7.26%	6.18
iii) Impact of change in employee attrition rate	11.00%	(0.45)	11.00%	(0.73)
Decrease by 100 basis points				
i) Impact of change in discount rate	5.57%	7.65	5.56%	6.08
ii) Impact of change in salary growth rate	6.26%	(5.98)	6.26%	(4.13)
iii) Impact of change in employee attrition rate	9.00%	0.38	9.00%	0.68

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.
The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

g) **Maturity**

The defined benefit obligations shall mature after year end as follows:

Particulars	**As at 31 March, 2021**	**2020**
i) 1st Following Year	7.00	3.87
ii) 2nd Following Year	9.04	5.22
iii) 3rd Following Year	20.96	6.73
iv) 4th Following Year	10.21	16.07
v) 5th Following Year	13.94	7.90
vi) Sum of Years 6 to 10	43.26	35.92
vii) Sum of Years 11 and above	83.10	66.79

The weighted average duration of the defined benefit obligation is 8 years (previous year - 8 years).

C **Compensated Absences**

The principal assumptions used in determining obligations for the Company are shown below:

Particulars	**As at March 31, 2021**	**As at March 31, 2020**
Rate of discounting	6.57%	6.56%
Expected rate of salary increase	0% p.a. for next 1 year, 6.26% p.a. for next 1 year, starting from the 2nd year 5% p.a. thereafter, starting from the 3rd year.	0% p.a. for next 2 years, 6.26% for next 1 year, starting from the 3rd year 5% p.a. thereafter, starting from the 4th year.
Rate of employee turnover	10.00%	10.00%
Mortality	Indian Assured Lives Mortality (2006-08) Ult	Indian Assured Lives Mortality (2006-08) Ult

Particulars	**Year ended March 31, 2021**	**2020**
Expenses recognised in statement of profit and loss	1.20	(30.69)

(Currency : Indian Rupees in lakhs)

43. Employee Stock Option Plan

Employees' Stock Options Scheme (ESOS) :
During the year, 23,94,500 Employee Stock Options have been granted to the employees of the Company (Previous year 129,356).
The weighted average share price for stock options exercised during the year was Rs.10 (previous year Rs. 10).

Particulars	Scheme I	Scheme I	Scheme I	Scheme I	Scheme II	Scheme II	Scheme II	Centrum Capital Ltd. Scheme*
Date of grant	03 April 2018	20 June 2018	14 October 2019	05 August 2020	20 June 2018	05 January 2021	29 January 2021	14 December 2018
Date of board approval	22 March 2018	22 March 2018	22 March 2018	22 March 2018	22 March 2018	22 March 2018	22 March 2018	12 December 2018
Date of Shareholder's approval	02 April 2018	02 April 2018	02 April 2018	02 April 2018	02 April 2018	02 April 2018	02 April 2018	30 March 2018
Number of options granted	1,681,031	600,000	129,356	15,15,000	545,000	767,000	112,500	250,000
Method of settlement	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity
Vesting period	4 Years	4 Years	4 Years	4 Years	5 Years	5 Years	5 Years	5 Years
Weighted average remaining contractual life (Vesting period)	4 Years	4 Years	4 Years	4 Years	5 Years	5 Years	5 Years	5 Years
Granted but not vested	1,681,031	600,000	129,356	15,15,000	545,000	767,000	112,500	150,000
Vested but not exercised	-	-	-	-	-	-	-	100,000
Weighted average share price at the date of exercise for stock options exercised during the year	NA	NA	NA	NA	NA	NA	NA	NA
Exercise period	4 Years	4 Years	4 Years	8 Years	5 Years	9 Years	9 Years	4 Years
Weighted Average Fair value of options (granted but not vested) as on grant date	24.20	24.42	22.87	26.28	24.80	25.93	25.93	37.33

The estimated fair value of options was calculated by applying Black and Scholes Model. Below mentioned are the model inputs used for calculating estimated fair value.

Particulars	Scheme I	Scheme I	Scheme I	Scheme I	Scheme II	Scheme II	Scheme II	Centrum Capital Ltd. Scheme*
Range of Risk free interest rate	7.55%	8.06%	6.75%	8.18%	7.98%	6.13%	6.13%	7.44%
Dividend yield	0%	0%	0%	0%	0%	0%	0%	0%
Expected volatility	16.16%	17.00%	17.74%	56.50%	16.06%	55.74%	55.74%	19.18%

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

(Currency : Indian Rupees in lakhs)

The activity in the Scheme-I, Scheme-II and Centrum Capital Ltd. Scheme during the year ended 31 March 2021 and 31 March 2020 is set below:

Particulars	Number of options	
	For the year ended March 31,	
	2021	2020
Scheme-I : Face value of Rs. 10 each		
Exercise price Rs. 10 each		
Options outstanding as at beginning of the year	2,225,387	2,151,031
Add: Granted	1,515,000	129,356
Less: Exercised	-	-
Less: Forfeited	-	-
Less: Lapsed	(225,000)	(55,000)
Option outstanding end of the year	**3,515,387**	**2,225,387**
Exercisable at the end of the year	**-**	**-**
Scheme-II : Face value of Rs. 10 each		
Exercise price Rs. 10 each		
Option outstanding as at beginning of the year	545,000	**545,000**
Add Granted	879,500	**-**
Less : Exercised	-	**-**
Less: Forfeited	-	**-**
Less: Lapsed	(345,000)	**-**
Option outstanding as at end of the year	**1,079,500**	**545,000**
Exercisable at the end of the year	**-**	**-**
Centrum Capital Ltd. Scheme*		
Exercise price Rs. 10 each		
Option outstanding as at beginning of the year	250,000	**250,000**
Add Granted		
Less : Exercised	-	**-**
Less: Forfeited	-	**-**
Less: Lapsed	-	**-**
Option outstanding as at end of the year	**250,000**	**250,000**
Exercisable at the end of the year	**100,000**	**-**

Other Information regarding employee share based payment plan is as below

Particulars	For the year ended March 31,	
	2021	2020
Expense arising from employee share based payment plans	183.74	181.26
Expense arising from share and stock option Plan	-	-
Closing balance of liability for cash share appreciation plan	-	-
Expense arising from increase in fair value of liability for cash share appreciation plan	-	-
Total carrying amount at the end of the year in Employee stock option under Other Equity	471.78	299.80
Total carrying amount at the end of the year in Capital contribution under Other Equity*	37.79	26.03

* Employee Stock Options of Centrum Capital Limited (Ultimate Holding Company) are given to employees of Centrum Financial Services Limited.

(Currency : Indian Rupees in lakhs)

44. Fair Value Measurement

44.A Carrying value and fair value of financial instruments

44.A.1 The carrying value and fair value of financial instruments by categories as at March 31, 2021 are as follows.

	At Amortised cost	At Fair value through Profit or Loss	At Fair value through OCI	Total carrying Value	Fair value Hierarchy	Total Fair value
Financial Assets						
1 Cash and cash equivalents	9,627.74	-	-	9,627.74	Level 1	9,627.74
2 Other Bank balances	4,097.14	-	-	4,097.14	Level 1	4,097.14
3 Derivative assets	-	3,824.61	-	3,824.61	Level 1	3,824.61
4 Trade receivables	430.95	-		430.95	Level 3	430.95
5 Loans	82,312.78	-	-	82,312.78	Level 3	82,533.60
6 Investments						
- Listed equity shares	-	0.63	-	0.63	Level 1	0.63
- Perpetual Subordinated Tier I bonds	-	-	-	-	Level 3 (Refer note 50)	-
- Debentures	2,874.58	-	-	2,874.58	Level 3	2,505.08
- Cumulative Convertible Debentures	-	2,355.00	-	2,355.00	Level 3	2,355.00
- Pass Through Certificates	650.66			650.66	Level 1	650.66
7 Other financial assets						
- Security deposits	25.85	-	-	25.85	Level 3	25.85
- Margin with broker	202.75	-	-	202.75	Level 1	202.75
- Others	355.04	-	-	355.04	Level 3	355.04
Total	**100,577.49**	**6,180.24**	**-**	**106,757.73**		**106,609.05**
Financial Liabilities						
1) Derivative liabilities	-	6,482.90	-	6,482.90	Level 2	6,482.90
2) Trade payables	234.28	-	-	234.28	Level 3	234.28
3) Debt securities (Quoted)**	61,368.12	-	-	61,368.12	Level 1	61,368.12
4) Debt securities (Unquoted)**	7,326.56	-	-	7,326.56	Level 3	7,326.56
5) Borrowings (other than debt securities) **	6,557.99	-	-	6,557.99	Level 3	6,557.99
6) Deposits	-	-	-	-	Level 3	-
7) Lease liabilities	32.04	-	-	32.04	Level 3	32.04
8) Other financial liabilities	1,543.47	-	-	1,543.47	Level 3	1,543.47
Total	**77,062.46**	**6,482.90**	**-**	**83,545.36**		**83,545.36**

** including accrued interest

44.A.2 The carrying value and fair value of financial instruments by categories as at March 31, 2020 are as follows.

	At Amortised cost	At Fair value through Profit or Loss	At Fair value through OCI	Total carrying Value	Fair value Hierarchy	Total Fair value
Financial Assets						
1 Cash and cash equivalents	5,624.56	-	-	5,624.56	Level 1	5,624.56
2 Other bank balances	2,220.30	-	-	2,220.30	Level 1	2,220.30
3 Derivative assets	-	1,638.80	-	1,638.80	Level 1	1,638.80
4 Loans	84,388.70	-	-	84,388.70	Level 3	84,548.23
5 Investments						
- Listed equity shares	-	0.25	-	0.25	Level 1	0.25
- Perpetual Subordinated Tier I bonds	-	100.00	-	100.00	Level 3 (Refer note 50)	100.00
- Debentures	3,042.45	-	-	3,042.45	Level 3	2,952.34
- Cumulative Convertible Debentures	-	1,500.00	-	1,500.00	Level 3	1,500.00
6 Other financial assets						
- Security deposits	16.32	-	-	16.32	Level 3	16.32
- Margin with broker	1,023.49	-	-	1,023.49	Level 1	1,023.49
- Others	33.18	-	-	33.18	Level 3	33.18
Total	**96,349.00**	**3,239.05**	**-**	**99,588.05**		**99,657.47**
Financial Liabilities						
1) Derivative liabilities	-	3,401.88	-	3,401.88	Level 2	3,401.88
2) Trade payables	238.32	-	-	238.32	Level 3	238.32
3) Debt securities (Quoted)**	48,693.35	-	-	48,693.35	Level 1	48,693.35
4) Debt securities (Unquoted)**	3,382.91	-	-	3,382.91	Level 2	3,382.91
5) Borrowings (other than debt securities) **	19,535.16	-	-	19,535.16	Level 3	19,535.16
6) Deposits	256.72	-	-	256.72	Level 3	256.72
7) Lease liabilities	11.01	-	-	11.01	Level 3	11.01
8) Other financial liabilities	1,142.60	-	-	1,142.60	Level 3	1,142.60
Total	**73,260.07**	**3,401.88**	**-**	**76,661.95**		**76,661.95**

** including accrued interest

(Currency : Indian Rupees in lakhs)

44. *Fair Value Measurement (Continued)*

44.B Fair value hierarchy of financial instruments

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There has been no transfers between level 1, level 2 and level 3 for the years ended March 31, 2021.

44.B.1 Financial instruments measured at fair value - recurring fair value measurements as at March 31, 2021 is as follows.

	Level 1	Level 2	Level 3	Total
Financial Assets				
1 Derivative assets	3,824.61	-	-	3,824.61
2 Investments				
- Listed equity shares	0.63	-	-	0.63
- Perpetual Subordinated Tier I bonds	-	-	-	-
- Debentures	-	-	-	-
- Cumulative Convertible Debentures	-	-	2,355.00	2,355.00
Total	**3,825.24**	**-**	**2,355.00**	**6,180.24**

44.B.2 Financial instruments measured at fair value - recurring fair value measurements as at March 31, 2020 is as follows.

	Level 1	Level 2	Level 3	Total
Financial Assets				
1 Derivative assets	1,638.80	-	-	1,638.80
2 Investments				
- Listed equity shares	0.25	-	-	0.25
- Perpetual Subordinated Tier I bonds	-	-	100.00	100.00
- Debentures	-	-	-	-
- Cumulative Convertible Debentures	-	-	1,500.00	1,500.00
Total	**1,639.05**	**-**	**1,600.00**	**3,239.05**

Note: Valuation methodologies of financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, bank balances other than cash and cash equivalents, Pass through certificate, deposits, Trade receivables, other financials assets, trade payables and other financial liabilities (excluding lease liability) are considered to be approximately equal to their fair values due to their short term nature.

The fair values of loans, receivables and loans in the nature of debentures are calculated using a portfolio-based approach, grouping loans as far as possible into homogenous groups based on similar characteristics. The fair value is then extrapolated to the portfolio using discounted cash flow models that incorporate interest rate estimates considering all significant characteristics of the loans. This fair value is then reduced by impairment allowance which is already calculated incorporating probability of defaults and loss given defaults to arrive at fair value net of risk.

Debt securities are recorded at fair values by undertaking valuation techniques and thus, the carrying values are approximately equal to the fair values.

The fair value of the borrowing and lease liability is determined using discounted cash flow analysis.

Valuation techniques of financial instruments, other than those which are subsequently measured at amortised cost, have been arrived at as under

Fair values of instruments designated under FVTPL are recorded at market values.

(a) Investment in CCD

The valuation is done by determining the fair value of equity shares of the Company and adding the present value of future interest to be received by the holder over tenure of CCD and subtracting the present value of dividend which holder will forgo due to non-conversion of CCD during the tenure.

(b) Investment in Equity shares are valued using the quoted market prices.

Off-balance sheet positions

Estimated fair values of off-balance sheet positions are based on discounted cash flow models, as explained above, which incorporate the credit risk element through the discount factor.

(Currency : Indian Rupees in lakhs)

45. Maturity analysis of assets and liabilities

45.A The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. . With regard to loans and advances to customers, the company uses the same basis of expected repayment behaviour as used for estimating the EIR.

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

Particulars	As at March 31, 2021			As at March 31, 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
I Assets						
A. Financial assets						
a) Cash and cash equivalents	9,627.74	-	9,627.74	5,624.56	-	5,624.56
b) Other Bank balances	4,097.14	-	4,097.14	2,220.30	-	2,220.30
c) Derivative assets	3,702.23	122.38	3,824.61	-	1,638.80	1,638.80
d) Trade receivables	430.95	-	430.95	-	-	
e) Loans	54,364.55	27,948.23	82,312.78	64,168.36	20,220.34	84,388.70
f) Investments	1,985.56	3,895.31	5,880.87	1,890.74	2,751.96	4,642.70
g) Other financial assets	537.66	45.98	583.64	33.18	1,039.81	1,072.99
B. Non-financial assets						
a) Current tax assets (net)	-	2,207.88	2,207.88	-	2,039.60	2,039.60
b) Deferred tax assets (Net)	-	130.67	130.67	-	215.94	215.94
c) Investment properties	-	-	-	-	3,397.84	3,397.84
d) Property, plant and equipment	-	3,467.70	3,467.70	-	152.74	152.74
e) Right of use asset	-	32.34	32.34	-	10.02	10.02
f) Goodwill	-	1,442.02	1,442.02	-	1,442.02	1,442.02
g) Other intangible assets	-	168.72	168.72	-	207.31	207.31
h) Other non-financial assets	623.62	55.78	679.40	371.52	19.06	390.58
Total Assets	**75,369.45**	**39,517.01**	**114,886.46**	**74,308.66**	**33,135.44**	**107,444.10**
II Liabilities						
A. Financial liabilities						
a) Derivative liabilities	1,030.71	5,452.19	6,482.90	2,101.29	1,300.59	3,401.88
b) Trade payables	234.28	-	234.28	238.32	-	238.32
c) Debt securities	19,712.67	48,982.01	68,694.68	25,197.90	26,878.36	52,076.26
d) Borrowings (other than debt securities)	3,315.70	3,242.29	6,557.99	17,911.37	1,623.79	19,535.16
e) Deposits	-	-	-	256.72	-	256.72
f) Lease liabilities	12.98	19.06	32.04	9.88	1.13	11.01
g) Other financial liabilities	1,543.47	-	1,543.47	1,133.15	9.45	1,142.60
B. Non-financial Liabilities						
a) Current tax liabilities (Net)	89.08	-	89.08	89.08	-	89.08
b) Provisions	105.96	-	105.96	37.56	51.86	89.42
c) Other non-financial liabilities	821.09	-	821.09	676.66	-	676.66
Total Liabilities	**26,865.94**	**57,695.55**	**84,561.49**	**47,651.93**	**29,865.18**	**77,517.11**
Net	**48,503.51**	**(18,178.54)**	**30,324.97**	**26,656.73**	**3,270.26**	**29,926.99**

(Currency : Indian Rupees in lakhs)

45.B Risk Management

45.B.1 The Company's activities expose it to market risk, liquidity risk and credit risk.

Risk	Exposure arising from	Risk Measurement	Risk Management
Credit risk	Loans and advances, cash and cash equivalents, derivative financial instruments, financial assets measured at amortized cost.	Ageing analysis Credit ratings	Client on-boarding process, portfolio monitoring, recovery process. Fixed deposits with highly rated banks.
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecast	Committed borrowing and other credit facilities, assignment of loan assets (whenever required) ,Asset Liability Management and periodic reviews by ALCO relating to the liquidity position.
Market risk - interest rate	Long term borrowings at variable rates	Sensitivity analysis	Review of cost of funds and pricing disbursement
Market risk - security prices	Investments in mutual funds, Investment in Equity	Sensitivity analysis	Portfolio diversification, assessments of fluctuation in the equity price.
Market risk - Index linked	Market linked debentures.	Sensitivity analysis	Purchased options to hedge the risk arising out of movement in the NIFTY level.

The Company's board of directors have overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors have established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The audit committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

45.B.2 **a) Credit risk management**

Credit risk is the risk that the Company will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Company's exposure to credit risk is influenced mainly by cash and cash equivalents, other bank balances, investments, loan assets, trade receivables and other financial assets. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls. Based on business environment in which the Company operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract.

Credit risk arises from loans and advances, cash and cash equivalents, investments carried at amortized cost , deposits with banks and financial institutions and other financial assets measured at amortized cost.

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities.

i) Credit risk management

The Company considers probability of default upon initial recognition of asset and whether there has been any significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

Definition of Default

A default on a financial asset is when the counterparty fails to make contractual payments within 90 days of when they fall due. Such financial assets are considered under Stage 3 (credit impaired) for the purpose of ECL calculation. This definition of default is determined by considering the business environment in which the Company operates and other macro-economic factors.

ii) Provision for expected credit losses

The Company provides for expected credit loss based on following:
a) Low risk : Risk associated with financial assets classified under Stage 1 for the purpose of ECL calculation.
b) Medium risk : Risk associated with financial assets classified under Stage 2 for the purpose of ECL calculation
c) High risk : Risk associated with financial assets classified under Stage 3 for the purpose of ECL calculation

(Currency : Indian Rupees in lakhs)

Particulars	Risk category	Asset group	As at March 31, 2021		As at March 31, 2020	
			Estimated exposure carrying amount at default	Expected credit losses (as per Ind-AS)	Estimated exposure carrying amount at default	Expected credit losses (as per Ind-AS)
Loss allowance measured at 12 month expected credit losses	Low Risk	Loans	73,931.28	169.74	80,484.10	179.52
Loss allowance measured at life-time expected credit losses	Medium Risk	Loans	8,060.75	43.17	3,284.57	15.82
Credit Loss is recognized on full exposure/ Asset is written off	High Risk	Loans	1,280.15	746.49	1,916.81	1,101.43
Provision kept			**83,272.18**	**959.40**	**85,685.48**	**1,296.77**

Collateral held
As of March 31, 2021, the exposure of the Company's loans were in secured as well as unsecured portfolio. The Company provides loans to the MSME other Corporate Segments which are secured as well as unsecured. The Company is also engaged in the business of supply chain finance, the portfolio of which is unsecured.

All borrowers must meet the Company's internal credit assessment procedures, regardless of the nature of the loan.
Based on the nature of product and the Company's assessment of the customer's credit risk, a loan may be offered with suitable collateral.

The main types of collateral across various products includes mortgage of residential and commercial properties, Pledge of equity shares and mutual funds and lien on deposits, Plant and Machinery, book debts etc..

The Company periodically monitors the market value of collateral and evaluates its exposure and loan to value metrics for high risk customers. The Company exercises its right of repossession across all secured products. It also resorts to invoking its right under the SARFAESI Act and other judicial remedies available against its mortgages and commercial lending business .

Cash and cash equivalents
Cash and cash equivalents include balance of INR 9627.74 Lakhs at March 31, 2021 (As at March 31, 2020: INR 5624.56 Lakhs) is maintained as cash in hand and Balances with Company in current accounts.

Loans and advances/ Investments at amortised cost
The Company has business in lending towards secured and un-secured loans. Since these loans are majorly to MSME and SME Companies, a general creditworthiness of a customer tends to be the most relevant indicator of credit quality of a loan extended to it.

During the period, there was no change in the Company's collateral policies.

Measurement of Expected Credit Losses
The Company has applied a three-stage approach to measure expected credit losses (ECL) on debt instruments accounted for at amortised cost. Assets migrate through following three stages based on the changes in credit quality since initial recognition:

(a) Stage 1: 12- months ECL: For exposures where there is no significant increase in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12- months is recognized.

(b) Stage 2: Lifetime ECL, not credit-impaired: For credit exposures where there has been a significant increase in credit risk since initial recognition but are not credit-impaired, a lifetime ECL is recognized.

(c) Stage 3: Lifetime ECL, credit-impaired: Financial assets are assessed as credit impaired upon occurrence of one or more events that have a detrimental impact on the estimated future cash flows of that asset. For financial assets that have become credit-impaired, a lifetime ECL is recognized and interest revenue is calculated by applying the effective interest rate to the amortised cost.

At each reporting date, the Company assesses whether there has been a significant increase in credit risk of its financial assets since initial recognition by comparing the risk of default occurring over the expected life of the asset. In determining whether credit risk has increased significantly since initial recognition, the Company uses information that is relevant and available without undue cost or effort. This includes the Company's internal credit rating grading system, external risk ratings and forward-looking information to assess deterioration in credit quality of a financial asset.

The Company assesses whether the credit risk on a financial asset has increased significantly on an individual and collective basis. For the purpose of collective evaluation of impairment, financial assets are grouped on the basis of shared credit risk characteristics, taking into account accounting instrument type, credit risk ratings, date of initial recognition, remaining term to maturity, industry, geographical location of the borrower, collateral type, and other relevant factors. For the purpose of individual evaluation of impairment factors such as internally collected data on customer payment record, utilization of granted credit limits and information obtained during the periodic review of customer records such as audited financial statements, budgets and projections are considered.

In determining whether the credit risk on a financial asset has increased significantly, the Company considers the change in the risk of a default occurring since initial recognition. The default definition used for such assessment is consistent with that used for internal credit risk management purposes.

The Company considers defaulted assets as those which are contractually past due 90 days, other than those assets where there is empirical evidence to the contrary. Financial assets which are contractually past due 30 days are classified under Stage 2 - life time ECL, not credit impaired, barring those where there is empirical evidence to the contrary. The Company considers financial instruments (typically the retail loans) to have low credit risk if they are rated internally or externally within the investment grade. An asset migrates down the ECL stage based on the change in the risk of a default occurring since initial recognition. If in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, then the loan loss provision stage reverses to 12-months ECL from lifetime ECL.

(Currency : Indian Rupees in lakhs)

The Company measures the amount of ECL on a financial instrument in a way that reflects an unbiased and probability-weighted amount. The Company considers its historical loss experience and adjusts the same for current observable data. The key inputs into the measurement of ECL are the probability of default, loss given default and exposure at default. These parameters are derived from the Company's internally developed statistical models and other historical data.

Probability of Default (PD)
The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12-month PD), or over the remaining lifetime (Lifetime PD) of the obligation.

Loss Given Default (LGD)
LGD represents the Company's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and preference of claim and availability of collateral or other credit support.

Exposure at default (EAD)
Exposure at default is the total value an entity is exposed to when a loan defaults. It is the predicted amount of exposure that an entity may be exposed to when a debtor defaults on a loan. The outstanding principal and outstanding arrears reported as of the reporting date for computation of ECL is used as the EAD for all the portfolios.

Macroeconomic Scenarios
In addition, the Company uses reasonable and supportable information on future economic conditions including macroeconomic factors such as IIP and repo rate. Since incorporating these forward looking information increases the judgment as to how the changes in these macroeconomic factor will affect ECL, the methodology and assumptions are reviewed regularly.

iii) Reconciliation of loss allowance provision
For loans

Reconciliation of loss allowance*	Loss allowance measured at 12 month expected losses	Loss allowance measured at life-time expected losses	
		Financial assets for which credit risk has increased significantly and not credit-impaired	Financial assets for which credit risk has increased significantly and credit-impaired
Loss allowance on March 31, 2019	**448.26**	**0.01**	**877.58**
Changes in loss allowances due to	-	-	-
ECL during the year/ (reversal)	-268.74	15.81	223.85
Loss allowance on March 31, 2020	**179.52**	**15.82**	**1,101.43**
Changes in loss allowances due to	-	-	-
ECL during the year/ (reversal)	-9.78	27.35	-354.94
Loss allowance on March 31, 2021	**169.74**	**43.17**	**746.49**

* for detailed reconciliation refer note 7B

Write-offs still under enforcement
Financial assets are written-off when the Company has no reasonable prospects of recovering any further cash flows from the financial assets. In the case of assets that are assessed collectively for impairment. There has been no contractual amount outstanding on financial assets written-off during the year ended March 31, 2021 and still subject to enforcement activity.

Significant increase in credit risk
Based on business environment in which the Company operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. The Company assesses and manages credit risk based on movement of borrowers between stages as defined, historical data of the borrowers and forward looking information. The Company has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties.

Forward looking information
Management has assessed the impact of COVID-19 on significant increase in credit risk, impairment loss allowance and impairment on other assets. Refer note 52 for detailed disclosure regarding the same.

45.B.3 b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Due to the dynamic nature of the underlying businesses, Company's treasury maintains flexibility in funding by maintaining availability under committed credit lines.

(Currency : Indian Rupees in lakhs)

Financing arrangements

The Company has access to the following undrawn borrowing facilities at the end of the reporting period:

Particulars	**As at March 31 2021**	**2020**
Undrawn borrowing facilities	5,685.85	6,634.00

The below table analyses the Company's financial liabilities and financial assets into relevant maturity groupings based on the remaining period as at the reporting date to the contractual maturity date. The amounts disclosed in the below table are the contractual un-discounted cash flows.

As at March 31, 2021

Particulars	Total	Contractual cash flows					
		Gross nominal inflow / (outflow)	upto 3 months	3 to 6 months	6 to 12 months	1 year to 3 year	Over 3 year
Financial liabilities							
Derivative Financial Instruments	6,482.90	-	279.77	25.00	725.94	5,452.19	-
Payables	234.28	-	234.28	-	-	-	-
Debt securities	93,908.50	-	2,633.59	5,817.63	15,664.46	60,882.04	8,910.79
Borrowings (other than debt securities)	7,949.71	-	1,125.46	559.62	2,294.97	2,214.36	1,755.30
Other financial liabilities	1,543.47	-	1,488.14	-	55.32	-	-
Total	**110,118.85**	**-**	**5,761.24**	**6,402.24**	**18,740.69**	**68,548.59**	**10,666.09**

Particulars	Total	Contractual cash flows					
		Gross nominal inflow / (outflow)	upto 3 months	3 to 6 months	6 to 12 months	1 year to 3 year	Over 3 year
Financial assets							
Cash and cash equivalents	9,627.74	-	9,627.74	-	-	-	-
Bank balance other than cash and cash equivalents above	4,097.14	-	3,435.62	-	661.52	-	-
Derivative Financial Instruments	3,824.61	-	1,422.48	-	2,279.75	122.38	-
Trade Receivable	430.95	-	430.95	-	-	-	-
Loans	97,362.46	-	35,740.90	11,107.32	12,633.18	23,858.16	14,022.90
Investments	7,374.43	-	706.89	141.53	1,791.33	2,213.44	2,521.25
Other Financial Assets	583.64	-	537.66	-	-	45.98	-
Total	**123,300.96**	**-**	**51,902.24**	**11,248.85**	**17,365.77**	**26,239.96**	**16,544.15**

As at March 31, 2020

Particulars	Total	Contractual cash flows					
		Gross nominal inflow / (outflow)	upto 3 months	3 to 6 months	6 to 12 months	1 year to 3 year	Over 3 year
Financial liabilities							
Derivative Financial Instruments	3,401.88	-	1,005.56	-	1,095.73	1,091.32	209.27
Payables	238.32	-	238.32	-	-	-	-
Debt securities	66,922.14	-	12,289.35	-	16,798.51	33,461.96	4,372.32
Borrowings (other than debt securities)	20,908.86	-	4,620.16	4,896.35	9,447.25	1,540.84	404.26
Deposits	256.72	-	100.00	-	156.72	-	-
Other financial liabilities	1,142.60	-	246.54	886.61	-	9.46	-
Total	**92,870.52**	**-**	**18,499.93**	**5,782.96**	**27,498.21**	**36,103.58**	**4,985.85**

(Currency : Indian Rupees in lakhs)

Particulars	Total	Contractual cash flows					
		Gross nominal inflow / (outflow)	upto 3 months	3 to 6 months	6 to 12 months	1 year to 3 year	Over 3 year
Financial assets							
Cash and cash equivalents	5,624.56	-	5,624.56	-	-	-	-
Bank balance other than cash and cash equivalents above	2,240.70	-	1,175.40	1,065.30	-	-	-
Derivative Financial Instruments	1,638.80	-	-	-	-	1,638.80	-
Loans	95,403.16	-	25,719.53	27,970.61	16,140.44	19,502.68	6,069.90
Investments	6,637.62	-	378.93	505.61	1,414.13	2,421.62	1,917.33
Other Financial Assets	1,072.99	-	33.18	-	-	1,039.81	-
Total	**112,617.83**	**-**	**32,931.60**	**29,541.52**	**17,554.57**	**24,602.91**	**7,987.23**

45.B.4 c. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

i) Price risk

The Company's investments carry a risk of change in prices. To manage its price risk arising from investments, the Company periodically monitors the sectors it has invested in, performance of the investee companies, measures mark- to- market gains/losses and reviews the same.

Sensitivity analysis as at 31 March 2021

Particulars	Carrying value	Fair value	Sensitivity to fair value	
			10% increase	10% decrease
Investment in Adlabs Shares	0.63	0.63	0.06	(0.06)
Compulsorily Convertible Debentures	2,355.00	2,355.00	235.50	(235.50)

ii) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Company is not exposed to currency risk as at March 31, 2021.

iii) Interest rate risk

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk.

The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments as reported to the management is as follows.

	As at March 31, 2021	As at March 31, 2020
Variable-rate instruments		
Borrowing	6,780.25	22,875.36

Sensitivity

Profit or loss is sensitive to higher / lower interest expense from borrowings as a result of changes in interest rates.

Particulars	Profit or Loss/ Equity	
	Year ended March 31, 2021	Year ended March 31, 2020
Interest rates – increase by 100 basis points (100 basis points)*	67.80	228.75
Interest rates – decrease by 100 basis points (100 basis points)*	(67.80)	(228.75)

* Holding all other variables constant

Fair value sensitivity analysis for fixed rate instruments

The Company's fixed rate instruments are carried at amortised cost and are not measured for interest rate risk, as neither the carrying amount nor the future cash flows will fluctuate because of changes in market interest rates.

(Currency : Indian Rupees in lakhs)

46. Capital Management

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements from its regulators and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The pillars of its policy are as follows:

a) Maintain diversity of sources of financing and spreading the maturity across tenure buckets in order to minimize liquidity risk.

b) Maintain investment grade ratings for all its liability issuances domestically and internationally by ensuring that the financial strength of the balance sheets is preserved.

c) Manage financial market risks arising from Interest rate, equity prices and minimise the impact of market volatility on earnings.

d) Leverage optimally in order to maximise shareholder returns while maintaining strength and flexibility of balance sheet.

This framework is adjusted based on underlying macro-economic factors affecting business environment, financial market conditions and interest rates environment.

No changes have been made to the objectives, policies and processes from the previous years except those incorporated on account of regulatory amendments. However, they are under constant review by the Board

Regulatory capital

As an NBFC, the RBI requires us to maintain a minimum capital to risk weighted assets ratio ("CRAR") consisting of Tier I and Tier II capital of 15% of our aggregate risk weighted assets. Further, the total of our Tier II capital cannot exceed 100% of our Tier I capital at any point of time. The capital management process of the Company ensures to maintain a healthy CRAR at all the times.
The Company has complied with the notification RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 "Implementation of Indian Accounting Standards" issued by Reserve Bank of India.

Please refer note 57.1 - "Capital Adequacy Ratio" under additional disclosures related to RBI (note 57) for the details of the same

47. Changes in liabilities arising from financing activities

Changes in liabilities arising from financing activities for the year ended March 31, 2021

	Particulars	As at March 31, 2020	Cash Flows (net)	Changes in Fair value	Others (net)*	As at March 31, 2021
i)	Debt securities	52,076.26	15,918.46	-	699.95	68,694.68
ii)	Borrowings other than debt securities	19,535.16	(12,861.38)	-	(115.79)	6,557.99
iii)	Deposits	256.72	(100.00)	-	(156.72)	-
	Total	71,868.14	2,957.08	-	427.44	75,252.67

Changes in liabilities arising from financing activities for the year ended March 31, 2020

	Particulars	As at April 1, 2019	Cash Flows (net)	Changes in Fair value	Others (net)*	As at March 31, 2020
i)	Debt securities	36,996.77	17,649.31	-	(2,569.82)	52,076.26
ii)	Borrowings other than debt securities	63,778.11	(46,531.82)	-	2,288.87	19,535.16
iii)	Deposits	521.04	(264.32)	-	-	256.72
	Total	101,295.92	(29,146.83)	-	(280.95)	71,868.14

48. Transferred financial assets

48.1 Transferred financial assets that are derecognised in their entirety but where the Company has continuing involvement

The Company has not transferred any assets that are derecognised in their entirety where the Company continues to have continuing involvement.

48.2 Transferred financial assets that are derecognised in their entirety

The Company has assigned loans (earlier measured at amortised cost) by way of direct assignment. As per the terms of these deals, since substantial risk and rewards related to these assets were transferred to the extent after maintainning the required MMR to the buyer, the assets have been de-recognised from the Company's Balance Sheet. The table below summarises the carrying amount of the derecognised financial assets :

Particulars	As at March 31, 2021	As at March 31, 2020
Assignment		
Carrying amount of de-recognised financial asset	1,148.20	2,040.64
Carrying amount of retained assets at amortised cost	326.41	431.18
Total	**1,474.61**	**2,471.82**

49. Foreign exchange earnings/outflow

The foreign exchange earnings and outflow is Rs. Nil during the year ended March 31, 2021 (March 31, 2020: Rs. Nil)

50 The Company had invested in 50 Perpetual Subordinated Unsecured Basel III Compliant Additional Tier I Bonds ("AT I Bonds") issued by Yes Bank Limited aggregating to Rs.500 Lakhs on October 18, 2017. Yes Bank Limited has fully written down AT I Bonds in their financial statements for year ended 31 March 2020. Axis Trustee, representing the Bondholders, has filed a Writ Petition in the Hon'ble Bombay High Court to seek a restraining order against the Issuer to unilaterally write down the bonds to zero. Subsequently, the Honourable Court has directed that any action taken by Yes Bank Limited shall be subject to outcome of the writ petition. Since the matter filed by Axis Trustee is pending in the Bombay High Court for further orders, and sufficient time has lapsed, the Management has taken a conservative view to write down the carring amount of the bond of Rs. 100 Lakhs completely as on March 31, 2021.

51. The Company along with JBCG Advisors Private Limited (JBCG) had entered into a facility agreement as co-borrowers, of an amount upto Rs. 10,000 lakhs. The entire facility was drawn down by JBCG. In addition to the security provided by JBCG, the Company has provided identified Loan Receivables in connection with its Supply Chain Business of the Company. The facility is outstanding to the extent of Rs. 2,500 lakhs as at March 31, 2021. (as at March 31, 2020 – Rs 10,000).

52. The outbreak of COVID-19 pandemic across the globe and in India had a significant impact on the global and Indian financial markets and slowdown in economic activities.The Company has granted moratorium up to six months on the payment of instalments falling due between March 01, 2020 and August 31, 2020 to all eligible borrowers based on the Board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated March 27, 2020 and May 23, 2020 relating to 'COVID-19 - Regulatory Package' and RBI guidelines on Asset Classification and Provisioning dated April 17, 2020.Further, period for which moratorium is granted has not been considered for computing days past due (DPD) as on March 31, 2021. Extension of such moratorium benefit to the borrowers as per the COVID-19 Regulatory Package of the Reserve Bank of India (RBI) and DPD freeze for such period, by itself, was not assessed/considered to result in significant increase in the credit risk as per Ind AS 109 for staging of accounts. The Company had made provisions as per the adopted ECL model for impairment on financial instruments.

Currently, the Company has considered the moratorium, various other measures taken by Government and the DPD status from the end of the moratorium period and the collection efficiency of the Company and accordingly have assessed that no additional provisioning on account of impact of COVID 19 is required as on March 31, 2021. Further, the Company's current view is that all other assets of the Company are recoverable. The impact of COVID -19 is dynamic, evolving and uncertain and impact assessment is based on the current situation. However, the actual impact may vary due to prevailing uncertainty caused by the pandemic.

53. Hon'ble Supreme Court , in a public interest litigation (Gajendra Sharma vs. Union Bank of India & Anc) vide an interim order dated September 3, 2020 had directed that accounts which were not declared NPA till August 31, 2020 shall not be declared as NPA till further orders. Accordingly, the Company did not classify any account which was NPA as of August 31, 2020 as per the RBI IRAC norms, as NPA after August 31, 2020. Basis the said interim order, until December 31, 2020, the Company did not classify any additional borrower account as NPA as per RBI or other regulatory prescribed norms after August 31, 2020 which were not NPA as of August 31, 2020.

The interim order stood vacated on March 23, 2021 vide the judgement of the Hon'ble Supreme Court in the matter of Small Scale Industrial manufacturers Association v/s UOI & Ors. and other connected matters. In accordance with the instructions in paragraph 5 of the RBI circular no. RBI/2021-22/17 DOR.STR. REC. 4/ 21.04.048/ 2021-22, dated April 07, 2021 issued in this connection, the Company has now classified the borrower account as per the extant RBI norms/IRAC norms and as per the ECL model under Ind AS Financial Statements as on March 31, 2021.

53A In accordance with the instructions in aforementioned RBI circular dated April 7, 2021, and the Indian Banks Association (IBA) advisory letter dated April 19, 2021, the Company has put in place the Board approved policy to refund / adjust the interest on interest charged during the moratorium period of March 01, 2020 to August 31, 2020 to eligible borrowers under the abovementioned circular and advisory. The Company had estimated the benefit to be extended to the eligible borrowers and created a liability /credited the Borrowers account towards the estimated interest relief and reduced the same from interest income amounting to Rs. 20.71 Lakhs.

54. Disclosure as per the circular no DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020 issued by Reserve Bank of India on "COVID 19 regulatory package - Asset Classification and provisioning" are given below

For the year ended March 31, 2021

i) Amounts in SMA/overdue categories where moratorium/deferment was extended in terms of paragraph 2 and 3 of the above circular* amounts to Rs.41,770.62 Lakhs

ii) Respective amount where asset classification benefit is extended : NIL

iii) Provisions made during year ended March 31, 2021 in terms of paragraph 5 of the above circular :
The Company has provision for impairment loss under ECL model for the year ended March 31, 2021 (Refer Note 52,53 & 53A above).
Further, the Company has considered the additional provisions for the purpose of RBI circular mentioned in this note for provision computation under IRAC Norms as required under RBI Circular dated March 13, 2020

iv) Provisions adjusted against the respective accounting periods for slippages and residual provisions in terms of paragraph 6 of the above circular : NA

* Outstanding as on March 31, 2021 on account of SMA categories cases where moratorium benefit is extended by the Company up to August 31, 2020

** There are nil accounts as on March 31, 2021 where the asset classification benefit is extended for cases which were entitled to a moratorium until August 31, 2020, as the asset classification is based on the actual performance of the account post moratorium period is over

(Currency : Indian Rupees in lakhs)

55. During the year ended March 31, 2021, the Company has invoked resolution plans to relieve COVID-19 pandemic related stress to eligible borrowers.The resolution plans are based on the parameters laid down in the resolution policy approved by the Board of Directors of the Company and in accordance with the guidelines issued by the RBI on August 6, 2020. The staging of accounts and provisioning for the eligible accounts where the resolution plans are invoked and implemented in accordance with the Board approved policy in this regard.

Disclosure as per the format prescribed as per the notification no. RBI/2020-21/16 DOR.NO.BP.BC/3.21.04.048/2020-21 dated August 6, 2020 for the year ended March 31, 2021

(Rs in Lakhs)

Type of Borrower	**(A)** **Number of accounts where resolution plan has been implemented under this window**	**(B)** **exposure to accounts mentioned at (A) before implementation of the plan**	**(C)** **Of(B) aggregate amount of debt that was converted into other securities**	**(D)** **Additional funding sactioned, if any, including between invocation of the plan and Implementation**	**(E)** **Increase in provisions on account of the implementaion of resolution plan (Refer footnote below)**
Personal Loans	-	-	-	-	-
Corporate Loans	1	2,139.65	-	-	11.13
Of which, MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	**1**	**2,139.65**	**0**	**0**	**11.13**

*** As defined in Section 3 (7) of the Insolvency and Bankruptcy Code, 2016**

The above increase in provision of Rs. 11.13 Lakhs on account of the implementation of the resolution plan is as per Ind AS

Disclosure as per the format prescribed as per the notification no. RBI/2020-21/17 DOR.NO.BP.BC/3.21.04.048/2020-21 dated August 6, 2020 on "Micro, Small and Medium Enterprise (MSME) Sector - Restructuring of Advances" having exposure less than or equal to Rs 25 Crores for the year ended March 31, 2021

(Rs in Lakh)

Number of accounts restructured	**Amount**
3	395.46

56. The Company had credited an ex-gratia amount of Rs. 2.66 Lakhs for the payment of difference between the compound interest and simple interest to the accounts of borrowers in specified loan accounts between March 1, 2020 and August 31, 2020 as per the eligibility criteria and other features as mentioned in the notification dated October 23, 2020 issued by Government of India, Ministry of Finance, Department of Financial Services. The Company had filed a claim with the State Bank of India for reimbursement of the said ex-gratia amount as specified in the notification and same is receivable on March 31, 2021.

Centrum Financial Services Limited
Notes to the financial statements as at and for the year ended March 31, 2021

(Currency : Indian Rupees in lakhs)

57. Regulatory disclosures - RBI

The following additional information is disclosed in the terms of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued vide Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01,2016 as amended.

The additional disclosure notes required by the Reserve Bank of India (RBI) are prepared under Indian Accounting Standards (Ind AS) issued by Ministry of Corporate Affairs (MCA), unless otherwise stated.

57.1 Capital to risk assets ratio (CRAR)

	As at March 31, 2021	As at March 31, 2020
CRAR (%)	30.69%	25.27%
CRAR - Tier I capital (%)	24.03%	23.43%
CRAR - Tier II Capital (%)	6.67%	1.84%
Amount of hybrid debt raised as tier II capital	1,509.14	1,509.14
Amount of Subordinated debt raised as tier II capital	5,011.51	-
Amount raised by issue of perpetual debt instruments		-

Calculated as per RBI notification RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 "Implementation of Indian Accounting Standards" issued by RBI on March 13, 2020.

"Tier I capital", "Tier II capital", "Owned fund" are calculated as defined in Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and notification RBI/2019-20/170 DOR BFC).CC.PD.No.109/22.10.106/2019-20 "Implementation of Indian Accounting Standards" issued by RBI on March 13, 2020.

57.2 Investments

		As at March 31, 2021	As at March 31, 2020
I)	**Value of Investment**		
(i)	**Gross value of investments**		
(a)	In India	5,900.27	4,650.88
(b)	Outside India	-	-
(ii)	**Provisions for depreciation**		
(a)	In India	19.40	8.18
(b)	Outside India		-
(iii)	**Net value of investments**		
(a)	In India	5,880.87	4,642.70
(b)	Outside India		-

II) Movement of provisions held towards depreciation on investments.

	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening balance	8.18	10.07
Add : Provisions made during the year	11.22	0.70
Less : Write-off / write-back of excess provisions during the year	-	(2.59)
Closing balance	**19.40**	**8.18**

57.3 Derivatives

The Company has not entered into any forward rate agreements, interest rate swaps, exchange traded interest rate derivatives. However Company have entered into Option Contracts to hedge market linked debentures (For details refer Note 5).

(Currency : Indian Rupees in lakhs)

57.4 Asset liability management

(A) Maturity pattern of certain items of assets and liabilities as at March 31, 2021

A.i

	Assets		
	Loans	**Investments**	**Foreign Currency Assets**
1 day to 7 days	8,718.61	-	-
8 day to 14 days	2,491.67	-	-
15 day to 30/31 days (One month)	6,536.68	650.08	-
Over One months to 2 months	9,021.65	-	-
Over 2 months up to 3 months	8,164.46		-
Over 3 months to 6 months	9,636.31	83.67	-
Over 6 months to 1 year	9,795.17	1,251.81	-
Over 1 year to 3 years	19,178.82	1,539.68	-
Over 3 years to 5 years	3,333.44	-	-
Over 5 years	5,435.97	2,355.63	-
	82,312.78	**5,880.87**	**-**

A.ii

	Liabilities		
	Borrowings & Debt Securities	**Deposits #**	**Foreign Currency Liabilities**
1 day to 7 days	6.55	-	-
8 day to 14 days	301.35	-	
15 day to 30/31 days (One month)	237.83	-	
Over One months to 2 months	1,810.04	-	-
Over 2 months up to 3 months	414.68	-	-
Over 3 months to 6 months	5,788.44	-	-
Over 6 months to 1 year	14,469.49	-	-
Over 1 year to 3 years	44,102.04	-	-
Over 3 years to 5 years	1,613.12	-	-
Over 5 years	6,509.13	-	-
	75,252.67	**-**	**-**

(B) Maturity pattern of certain items of assets and liabilities as at March 31, 2020

B.i

	Assets		
	Loans	**Investments**	**Foreign Currency Assets**
1 day to 7 days	245.13	-	-
8 day to 14 days	1,805.59	-	-
15 day to 30/31 days (One month)	6,496.86	-	-
Over One months to 2 months	7,217.65	-	-
Over 2 months up to 3 months	18,278.10	369.15	-
Over 3 months to 6 months	16,632.23	369.10	-
Over 6 months to 1 year	13,492.80	1,152.49	-
Over 1 year to 3 years	15,914.88	1,151.96	-
Over 3 years to 5 years	2,353.87	1,500.00	-
Over 5 years	1,951.59	100.00	-
	84,388.70	**4,642.70**	**-**

B.ii

	Liabilities		
	Borrowings & Debt Securities	**Deposits #**	**Foreign Currency Liabilities**
1 day to 7 days	0.39	-	-
8 day to 14 days	1,850.71	-	-
15 day to 30/31 days (One month)	4,585.54	256.72	-
Over One months to 2 months	3,648.46	-	-
Over 2 months up to 3 months	7,396.00	-	-
Over 3 months to 6 months	4,548.53	-	-
Over 6 months to 1 year	21,079.64	-	-
Over 1 year to 3 years	26,463.24	-	-
Over 3 years to 5 years	2,038.91	-	-
Over 5 years	-	-	-
	71,611.42	**256.72**	**-**

This pertains to inter corporate deposits

(Currency : Indian Rupees in lakhs)

57.5 Exposures

Exposure to real estate sector

		As at March 31, 2021	As at March 31, 2020
a)	**Direct exposure**		
	Residential mortgages -		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented:(Individual housing loans up to Rs.15 lakhs may be shown separately)	-	-
	Commercial real estate -		
	Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure includes non-fund based (NFB) limits.	10,372.90	10,155.45
	Investments in mortgage backed securities (MBS) and		
	- Residential	-	-
	- Commercial Real Estate	-	-
b)	**Indirect exposure**		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-
c)	**Others**	-	-
		10,372.90	**10,155.45**

Exposure to capital market

		As at March 31, 2021	As at March 31, 2020
a)	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	2,355.63	1,500.25
b)	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	2,856.32	-
c)	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.	-	-
d)	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.	2,550.27	4,323.09
e)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers.	-	-
f)	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 anticipation of raising resources	-	-
g)	bridge loans to companies against expected equity flows / issues	-	-
h)	all exposures to Venture Capital Funds (both registered and unregistered)	-	-
i)	others (not covered above)	2,893.86	3,150.63
		10,656.08	**8,973.97**

(Currency : Indian Rupees in lakhs)

57.6 Details of financing of parent company products:

Details of financing of parent company products: Nil (Previous year : Nil)

57.7 Details of single borrower limit and borrower group limit exceeded by the Company:

During the year ended March 31, 2021 and March 31, 2020, the Company's credit exposure to single borrowers and group borrowers were within the limits prescribed by the RBI.

57.8 Unsecured advances

The portfolio of Company includes unsecured loans the details of which are provided in Note 7. During the year, the Company has not given any advance against collateral of rights, licenses, authority, etc. (Previous year : Nil).

57.9 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

57.10 Disclosure of penalties imposed by RBI and other regulators- Rs.Nil (Previous year - Rs. Nil)

57.11 Related party transactions

All material transactions with related parties are reflected in Note 41

57.12 Details of transaction with non executive directors - Rs. Nil (Previous year - Rs. Nil)

Non-Executive Directors have no pecuniary relationship with the Company, except receiving sitting fees for the meetings attended.

57.13 Provisions and contingencies

	As at March 31, 2021	As at March 31, 2020
Breakup of provisions and contingencies shown under the head other expenses in the Statement of Profit and loss		
Impairment allowance on Investment	11.09	(1.88)
Provision towards Stage 3	327.22	223.85
Provision made towards Income tax	-	-
Provision for Stage 1/Stage 2 Assets including restructured and others	13.74	(259.02)
Other Provision and Contingencies *	215.70	180.80
***Other provisions and contingencies**		
Provision for gratuity expense	30.76	30.23
Provision for leave encashment expense	1.20	(30.69)
Provision for ESOP	183.74	181.26
Total	**215.70**	**180.80**

57.14 Draw down from reserves

During the current year the Company has not drawn from any reserve. (Previous year : Nil)(Refer note 22)

57.15 Concentration of deposits, advances, exposures and NPA assets

		As at March 31, 2021	As at March 31, 2020
A.	**Concentration of advances**		
	Total Advances to twenty largest borrowers	39,145.80	36,642.76
	% of Advances to twenty largest borrowers to Total Advances	47.01%	42.76%
B.	**Concentration of exposures**		
	Total Exposures to twenty largest borrowers / Customers	39,527.30	38,191.84
	% of Exposures to twenty largest borrowers / Customers to Total Advances	46.79%	43.64%
C.	**Concentration of NPA Advances**		
	Total Exposures to top Four NPA Assets	1,280.15	1,916.81

(Currency : Indian Rupees in lakhs)

57.15 ***Concentration of deposits, advances, exposures and NPA assets (Continued)***

D. Sector-wise NPA Assets

	% of NPA assets to Total Advances in that sector	
Sectors	**As at March 31, 2021**	**As at March 31, 2020**
Agriculture & allied activities	-	-
MSME	0.05%	-
Corporate borrowers	2.56%	2.22%
Services	-	-
Unsecured loans - Bill discounting	0.46%	2.08%
Auto loans	-	-
Other loans	-	-

The amount of NPAs and advances considered while calculating the above percentages are excluding notional Ind AS adjustment.

E. Concentration of deposits

The Company is a Non Deposit Accepting Systemically Important NBFC. Accordingly, the Company has not accepted any deposits during the current and previous year. Also there are no outstanding deposits from earlier years (Previous Year : Nil).

57.16 Movement in non-performing assets (NPAs)

The following table sets forth, for the periods indicated, the details of movement of Stage 3 assets net of provision (Also refer note 7.b)

	As at March 31, 2021	**As at March 31, 2020**
(i) Net NPAs to net advances (%) #	0.62%	0.96%
(ii) Movement of NPAs (gross)		
(a) Opening balance	1,916.81	1,703.38
(b) Additions during the year	303.35	213.43
(c) Reductions during the year	(940.01)	
(d) Closing balance	**1,280.15**	**1,916.81**
(iii) Movement of net NPAs		
(a) Opening balance	815.38	825.80
(b) Additions during the year	258.22	-
(c) Reductions during the year	(539.94)	(10.42)
(d) Closing balance	**533.67**	**815.38**
(iv) Movement of provisions for NPAs (excluding provision on standard assets)		
(a) Opening Balance	1,101.43	877.58
(b) Additions during the year	45.13	223.85
(c) Write off/ write back of excess provision	(400.07)	-
(d) Closing balance	**746.49**	**1,101.43**

The Loans in the nature of debentures (Refer Note 8) has been treated as Advances and accordingly considered for purpose of above disclosure of Movement in NPA's.

57.17 Customer complaints

		For the year ended March 31, 2021	**For the year ended March 31, 2020**
i)	No. of complaints pending at the beginning of the year	Nil	Nil
ii)	No. of complaints received during the year	5	2
iii)	No. of complaints redressed during the year	5	2
iv)	No. of complaints pending at the end of the year	Nil	Nil

57.18 Rating assigned by credit rating agencies

Instruments	**Credit Rating Agency**	**As at March 31, 2021**	**As at March 31, 2020**
Bank Loan Long-term*	CARE	CARE BBB+; Stable	CARE A -; Negative
Commercial Paper	CARE	CARE A1+ (CE)	CARE A1+ (CE)
Commercial Paper	ICRA	ICRA A1+ (CE)	ICRA A1+ (CE)
Long Term Market Linked Debentures#	CARE	CARE PP-MLD BBB+; Stable	CARE PP-MLD A-; Negative
Pass Through Certificates	CRISIL	CRISIL A1+ (SO);CRISIL A4 (SO)	-
Non-convertible Debentures (excluding MLDs)	CARE	CARE BBB+; Stable	-

Note : *Outlook changed from CARE A- Negative to CARE BBB+ ; Stable on September 30, 2020
#Outlook changed from CARE PP MLD A- Negative to CARE PP-MLD BBB+; Stable on September 30, 2020

(Currency : Indian Rupees in lakhs)

57. *Regulatory disclosures - RBI (Continued)*

57.19 Disclosures relating to assignment and securitisation

57.19.1 Disclosures relating to securitisation

Outstanding amount of Securitised as per the books of Sponsored SPVs

The information on securitization of the Company as an originator in respect of outstanding amount of securitized assets is given below :

Sr No	Particulars	As at March 31, 2021	As at March 31, 2020
a)	No. of accounts sponsored by NBFC for Securitization transaction*	4,038.00	-
b)	Total Amount of Securitized Assets as per books of the SPVs sponsored (Rs in Lakhs)	5,000.00	-
c)	Total amount of exposures retained by the NBFC to comply with MRR as on the date of Balance Sheet		
	Off-balance sheet exposures	-	-
	- First loss	-	-
	- Others		
	On-balance sheet exposures		
	- First loss	-	-
	- Others	750.00	-
d)	Amount of exposures to securitisation transactions other than MRR	-	-
	Off-balance sheet exposures		
	Exposure to own securitisations		
	- First loss	-	-
	- Others	-	-
	Exposure to third party securitisations		
	- First loss	-	-
	- Others	-	-
	On-balance sheet exposures		
	Exposure to own securitisations		
	- First loss	-	-
	- Others	650.66	-
	Exposure to third party securitisations		
	- First loss	-	-
	- Others	-	-

*As per the agreement of securitization transaction the loan pool of Rs. 5000 Lakhs is required to be maintained throughout the tenor of the agreement. The no. of accounts might keep on changing to maintain the required pool.

(Currency : Indian Rupees in lakhs)

57.19.2 Outstanding amount of assigned assets as per books of the SPVs sponsored

The information on direct assignment of the Company as an originator in respect of outstanding amount of assets assigned under par structure is given below:

No.	Particulars	As at March 31, 2021	As at March 31, 2020
1	No. of transactions assigned by the Company	4.00	4.00
2	Total amount outstanding	1,474.67	2,199.32
3	Total amount of exposures retained by the Company to comply with MRR as on		
	(a) Off-Balance Sheet exposures		
	First loss	-	-
	Others	-	-
	(b) On-Balance Sheet exposures		
	First loss		-
	Others	326.41	431.18
4	Amount of exposures to assigned transaction other than MRR		
	(a) Off-Balance Sheet exposures		
	(i) Exposure to own securitisations		
	First loss	-	-
	Loss	-	-
	(ii) Exposure to third party securitisations		
	First loss	-	-
	Others	-	-
	(b) On-Balance Sheet exposures		
	(i) Exposure to own securitisations		
	First loss	-	-
	Others	-	-
	(ii) Exposure to third party securitisations		
	First loss	-	-
	Others	-	-

Total outstanding amounts and MRR as on the date of the balance sheet are excluding notional Ind AS adjustments.

The information on direct assignment of the Company as an originator in respect of outstanding amount of assets assigned under premium structure is given below:

Sr. No.	Particulars	As at March 31, 2021	As at March 31, 2020
1	No. of transactions assigned by the Company	-	-
2	Total amount outstanding	-	-
3	Total amount of exposures retained by the Company to comply with MRR as on		
	(a) Off-Balance Sheet exposures		
	First loss	-	-
	Others	-	-
	(b) On-Balance Sheet exposures		
	First loss	-	-
	Others	-	-
4	Amount of exposures to assigned transaction other than MRR		
	(a) Off-Balance Sheet exposures		
	(i) Exposure to own securitisations		
	First loss	-	-
	Loss	-	-
	(ii) Exposure to third party securitisations		
	First loss	-	-
	Others	-	-
	(b) On-Balance Sheet exposures		
	(i) Exposure to own securitisations		
	First loss	-	-
	Others	-	-
	(ii)Exposure to third party securitisations		
	First loss	-	-
	Others	-	-

(Currency : Indian Rupees in lakhs)

57.19.3 Disclosure as required under 'Guidelines to banks/ FIs on sale of Financial Assets to Securitisation Company (SC)/ Reconstruction Company (RC) (created under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002)', issued by Reserve Bank of India (RBI) vide its circular no. DBOD No.BP.BC. 96/ 21.04.048/ 2002-03 on April 23, 2003, as amended from time to time and RBI Master Direction Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 1, 2016, as amended from time to time.

(A) During the year, the Company has sold assets to an ARC on cash basis amounting to Rs. 1,042 lakhs (aggregate consideration received), whose Net asset value in books (aggregate outstanding) was Rs. 622.85 lakhs. Net Gain on the same amounted to Rs. 419.15 lakhs. ECL provision created on this loan asset amounted to Rs. 682.15 lakhs which got reversed.

Details of financial assets sold to securitisation/reconstruction company for asset reconstruction

	Particulars	As at March 31, 2021	As at March 31, 2020
i)	No. of accounts	2.00	-
ii)	Aggregate value (net of provisions) of accounts sold	622.85	-
iii)	Aggregate consideration	1,042.00	-
iv)	Additional consideration realized in respect of accounts transferred in earlier	-	-
v)	Aggregate gain/(loss) over net book value	419.15	-

Please note, out of the above, one loan asset with aggregate outstanding of Rs. 680 lakhs was classifed as NPA, however another loan account with aggregate outstanding of Rs. 625 lakhs was not classfiied as NPA in accordance with the interim order dated September 3, 2020 passed by the Hon'ble Supreme Court , in a public interest litigation (Gajendra Sharma vs. Union Bank of India & Anc). However, provisioning had been done basis Stage 3 classification in accordance with ECL policy of the Company.

(B) Further, the Company also sold collateral of one of the stressed asset and recovered it's dues. The aggregate consideration received was Rs. 572 lakhs and Net asset value in the books (aggregate outstanding) was Rs. 630.56 lakhs. Net loss on the same amounted to Rs. 135.07 lakhs. ECL provision created on this loan asset amounted to Rs. 76.51 lakhs which got reversed.

57.19.4 Details of assignment transactions undertaken by the Company

	Particulars	As at March 31, 2021	As at March 31, 2020
i)	No. of accounts	4.00	11.00
ii)	Aggregate value (net of provisions) of accounts sold	3,322.77	3,533.69
iii)	Aggregate consideration	2,025.00	2,990.70
iv)	Additional consideration realized in respect of accounts transferred in earlier		-
v)	Aggregate gain/(loss) over net book value	-0.99	-1.91

57.20 Details of non-performing financial assets purchased / sold by the Company

The Company has sold non performing assets during the year ended March 31, 2021, (Refer note: 57.19.3).(Previous year : Nil)

57.21 Disclosure of Restructured Accounts

(as required by RBI guidelines under reference DNBS. CO. PD. No. 367 / 03.10.01 / 2013-14 dated January 23, 2014)
No loan have been restructured during the year except as mentioned in note no. 55. (Previous year: Nil)

(Currency : Indian Rupees in lakhs)

57. ***Regulatory disclosures - RBI (Continued)***

57.22 Comparison of Regulatory Provision for NPA and Impairment Provision as per Ind AS (Refer Note No. 22)

Asset Classification as per RBI Norms	as per IndAS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between IndAS 109 provisions and IRACP norms
Performing						
Standard	Stage-1	73,931.28	169.74	73,761.54	982.53	(812.79)
	Stage-2	8,060.75	43.17	8,017.58	624.07	(580.90)
Sub total		**81,992.03**	**212.91**	**81,779.12**	**1,606.60**	**(1,393.69)**
Non Performing Assets (NPA)						
Substandard	Stage-3	6.07	3.46	2.61	0.69	2.77
Doubtful						
up to 1 year	Stage-3	159.39	98.86	60.53	152.07	(53.21)
1 to 3 Years	Stage-3	1,114.69	644.17	470.52	738.54	(94.37)
More than 3 years	Stage-3	-	-	-	-	-
Sub total for Doubtful		**1,274.08**	**743.03**	**531.05**	**890.61**	**(147.58)**
Loss	Stage-3	-	-	-	-	-
Subtotal for NPA		**1,280.15**	**746.49**	**533.66**	**891.30**	**(144.81)**
Loan in the Nature of Debentures	Stage-1	2,893.85	19.27	2,874.58	11.58	7.69
Total	**Stage-1**	**76,825.13**	**189.01**	**76,636.12**	**994.11**	**(805.10)**
	Stage-2	**8,060.75**	**43.17**	**8,017.58**	**624.07**	**(580.90)**
	Stage-3	**1,280.15**	**746.49**	533.66	**891.30**	**(144.81)**
	Total	**86,166.03**	**978.67**	**85,187.36**	**2,509.48**	**(1,530.81)**

(Currency : Indian Rupees in lakhs)

57. ***Regulatory disclosures - RBI (Continued)***

57.23 Disclosure on liquidity risk under RBI circular no. RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated November 04, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies from March 31, 2020 onwards

57.23.a Funding Concentration based on significant counterparty (borrowings, debt securities)

Particulars	As at March 31, 2021	As at March 31, 2020
No. of Significant Counterparties*	8.00	12.00
Amount (₹ in lakh)#	32,075.92	27,609.37
Percentage of funding concentration to total deposits	0%	0%
Percentage of funding concentration to total liabilities	37.93%	35.62%

*Significant counterparty is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated 4 November 2019 on Liquidity Risk Management Framework for Non Banking Financial Companies and Core Investment Companies.

57.23.b Top 20 large deposits

Not applicable

57.23.c Top 10 Borrowings

Particulars	As at March 31, 2021	As at March 31, 2020
Total amount of top 10 borrowings (₹ in lakh)#	33,244.92	25,843.37
Percentage of amount of top 10 borrowings to total borrowings	44.17%	35.77%

57.23.d Funding concentration based on significant instrument / product:**

		As at March 31, 2021		As at March 31, 2020	
	Particulars	**₹ in lakh#**	**% of Total liabilities**	**₹ in lakh#**	**% of Total liabilities**
a)	Market linked non-convertible debentures	37,649.00	44.52%	48,693.35	62.82%
b)	Non Covertible Debentures	24,121.84	28.53%	-	-
c)	Pass Through Certificate	4,302.23	5.09%	-	-
d)	Term loan	5,413.39	6.40%	17,497.85	22.57%
e)	Commercial paper	850.00	1.01%	1,873.77	2.42%
f)	Hybrid debt	1,509.14	1.78%	1509.14	1.95%
g)	Bank overdraft	1,424.59	1.68%	2,037.31	2.63%

**Significant instrument/product is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated November 4, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.
Total Liabilities represents total liabilities as per balance sheet less total equity

57.23.e Stock Ratios:

	Particulars	As at March 31, 2021	As at March 31, 2020
i)	Commercial Papers to Total Liabilities	1.01%	2.42%
ii)	Commercial Papers to Total Assets	0.74%	1.74%
iii)	Commercial Papers to Public funds***	1.15%	2.66%
iv)	NCD(Original Maturity < 1yrs.) to Total Liabilities	Nil	Nil
v)	NCD(Original Maturity < 1yrs.) to Total Assets	Nil	Nil
vi)	NCD(Original Maturity < 1yrs.) to Public funds***	Nil	Nil
vii)	Other Short Term Liabilities to Total Liabilities ##	29.40%	60.44%
viii)	Other Short Term Liabilities to Total Assets ##	21.64%	43.60%
ix)	Other Short Term Liabilities to Public funds*** ##	33.70%	66.59%
x)	Short Term Assets to Total Liabilities ###	87.61%	95.38%
xi)	Short Term Assets to Short Term Liabilities ###	298.01%	157.82%
xii)	Short Term Assets to Total Assets ###	64.49%	68.81%

*** Public funds is as defined in Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Direction, 2016.

All the above numbers are excluding notional Ind AS adjustments.

Other short term liabilities include all the financial liabilities maturing within next 12 months other than Commercial Paper and NCDs

Short Term Assets includes all the Financial Assets recoverable within next 12 months

The above ratios reflect the strength of the Company as the short term liabilities are adequately funded by short term assets indicating the financial stability of the organisation.

57.23.f Institutional set-up for liquidity risk management:

Centrum Financial Services Ltd. has an Asset Liability Management Committee (ALCO), a management level committee to handle liquidity risk management. The ALCO meetings are held at periodic intervals. At the apex level, the Risk Management Committee (RMC), a sub-committee of the Board of Directors of the Company, oversees the liquidity risk management. The RMC subsequently updates the Board of Directors on the same.

(Currency : Indian Rupees in lakhs)

57. ***Regulatory disclosures - RBI (Continued)***

57.24 Overseas assets
The Company did not have any Joint Ventures and Subsidiaries abroad as at March 31, 2021 (March 31, 2020: Nil).

57.25 Reporting of Frauds
The Company has not reported any fraud during the current year (Previous year : NIL)

57.26 Previous Year Comparatives
Previous Year's figures have been regrouped/reclassified wherever necessary, to confirm to current year's classification.

As per our report of even date attached.

For Haribhakti & Co. LLP
Chartered Accountants
ICAI Firm Registration No.103523W/W100048

Sumant Sakhardande
Partner
Membership No 034828

Mumbai
May 07, 2021

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

Ranjan Ghosh
Managing Director and CEO
DIN: 07592235

Shailendra Apte
Director
DIN: 00017814

Abhishek Baxi
Chief Financial Officer

Archana Goyal
Company Secretary

Mumbai
May 07, 2021

Annexure 1

Centrum Financial Services Limited
Notes to the financial statements as at and for the year ended March 31, 2021

(Currency : Indian Rupees in lakhs)

1. ***Regulatory disclosures - RBI***
1.21 **Schedule to the Balance Sheet of "Centrum Financial Services Limited" (as required in terms of paragraph 19 of Systemically Important Non-Banking Financial (Non- Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016**

Particulars	**As at March 31, 2021**			**As at March 31, 2020**		
Liabilities side :	**Amount outstanding**	**Amount overdue**	**Total**	**Amount outstanding**	**Amount overdue**	**Total**
1) Loans and advances availed by the non- banking financial company inclusive of interest accrued thereon but not paid:						
(a) Debentures : Secured				-	-	-
: Unsecured	6,520.65		6,520.65	1,509.14	-	1,509.14
(other than falling within the meaning of public deposits)						
(b) Deferred credits			-	-	-	-
(c) Term loans	4,802.21		4,802.21	17,432.12	-	17,432.12
(d) Inter-corporate loans and borrowing	-		-	256.72	-	256.72
(e) Commercial paper	805.91		805.91	1,873.77	-	1,873.77
(f) Public deposits			-	-	-	-
(g) Vehicle loan	50.09		50.09	65.73	-	65.73
(h) Bank Overdraft	1,424.59		1,424.59	2,037.31	-	2,037.31
Assets side :						
2) Break-up of loans and advances including bills receivables [other than those included in (4) below]						
(a) Secured	50,663.07		50,663.07	43,118.58	-	43,118.58
(b) Unsecured	32,609.11		32,609.11	42,566.88	-	42,566.88
Total	**96,875.63**	**-**	**96,875.63**	**108,860.25**	**-**	**108,860.25**
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	18.00	-	18.00	18.00	-	18.00
(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	2,475.00		2,475.00	2,960.00	-	2,960.00
(iii) Units of mutual funds	-	-	-	-	-	-
(iv) Government securities	-	-	-	-	-	-
(v) Others (security receipts)	-	-	-	-	-	-

Centrum Financial Services Limited
Notes to the financial statements as at and for the year ended March 31, 2021

(Currency : Indian Rupees in lakhs)

Particulars	As at March 31, 2021			As at March 31, 2020		
	Amount outstanding	Amount overdue	Total	Amount outstanding	Amount overdue	Total
Long term investments :						
1. Quoted						
(i) Shares : (a) Equity	-	-	-	-	-	-
(b) Preference	-	-	-	-	-	-
(ii) Debentures and bonds	-			100.00	-	100.00
(iii) Units of mutual funds	-	-	-	-	-	-
(iv) Government securities	-	-	-	-	-	-
(v) Others (please specify)	-	-	-	-	-	-
2. Unquoted						
(i) Shares : (a) Equity	-	-	-	-	-	-
(b) Preference	-	-	-	-	-	-
(ii) Debentures and bonds	2,355.00			1,500.00	-	1,500.00
(iii) Units of mutual funds	-	-	-	-	-	-
(iv) Government securities	-	-	-	-	-	-
(v) Others (Investment and investment property)	-	-	-	3,462.52	-	3,462.52

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)**		
Category	**Secured**	**Unsecured**	**Total**	**Secured**	**Unsecured**	**Total**
1. Related Parties						
(a) Subsidiaries	-	-	-	-	-	-
(b) Companies in the same group		3,303.11			6,608.74	6,608.74
2. Other than related parties	50,663.07	29,306.00	79,969.07	42,543.75	35,642.06	78,185.81
Total	**50,663.07**	**32,609.11**	**79,969.07**	**42,543.75**	**42,250.80**	**84,794.55**
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	2,355.00	-	2,355.00	1,500.00	-	1,500.00
2. Other than related parties	0.63	-	0.63	100.25	100.25	100.25
Total	**2,355.63**	**-**	**2,355.63**	**1,600.25**	**100.25**	**1,700.50**
7) Other Information						
Particulars	**Amount**	**Amount**	**Total**	**Amount**	**Amount**	**Total**
(i) Gross non- performing assets						
(a) Related parties	-	-	-	-	-	-
(b) Other than related parties	1,280.15	-	1,280.15	1,916.81	-	1,916.81
(ii) Net non- performing assets						
(a) Related parties	-	-	-	-	-	-
(b) Other than related parties	533.67	-	533.67	815.38	-	815.38
(iii) Assets acquired in satisfaction of debt	-	-	-	-	-	-

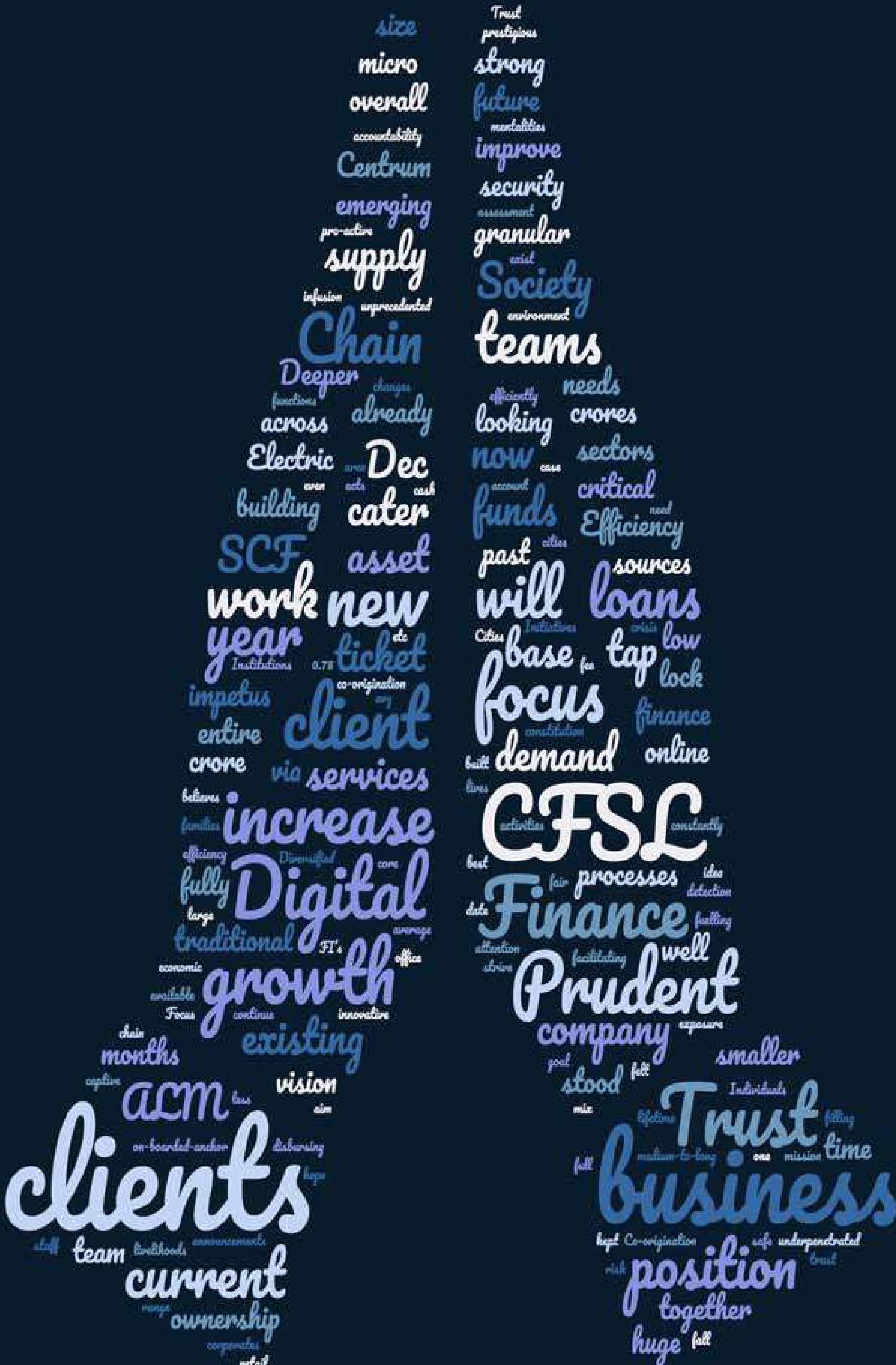
Notes:

1. Provisioning is done as per the ECL policy of the company

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.



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