

# HARIBHAKTI & CO. LLP

Chartered Accountants

## Auditors' Report

To,  
The Board of Directors of Centrum Financial Services Limited

1. We, Haribhakti & Co. LLP., have audited the Balance Sheet Centrum Financial Services Limited ('the Company') as at March 31, 2020 and also the Statement of Profit and Loss (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 and issued our audit report thereon with unmodified audit opinion dated June 11, 2020. These Ind AS financial statements are the responsibility of the Company's management. Our responsibility was to express an opinion on these Ind AS financial statements based on our audit. Our audit was conducted in the manner specified in "Auditor's Responsibilities for the Audit of the Ind AS Financial Statements" section of the Independent Auditor's Report.
2. The compliance with the requirements of the Master Direction - Non-Banking Financial Company -Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 , issued by the Reserve Bank of India ('the Bank') amended from time to time, circulars and notifications in that regard('RBI Directions') is the responsibility of the Company's management. Our responsibility is to report on the matters specified in paragraphs 3 and 4 of Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016 issued by the Bank and amended from time to time ('the Directions') to the Board of Directors.
3. As required by the Directions, based on our audit referred to in paragraph 1 above and based on the information and explanations given to us which to the best of our knowledge and belief were necessary for this purpose, we report hereunder on the matters specified in paragraphs 3 and 4 of the Directions:
  - i) The Company is engaged in the business of a Non-Banking Financial Institution ('NBFI') as defined in section 45-I(a) of the Reserve Bank of India, Act 1934 ('the Act') during the year ended March 31, 2020. The Company is registered with the Bank as NBFI not accepting public deposits vide Certificate of Registration ('CoR') number B-13.01946 dated August 14, 2009 from the Bank.
  - ii) Based on the Principal Business Criteria (financial asset/income pattern) as on March 31, 2020 determined by the Management in accordance with the audited Ind AS financial statements for the year ended as on that date, the Company is entitled to continue to hold such CoR.
  - iii) The Company is meeting the required net owned fund requirement as laid down in RBI Directions.
  - iv) The Board of Directors of the Company have passed a resolution on April 23, 2019 stating that the Company has neither accepted public deposit nor would accept any public deposit.
  - v) In our opinion and according to the information and explanation given to us, the Company has not accepted any public deposits during the year ended March 31, 2020.
  - vi) The Company has adopted Indian Accounting Standards (referred to as "Ind AS") specified under section 133 of the Companies Act, 2013 read with the relevant rules issued there under from April 1, 2019 and the effective date of



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such transition is April 1, 2018. Such transition has been carried out from the erstwhile Accounting Standards specified under the Companies Act, 2013, (referred to as the "Previous GAAP"). The Company has complied with the RBI Circular No. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020 with respect to Income recognition, accounting standards, asset classification and impairment allowance.

- vii) Since the Company is Systemically Important Non-deposit taking NBFCs as defined in the RBI Directions :
- (a) The capital adequacy ratio as disclosed in the provisional return as on March 31, 2020 submitted to the Bank in form NBS- 7, has been correctly arrived at and such ratio is in compliance with the minimum CRAR prescribed by the Bank;
- (b) The Company has furnished to the Bank the provisional annual statement of capital funds, risk assets/exposures and risk asset ratio (NBS-7) within the stipulated period.
- viii) The Company is not a 'Non-Banking Financial Company- Micro Finance Institution (NBFC-MFI) as specified under para 3(xx) of the RBI Directions, accordingly the question of commenting on whether the Company has been correctly classified as NBFC- MFI as defined in the RBI Directions does not arise.
4. We have no responsibility to update this report for events and circumstances occurring after the date of this report.
5. This report is issued solely for reporting on the matters specified in paragraphs 3 and 4 of the Directions, to the Board of Directors and is not to be used or distributed for any other purpose.

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

  
Sumant Sakhardande  
Partner  
Membership No. 034828  
UDIN: 20034828AAAACQ2414  
Place: Mumbai  
Date: June 11, 2020



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## 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, 2020]

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 (Refer Note. 11 to the Ind AS financial statements) in the books of account of the Company are held in the name of the 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.
  - (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.



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- (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, except that there have been slight delay in one month in payment of TDS. 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. 32,040/- is still unpaid as the Professional Tax registration in the various states is not obtained.
- (b) There are no dues with respect to income tax, sales tax, service tax, value added tax, GST, customs duty, excise duty which have not been deposited on account of any dispute, except :

Name of the statute	Nature of dues	Amount (in 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)
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 institution, bank, government or dues to debenture holder.
- (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.



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- (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.
- (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



Sumant Sakhardande  
Partner



Membership No. 034828

UDIN: 20034828AAAACP5797

Place: Mumbai

Date: June 11, 2020

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## 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, 2020]

**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, 2020 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.



Haribhakti & Co. LLP, Chartered Accountants Regn. No. AAC- 3768, a limited liability partnership registered in India (converted on 17th June, 2014 from a firm Haribhakti & Co. FRN: 103523W)  
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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.

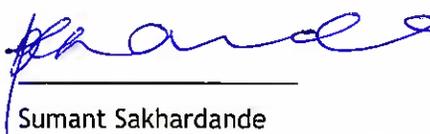
## Opinion

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, 2020, 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

  
Sumant Sakhardande  
Partner



Membership No. 034828

UDIN : 20034828AAAACP5797

Place: Mumbai

Date: June 11, 2020

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## 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, 2020, the Statement of Profit and Loss (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 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, 2020, 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.



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Key audit matters	How our audit addressed the key audit matter
<b>Transition to Ind AS accounting framework (as described in Note 2.1 and 54 of the Ind AS financial statements)</b>	
<p>The Company has adopted Ind AS from April 1, 2019 with an effective date of April 1, 2018 for such transition. For periods up to and including the year ended March 31, 2019, the Company had prepared and presented its financial statements in accordance with Accounting Standards prescribed under the section 133 of the Act (Indian GAAP).</p> <p>Accordingly, for transition to Ind AS, the Company has prepared its financial statements for the year ended March 31, 2020, together with the comparative financial information for the previous year ended March 31, 2019 and the opening Balance Sheet as at April 1, 2018 under Ind AS.</p> <p>The transition has involved significant change in the Company's policies and processes for financial reporting, including generation of supportable information and applying estimates to inter alia determine impact of Ind AS on accounting.</p> <p>In view of the significant degree of management judgment involved in implementation of the Ind AS framework and significance of the various disclosures, the transition to Ind AS accounting framework has been identified as an area of key focus in our audit of the Ind AS financial statements.</p>	<p>Our audit procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> <li>• Assessed the Company's process to identify the impact of adoption and transition to Ind AS;</li> <li>• Evaluated the design of internal controls and tested the operating effectiveness of key internal controls around the process of preparation of Ind AS financial statements;</li> <li>• Reviewed the mandatory and optional exemptions and exceptions allowed by Ind AS and availed by the Company in applying the first-time adoption principles of Ind AS 101;</li> <li>• Obtained an understanding of the governance over the determination of key judgments;</li> <li>• Evaluated and tested the key assumptions and judgments adopted by management in line with principles under Ind AS;</li> <li>• Assessed the disclosures made as required by the relevant Ind AS; and</li> <li>• Determined the appropriateness of the methodologies and models used along with the responsibility of the outputs.</li> </ul>
<b>Impairment of loans and advances (as described in Note 6 and 53 of the Ind AS financial statements)</b>	
<p>Ind AS 109 requires the Company to provide for impairment of its loan receivables (designated at amortised cost and fair value through other comprehensive income) using the expected credit loss (ECL) approach. ECL involves an estimation of probability weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit</p>	<p>We have started our audit procedures with understanding of the internal control 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.</p>



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Key audit matters	How our audit addressed the key audit matter
<p><b>Transition to Ind AS accounting framework (as described in Note 2.1 and 54 of the Ind AS financial statements)</b></p>	
<p>The Company has adopted Ind AS from April 1, 2019 with an effective date of April 1, 2018 for such transition. For periods up to and including the year ended March 31, 2019, the Company had prepared and presented its financial statements in accordance with Accounting Standards prescribed under the section 133 of the Act (Indian GAAP).</p> <p>Accordingly, for transition to Ind AS, the Company has prepared its financial statements for the year ended March 31, 2020, together with the comparative financial information for the previous year ended March 31, 2019 and the opening Balance Sheet as at April 1, 2018 under Ind AS.</p> <p>The transition has involved significant change in the Company's policies and processes for financial reporting, including generation of supportable information and applying estimates to inter alia determine impact of Ind AS on accounting.</p> <p>In view of the significant degree of management judgment involved in implementation of the Ind AS framework and significance of the various disclosures, the transition to Ind AS accounting framework has been identified as an area of key focus in our audit of the Ind AS financial statements.</p>	<p>Our audit procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> <li>• Assessed the Company's process to identify the impact of adoption and transition to Ind AS;</li> <li>• Evaluated the design of internal controls and tested the operating effectiveness of key internal controls around the process of preparation of Ind AS financial statements;</li> <li>• Reviewed the mandatory and optional exemptions and exceptions allowed by Ind AS and availed by the Company in applying the first-time adoption principles of Ind AS 101;</li> <li>• Obtained an understanding of the governance over the determination of key judgments;</li> <li>• Evaluated and tested the key assumptions and judgments adopted by management in line with principles under Ind AS;</li> <li>• Assessed the disclosures made as required by the relevant Ind AS; and</li> <li>• Determined the appropriateness of the methodologies and models used along with the responsibility of the outputs.</li> </ul>
<p><b>Impairment of loans and advances (as described in Note 6 and 53 of the Ind AS financial statements)</b></p>	
<p>Ind AS 109 requires the Company to provide for impairment of its loan receivables (designated at amortised cost and fair value through other comprehensive income) using the expected credit loss (ECL) approach. ECL involves an estimation of probability weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit</p>	<p>We have started our audit procedures with understanding of the internal control 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.</p>



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<p>quality of the Company's loans and advances. In the process, a significant degree of judgment has been applied by the Management for:</p> <ul style="list-style-type: none"><li>• Staging of loans [i.e. classification in 'significant increase in credit risk' ('SICR') and 'default' categories];</li><li>• Grouping of borrowers based on homogeneity by using appropriate statistical techniques;</li><li>• Estimation of behavioral life;</li><li>• Determining macro-economic factors impacting credit quality of receivables;</li><li>• Estimation of losses for loan products with no/minimal historical defaults.</li></ul> <p><b>Additional considerations on account of COVID-19</b></p> <p>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 May 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. The Company has considered the moratorium 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. The impact of COVID-19 is dynamic, evolving, uncertain and based on the current situation.</p> <p>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.</p>	<p>For loans and advances which are assessed for impairment on a portfolio basis we performed particularly the following procedures:</p> <ul style="list-style-type: none"><li>• We tested the reliability of key data inputs and related management controls;</li><li>• We checked the stage classification as at the balance sheet date as per the definition of Default of the Company;</li><li>• We recalculated the ECL provision for selected samples;</li><li>• 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;</li><li>• 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 Regulatory Packages issued by RBI dated March 27, 2020 and May 23, 2020 and RBI circular dated April 17, 2020; and</li><li>• 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.</li></ul>
<p><b>Impairment assessment of the carrying value of Goodwill (Refer Note 11.F to the Ind AS financial statements)</b></p>	
<p>The Company carries goodwill amounting to Rs. 1300.91 lakhs in its Ind AS financial statements as at March 31, 2020. This goodwill was</p>	<p>Our audit procedures included but were not limited to the following:</p>



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<p>recorded due to acquisition of Supply Chain Finance business from L&amp;T Finance Limited.</p> <p>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.</p> <p>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.</p> <p>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.</p>	<ul style="list-style-type: none"><li>• 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.</li><li>• 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.</li><li>• Relied on independent valuation expert for evaluating the assumptions around the key drivers of the cash flow projections including discount rates, expected growth rates and for reasonableness of the valuation methodology and book value multiple.</li><li>• Evaluated the objectivity and independence of the specialist engaged by the Company and reviewed the valuation reports issued by such specialist.</li></ul>
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## Emphasis of Matter

We draw attention to the following matters in the notes to the Ind AS financial statements:

1. Note 53 to the Ind AS financial statements, which explains that the classification of assets overdue but standard as on February 29 2020 where moratorium benefit has been granted, the staging of those accounts as on March 31, 2020 is based on the days past due status as on February 29, 2020, which will remain at a standstill during the moratorium period, in accordance with the Reserve Bank of India COVID-19 Regulatory Package. Further, the Company considers that all the assets are recoverable. Also, the extent to which COVID-19 pandemic will impact the Company's operations and financial results is dependent on future developments, which are highly uncertain.
2. Note 51 to the Ind AS financial statements, which pertains to the valuation of the investment in the Additional Tier I Bond of Yes Bank amounting to Rs.500 Lakhs by the Company. This matter is subjudice and the impact, if any, of the outcome is unascertainable.

Our opinion is not modified in respect of these matters.



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## 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. The Annual report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the 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.

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

## Responsibilities of Management and Those Charged with Governance for the 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 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.



# HARIBHAKTI & CO. LLP

Chartered Accountants

## 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.

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.

Haribhakti & Co. LLP, Chartered Accountants Regn. No. AAC- 3768, a limited liability partnership registered in India (converted on 17th June, 2014 from a firm Haribhakti & Co. FRN: 103523W)  
703, Venus Atlantis, 100 Ft. Road, Corporate Road, Prahlad Nagar, Ahmedabad - 380 015 T: +91 79 4032 0441/4032 0442  
Registered offices: 701, Leela Business Park, Andheri-Kurla Road, Andheri (E), Mumbai - 400 059, India  
Other offices: Bengaluru, Chennai, Coimbatore, Hyderabad, Kolkata, Mumbai, New Delhi, Pune.



# HARIBHAKTI & CO. LLP

Chartered Accountants

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.

## Other Matter

The comparative financial information of the Company for the year ended March 31, 2019 and the transition date opening balance sheet as at April 1, 2018 included in these Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by Walker Chandiook & Co. LLP, Chartered Accountants, whose report for the year ended March 31, 2019 and March 31, 2018 dated May 21, 2019 and May 16, 2018 respectively expressed an unmodified opinion on those financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

Our opinion is not modified in respect of this matter.

## 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, 2020, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of section 164(2) of the Act;



# HARIBHAKTI & CO. LLP

Chartered Accountants

- 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:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid/ provided by the Company to its directors during the year is in excess of the limits laid down under section 197 of the Act. Details of remuneration paid in excess of the limit laid down under this section are as given in Note 31 to the Ind AS financial statements;

- k. 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;

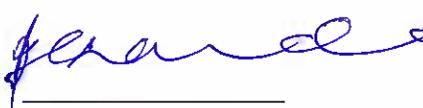
(ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

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

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 103523W / W100048

  
Sumant Sakhardande

Partner

Membership No. 034828

UDIN: 20034828AAAACP5797

Place: Mumbai

Date: June 11, 2020



**Centrum Financial Services Limited**

Balance Sheet as at March 31, 2020

(Currency : Indian Rupees in lakhs)

	Note No.	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
<b>ASSETS</b>				
<b>(I) Financial Assets</b>				
(a) Cash and cash equivalents	3	5,624.56	4,704.11	6,269.61
(b) Bank balances other than cash and cash equivalents	4	2,220.30	5,564.54	4,122.80
(c) Derivative financial instruments	5	1,638.80	705.26	935.26
(d) Loans	6	84,388.70	1,09,287.84	33,959.89
(e) Investments	7	4,642.70	6,693.77	3,752.92
(f) Other financial assets	8	1,072.99	2,055.26	1,350.95
		<b>99,588.05</b>	<b>1,29,010.78</b>	<b>50,391.43</b>
<b>(II) Non Financial Assets</b>				
(a) Current tax assets (Net)	9	2,039.60	1,136.65	585.57
(b) Deferred tax Assets (Net)		215.94	600.36	333.71
(c) Investment Property	10	3,397.84	3,454.48	3,510.95
(d) Property, Plant and Equipment	11	152.74	114.55	75.20
(e) Right-of-use assets	11	10.02	45.76	10.61
(f) Intangible assets under development		-	-	147.15
(g) Goodwill	11	1,442.02	1,442.02	141.11
(h) Other Intangible assets	11	207.31	162.56	8.86
(i) Other non financial assets	12	390.58	237.83	29.50
		<b>7,856.05</b>	<b>7,194.21</b>	<b>4,842.66</b>
<b>Total Assets</b>		<b>1,07,444.10</b>	<b>1,36,204.99</b>	<b>55,234.09</b>
<b>LIABILITIES AND EQUITY</b>				
<b>LIABILITIES</b>				
<b>(I) Financial Liabilities</b>				
(a) Derivative financial instruments	5	3,401.88	2,919.64	1,862.72
(b) Payables				
i) Trade Payables	13			
total outstanding dues of micro enterprises and small enterprises		5.94	51.03	6.91
total outstanding dues of creditors other than micro enterprises and small enterprises		220.23	115.66	116.46
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		12.15	-	-
(c) Debt securities	15	52,076.26	36,996.77	16,485.63
(d) Borrowings (Other than Debt Securities)	16	19,535.16	63,778.11	17,751.77
(e) Deposits	17	256.72	521.04	2,041.65
(f) Lease liabilities	34	11.01	47.25	10.81
(g) Other financial liabilities	19	1,142.60	1,600.69	39.90
		<b>76,661.95</b>	<b>1,05,030.19</b>	<b>38,315.85</b>
<b>(II) Non-Financial Liabilities</b>				
(a) Current tax liabilities (Net)	9	89.08	89.08	89.08
(b) Provisions	20	89.42	115.15	26.08
(c) Other non-financial liabilities	21	676.66	1,039.30	233.36
		<b>855.16</b>	<b>1,243.53</b>	<b>348.52</b>
<b>EQUITY</b>				
(a) Equity Share capital	22	9,895.69	9,895.69	5,686.19
(b) Other Equity	23	20,031.30	19,035.58	10,883.53
		<b>29,926.99</b>	<b>28,931.27</b>	<b>16,569.72</b>
<b>Total Liabilities and Equity</b>		<b>1,07,444.10</b>	<b>1,36,204.99</b>	<b>55,234.09</b>

See accompanying notes to the financial statements

1 & 2

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No.103523W/W100048

  
Sunant Sakhardande  
Partner  
Membership No 034428



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  
June 11, 2020

Mumbai  
June 11, 2020



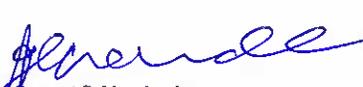
**Centrum Financial Services Limited**  
Statement of Profit and loss for the year ended March 31, 2020

(Currency : Indian Rupees in lakhs)

	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>(I) Revenue from Operation</b>			
(a) Interest income	24	14,197.54	9,428.67
(b) Rental income		24.34	86.89
(c) Fee and commission income	25	299.88	46.20
(d) Net gain on fair value change	26	90.16	567.62
(i) Other operating revenue	27	189.11	41.53
<b>Total</b>		<b>14,801.03</b>	<b>10,170.91</b>
<b>(II) Other income</b>	28	140.52	27.07
<b>Total Revenue</b>		<b>14,941.55</b>	<b>10,197.98</b>
<b>(III) Expenses</b>			
(a) Finance costs	29	8,774.76	6,834.55
(b) Impairment on financial instruments	30	(8.76)	1,204.79
(c) Employee Benefits Expenses	31	3,112.67	2,117.91
(d) Depreciation, amortization and impairment	11	166.21	127.66
(e) Others expenses	32	1,678.41	956.74
<b>Total expenses</b>		<b>13,723.29</b>	<b>11,241.65</b>
<b>(IV) Profit / (loss) before tax for the period / year</b>		<b>1,218.26</b>	<b>(1,043.67)</b>
<b>(V) Tax Expense :</b>	33		
(a) Current tax		-	109.48
(b) Short / (Excess) provision for earlier years		8.99	-
(c) Deferred Tax		386.65	(268.74)
		395.64	(159.26)
<b>(VI) Profit / (loss) after tax for the period / year</b>		<b>822.62</b>	<b>(884.41)</b>
<b>(VII) Other Comprehensive Income</b>			
(a) (I) Items that will not be reclassified to profit or loss			
(i) Remeasurement gains and (losses) on defined benefit obligations (net)		(8.60)	7.44
(II) Income tax relating to items that will not be reclassified to profit or loss		(2.17)	(2.07)
		(10.77)	5.37
<b>(VIII) Total Comprehensive Income for the period / year</b>		<b>811.85</b>	<b>(879.04)</b>
<b>(IX) Paid-up equity share capital (face value Rs. 10 each)</b>		<b>9,895.69</b>	<b>9,895.69</b>
<b>(X) Earnings per equity share in Rupees (Face value Rs. 10 each)</b>			
Basic	35	0.83	(1.15)
Diluted	35	0.82	(1.15)

See accompanying notes to the financial statements

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

  
Sumant Sakhardande  
Partner  
Membership No 034828



Mumbai  
June 11, 2020

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  
June 11, 2020



**Centrum Financial Services Limited**  
**Statement of Cash flows for the year ended March 31, 2020**

(Currency : Indian Rupees in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>A Cash flow from operating activities</b>		
Profit before tax	1,218.26	(1,043.67)
<i>Adjustments for</i>		
Depreciation and amortisation	166.21	127.66
Impairment on financial instruments	(8.76)	1,204.79
Net gain on fair value change	(90.16)	(567.62)
Profit / Loss on sale of fixed assets	0.93	-
Employees stock option provision	155.23	144.57
Rental income	(24.34)	(86.89)
Interest subsidy- On market linked debentures	-	588.68
Unrealised Gain on Option	(44.26)	180.62
<b>Operating cash flow before working capital changes</b>	<b>1,373.11</b>	<b>548.14</b>
<i>Add / (Less): Adjustments for working capital changes</i>		
Loans	24,899.96	(76,517.53)
Other financial assets	982.27	(704.31)
Other non financial assets	(152.75)	(208.33)
Other Bank balances	3,353.90	(1,447.46)
Derivative financial instrument	(407.04)	1,106.30
Trade and other Payables	71.63	43.32
Other financial liability	(458.09)	1,560.79
Interest Accrued on Borrowings	(2,316.39)	201.30
Non financial liabilities and provisions	(412.52)	898.57
<b>Cash used in operations</b>	<b>26,934.08</b>	<b>(74,519.21)</b>
Income taxes paid	(911.97)	(660.54)
<b>Net cash used in operating activities -A</b>	<b>26,022.11</b>	<b>(75,179.75)</b>
<b>B Cash flow from investing activities</b>		
Purchase of property, plant and equipment, intangible assets and Goodwill	(157.95)	(1,407.05)
Sale of property, plant and equipment and intangible assets	0.22	-
Purchase of investments & investment property	(1,877.67)	(6,258.00)
Proceeds from sale of investments	4,020.79	3,884.84
Dividend on investments	-	-
Rental income on Investment property	24.34	86.89
<b>Net cash generated from / (used in) investing activities - B</b>	<b>2,009.73</b>	<b>(3,693.32)</b>
<b>C Cash flow from financing activities</b>		
Proceeds from issue Equity shares (incl. Securities Premium)	-	12,490.86
Proceeds from issue of debt securities	29,186.55	25,113.34
Repayment of debt securities	(11,537.23)	(5,265.86)
Proceeds from Deposits & borrowings (other than Debt securities)	3,743.08	46,488.70
Repayment of Deposits & borrowings (other than Debt securities)	(50,539.23)	(1,520.62)
Proceeds / (Repayment) of short term borrowing (net)	-	-
<b>Net cash generated from financing activities - C</b>	<b>(29,146.83)</b>	<b>77,306.42</b>



**Centrum Financial Services Limited**  
**Statement of Cash flows for the year ended March 31, 2020**

(Currency : Indian Rupees in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Net increase / (Decrease) in cash and cash equivalents (A+B+C)</b>	<b>(1,114.99)</b>	<b>(1,566.65)</b>
Cash and cash equivalent as at the beginning of the year	4,702.24	6,268.90
Cash and cash equivalent as at the end of the year	3,587.25	4,702.24

**Notes:**

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

Particulars	March 31, 2020	March 31, 2019
Cash and cash equivalents (refer note 3)	5,624.56	4,704.11
Less: Bank overdraft (refer note 16.5)	(2,037.31)	(1.87)
<b>Total</b>	<b>3,587.25</b>	<b>4,702.24</b>

**ii) Non Cash Investing Activity**

Particulars	March 31, 2020	March 31, 2019
Impact on fair valuation on net assets acquired through business combination	-	1.92
Acquisition of right of use assets (refer note no 11)	-	46.09
<b>Total</b>	<b>-</b>	<b>48.01</b>

**iii) Net Cash Provided by / (Used in ) Operating activities includes :**

Particulars	March 31, 2020	March 31, 2019
Interest Received	13,399.35	9,087.16
Interest Paid	(9,420.04)	(4,631.25)

iv) 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 to the financial statements

**For Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Registration No.103523W/W100048

*Sumant Sakhardande*

Partner

Membership No 034828



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

*Ranjan Ghosh*  
 Managing Director and CEO  
 DIN: 07592235

*Shallendra Apte*  
 Director  
 DIN: 00017814

*Abhishek Baxi*  
 Chief Financial Officer

*Ashana Goyal*  
 Company Secretary

Mumbai  
 June 11, 2020

Mumbai  
 June 11, 2020



**Centrum Financial Services Limited**  
Statement of changes in Equity as at March 31, 2020  
(Currency : Indian Rupees in lakhs)

Particulars	As at March 31, 2020		As at March 31, 2019		As at April 1, 2018	
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount
<b>A. Equity Share Capital</b>						
Issued, subscribed and fully paid up equity shares outstanding at the beginning of the year	9,89,56,900	9,895.69	5,68,61,900	5,686.19	5,68,61,900	5,686.19
Add: Changes in equity share capital during the year	-	-	4,20,95,000	4,209.50	-	-
Issued, subscribed and fully paid up equity shares outstanding at the end of the year	<u>9,89,56,900</u>	<u>9,895.69</u>	<u>9,89,56,900</u>	<u>9,895.69</u>	<u>5,68,61,900</u>	<u>5,686.19</u>

**B. Other Equity**

Particulars	Other Equity						Total Other Equity
	Securities premium	Statutory reserve	Employee stock options	Impairment Reserve	Retained Earnings	Other Comprehensive Income / (Expense)	
Balance at April 1, 2018	10,358.60	292.57	-	-	217.60	-	10,883.53
Profit/ (Loss) for the year	-	-	-	-	(884.41)	-	(884.41)
Other comprehensive income for the year	-	-	-	-	-	5.37	5.37
Issue of equity shares	8,281.36	-	-	-	-	-	8,281.36
Transfer from / (to)	-	9.52	-	-	(9.52)	-	-
Employee share options	-	-	144.57	-	-	-	144.57
Capital Contribution during the year	-	-	-	-	-	-	605.16
<b>Balance at March 31, 2019</b>	<b>18,639.96</b>	<b>302.09</b>	<b>144.57</b>	<b>-</b>	<b>(676.33)</b>	<b>5.37</b>	<b>19,035.58</b>
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
<b>Balance at March 31, 2020</b>	<b>18,639.96</b>	<b>466.61</b>	<b>299.80</b>	<b>570.64</b>	<b>(588.87)</b>	<b>(5.40)</b>	<b>20,031.30</b>

See accompanying notes to the financial statements

**For Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Registration No. 103523/W/A/100048

*Alhambra*  
Sumant Sakhardande  
Partner  
Membership No 034826



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

*Alhambra*  
Ranjan Ghosh  
Managing Director and CEO  
DIN: 07592235

*Alhambra*  
Shailendra Singh  
Director  
DIN: 00017814

*Alhambra*  
Abhishek Baxi  
Chief Financial Officer  
Mumbai  
June 11, 2020

*Alhambra*  
Ajayana Goyal  
Company Secretary



Mumbai  
June 11, 2020

# Centrum Financial Services Limited

## Notes to the financial statements as at and for the year ended March 31, 2020

(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 ('NBFC') 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, 2020 were approved for issue in accordance with the resolution of the Board of Directors on Jun 11, 2020.

### 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.

The financial statements for the year ended March 31, 2020 of the Company is the first financial statements prepared in compliance with Ind AS. The date of transition to Ind AS is April 1, 2018.

The financial statements upto the year ended March 31, 2019, were prepared in accordance with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 ("previous GAAP") and other relevant provisions of the Act. The figures for the year ended March 31, 2019 have now been restated under Ind AS to provide comparability. Refer Note 54 for the details of first-time adoption exemptions availed by the Company.

#### 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



## Centrum Financial Services Limited

Notes to the financial statements as at and for the year ended March 31, 2020

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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 pre-tax 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.



## Centrum Financial Services Limited

Notes to the financial statements as at and for the year ended March 31, 2020

(Currency : Indian Rupees in lakhs)

### 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.

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.



## Centrum Financial Services Limited

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(Currency : Indian Rupees in lakhs)

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.

### 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 26), 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.



## Centrum Financial Services Limited

Notes to the financial statements as at and for the year ended March 31, 2020

(Currency : Indian Rupees in lakhs)

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.



## Centrum Financial Services Limited

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(Currency : Indian Rupees in lakhs)

### ***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.

### ***Transition***

Effective April 1, 2018, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2018 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the lessee's incremental borrowing rate at the date of initial application. Refer Note 34 for the details of impact on transition.

The following is the summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date
2. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application
3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
4. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

### **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.



## Centrum Financial Services Limited

### Notes to the financial statements as at and for the year ended March 31, 2020

(Currency : Indian Rupees in lakhs)

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:

#### ***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.



# Centrum Financial Services Limited

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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 46B (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.

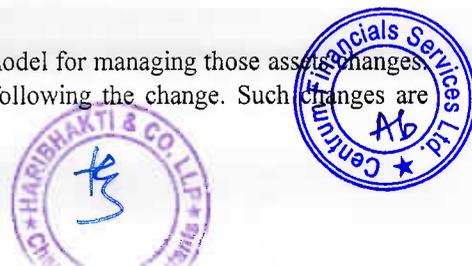
Gains or losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, which is determined as 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.



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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.

## **2.1.1 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.



# Centrum Financial Services Limited

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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.



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## **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.



## Centrum Financial Services Limited

### Notes to the financial statements as at and for the year ended March 31, 2020

(Currency : Indian Rupees in lakhs)

#### **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 pre-tax 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.



# Centrum Financial Services Limited

## Notes to the financial statements as at and for the year ended March 31, 2020

(Currency : Indian Rupees in lakhs)

### 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 45.

#### • *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 46B.

#### • *Business model assessment*

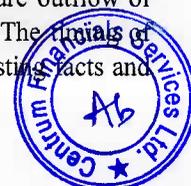
Classification and measurement of financial assets depends on the results of the Solely for payment of principal and interest (SPPI) test and the business model test. The Company determines the business model at a level that reflects how Company's financial assets are managed together to achieve a particular 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.

#### • *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 33.

#### • *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.



## Centrum Financial Services Limited

Notes to the financial statements as at and for the year ended March 31, 2020

(Currency : Indian Rupees in lakhs)

### • *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.



**Centrum Financial Services Limited**

Notes to the financial statements as at and for the year ended March 31, 2020

(Currency : Indian Rupees in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
<b>3. Cash and cash equivalents</b>			
a) Cash on hand	2.11	2.83	2.50
b) Balances with Banks			
i) in current accounts	5,622.45	4,701.28	6,267.11
<b>Total</b>	<u>5,624.56</u>	<u>4,704.11</u>	<u>6,269.61</u>

**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.

**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	1.00	-	-
ii) Fixed deposits pledged for bank overdraft facility	1,047.50	3,046.75	4,129.33
b) In earmarked accounts			
Balances held as security against bank guarantees	<u>1,174.39</u>	<u>2,530.03</u>	<u>-</u>
	2,222.89	5,576.78	4,129.33
Less: Impairment allowance on Fixed deposits	2.59	12.24	6.53
<b>Total</b>	<u>2,220.30</u>	<u>5,564.54</u>	<u>4,122.80</u>

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:**

a) <b>Bank guarantee for cash credit lines</b>			
i) A U Small Finance Bank	1,047.50	1,009.89	-
b) <b>Security deposit for term loan WC DL facilities</b>			
i) Jana Bank Finance Ltd	-	2,036.86	-
c) <b>Security deposit for term loan WC DL facilities</b>			
i) Various Banks	-	-	4,129.33



(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. The amounts presented are gross of impairment allowances. Details of Company's internal grading system are explained in note 46.B.2

Particulars	As at March 31, 2020			As at March 31, 2019			As at April 1, 2018					
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Performing High grade	1,048.50	-	-	1,048.50	3,046.75	-	-	3,046.75	4,129.33	-	-	4,129.33
<b>Total</b>	<b>1,048.50</b>	<b>-</b>	<b>-</b>	<b>1,048.50</b>	<b>3,046.75</b>	<b>-</b>	<b>-</b>	<b>3,046.75</b>	<b>4,129.33</b>	<b>-</b>	<b>-</b>	<b>4,129.33</b>

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

Particulars	As at March 31, 2020			As at March 31, 2019				
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Gross carrying amount - opening balance</b>	<b>3,046.75</b>	-	-	<b>3,046.75</b>	<b>4,129.33</b>	-	-	<b>4,129.33</b>
New assets originated or purchased	1,048.50	-	-	1,048.50	3,046.75	-	-	3,046.75
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)	(3,046.75)	-	-	(3,046.75)	(4,129.33)	-	-	(4,129.33)
<b>Closing balance</b>	<b>1,048.50</b>	<b>-</b>	<b>-</b>	<b>1,048.50</b>	<b>3,046.75</b>	<b>-</b>	<b>-</b>	<b>3,046.75</b>

**iii) Reconciliation of ECL balance is given below**

Particulars	As at March 31, 2020			As at March 31, 2019				
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>ECL Allowance - Opening Balance</b>	<b>12.24</b>	-	-	<b>12.24</b>	<b>6.53</b>	-	-	<b>6.53</b>
New Assets Originated or Purchased	2.59	-	-	2.59	12.24	-	-	12.24
Assets derecognised or repaid (excluding write offs)	(12.24)	-	-	(12.24)	(6.53)	-	-	(6.53)
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	-	-	-	-	-	-	-	-
<b>ECL Allowance - Closing Balance</b>	<b>2.59</b>	<b>-</b>	<b>-</b>	<b>2.59</b>	<b>12.24</b>	<b>-</b>	<b>-</b>	<b>12.24</b>



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

Particulars	As at March 31, 2019							
	Unit	Currency	Notional	Fair value asset	Unit	Currency	Notional	Fair value liability
(i) Interest rate derivatives								
Interest rate swaps	-	-	-	-	-	-	-	-
<b>Subtotal(i)</b>	-	-	-	-	-	-	-	-
(ii) Equity linked derivatives								
<b>Subtotal(ii)</b>	-	-	-	-	-	-	-	-
(iii) Index linked derivatives								
Options purchased	-	-	560.40	705.27	-	-	-	-
Options sold	-	-	(68.39)	(0.01)	-	-	-	-
<b>Subtotal(iii)</b>	-	-	<b>492.01</b>	<b>705.26</b>	-	-	-	-
(iv) Embedded derivatives								
In market linked debentures	-	-	-	-	-	-	-	2,919.64
<b>Subtotal(iv)</b>	-	-	-	-	-	-	-	<b>2,919.64</b>
<b>Total derivative financial instruments</b>	-	-	<b>492.01</b>	<b>705.26</b>	-	-	-	<b>2,919.64</b>

Particulars	As at April 1, 2018							
	Unit	Currency	Notional	Fair value asset	Unit	Currency	Notional	Fair value liability
(i) Interest rate derivatives								
Interest rate swaps	-	-	-	-	-	-	-	-
<b>Subtotal(i)</b>	-	-	-	-	-	-	-	-
(ii) Equity linked derivatives								
<b>Subtotal(ii)</b>	-	-	-	-	-	-	-	-
(iii) Index linked derivatives								
Options purchased	-	-	882.19	1,064.92	-	-	-	-
Options sold	-	-	340.80	(129.66)	-	-	-	-
<b>Subtotal(iii)</b>	-	-	<b>1,222.99</b>	<b>935.26</b>	-	-	-	-
(iv) Embedded derivatives								
In market linked debentures	-	-	-	-	-	-	-	1,862.72
<b>Subtotal(iv)</b>	-	-	-	-	-	-	-	<b>1,862.72</b>
<b>Total derivative financial instruments</b>	-	-	-	<b>935.26</b>	-	-	-	<b>1,862.72</b>



**Centrum Financial Services Limited**

Notes to the financial statements as at and for the year ended March 31, 2020

(Currency : Indian Rupees in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
<b>6. Loans</b>			
<b>At amortised cost</b>			
<b>A. Productwise Details</b>			
a) Bills discounting	35,947.04	61,720.57	2,449.17
b) On demand loans	5,502.91	7,863.05	4,350.20
c) Term loans	44,233.02	41,027.31	27,303.66
d) Others			
Loan to Staff	2.50	2.76	1.86
<b>Total (A) - Gross</b>	<b>85,685.47</b>	<b>1,10,613.69</b>	<b>34,104.89</b>
Less: Impairment loss allowance	1,296.77	1,325.85	145.00
<b>Total (A) - Net</b>	<b>84,388.70</b>	<b>1,09,287.84</b>	<b>33,959.89</b>
<b>B. Securitywise Details</b>			
a) Secured			
i) Secured by tangible assets	43,118.59	48,890.36	28,825.41
ii) Secured by intangible assets	-	-	-
b) Unsecured	42,566.88	61,723.33	5,279.48
<b>Total (B) - Gross</b>	<b>85,685.47</b>	<b>1,10,613.69</b>	<b>34,104.89</b>
Less: Impairment loss allowance	1,296.77	1,325.85	145.00
<b>Total (B) - Net</b>	<b>84,388.70</b>	<b>1,09,287.84</b>	<b>33,959.89</b>
<b>C. Regionwise Details</b>			
a) Loans in India			
- Public sector	-	-	-
- Others	85,685.47	1,10,613.69	34,104.89
b) Loans outside India	-	-	-
<b>Total (C) - Gross</b>	<b>85,685.47</b>	<b>1,10,613.69</b>	<b>34,104.89</b>
Less: Impairment loss allowance	1,296.77	1,325.85	145.00
<b>Total (C) - Net</b>	<b>84,388.70</b>	<b>1,09,287.84</b>	<b>33,959.89</b>

**6.1 Note:**

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



**Centrum Financial Services Limited**  
Notes to the financial statements as at and for the year ended March 31, 2020

(Currency - Indian Rupees in lakhs)

**6. Loans**

**6.2 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 46.B.2

**6.2.1 Credit quality of Loans**

Particulars	As at March 31, 2020			As at March 31, 2019			As at April 1, 2018					
	Stage I	Stage II	Stage III	Total	Stage I	Stage II	Stage III	Total	Stage I	Stage II	Stage III	Total
<b>Internal rating grade</b>												
Low Risk	80,484.09	-	-	80,484.09	1,08,906.15	-	-	1,08,906.15	32,764.81	-	-	32,764.81
Medium Risk	-	3,284.57	-	3,284.57	-	4.16	-	4.16	-	1,340.08	-	1,340.08
High Risk	-	-	1,916.81	1,916.81	-	-	1,703.38	1,703.38	-	-	-	-
<b>Total</b>	<b>80,484.09</b>	<b>3,284.57</b>	<b>1,916.81</b>	<b>85,685.47</b>	<b>1,08,906.15</b>	<b>4.16</b>	<b>1,703.38</b>	<b>1,10,613.69</b>	<b>32,764.81</b>	<b>1,340.08</b>	<b>-</b>	<b>34,104.89</b>

**6.2.2 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.

**6.2.2.a An analysis of changes in the gross carrying amount as follows:**

Particulars	As at March 31, 2020				As at March 31, 2019					
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Gross carrying amount opening balance</b>	<b>1,08,906.16</b>	<b>4.16</b>	<b>1,703.38</b>	<b>-</b>	<b>1,10,613.70</b>	<b>32,764.81</b>	<b>1,340.08</b>	<b>-</b>	<b>-</b>	<b>34,104.89</b>
New Assets Originated or Purchased	3,26,709.87	(14,870.22)	213.43	-	3,12,053.08	2,28,100.08	4.16	668.04	-	2,28,772.28
Assets derecognised or repaid (excluding write offs)	(3,36,977.14)	(4.16)	-	-	(3,36,981.30)	(1,52,263.47)	-	-	-	(1,52,263.47)
Transfer to Stage 1	(18,154.79)	18,154.79	-	-	-	304.74	(304.74)	-	-	-
Transfer to Stage 2	-	-	-	-	-	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-	-	(1,035.34)	1,035.34	-	-
Changes to Contractual Cash Flows due to modification not resulting into derecognition	-	-	-	-	-	-	-	-	-	-
Amounts written off	-	-	-	-	-	-	-	-	-	-
<b>Gross carrying amount closing balance</b>	<b>80,484.10</b>	<b>3,284.57</b>	<b>1,916.81</b>	<b>-</b>	<b>85,685.48</b>	<b>1,08,906.16</b>	<b>4.16</b>	<b>1,703.38</b>	<b>-</b>	<b>1,10,613.70</b>

**6.2.2.b Reconciliation of ECL balance is given below**

Particulars	As at March 31, 2020				As at March 31, 2019					
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
<b>ECL Allowance - Opening Balance</b>	<b>448.26</b>	<b>0.01</b>	<b>877.58</b>	<b>-</b>	<b>1,325.85</b>	<b>139.03</b>	<b>5.97</b>	<b>-</b>	<b>-</b>	<b>145.00</b>
New Assets Originated or Purchased	129.41	7.03	223.85	-	360.29	916.94	0.01	872.97	-	1,789.92
Assets derecognised or repaid (excluding write offs)	(389.36)	(0.01)	-	-	(389.37)	(609.07)	-	-	-	(609.07)
Transfer to Stage 1	(8.79)	8.79	-	-	-	1.36	(1.36)	-	-	-
Transfer to Stage 2	-	-	-	-	-	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-	-	(4.61)	4.61	-	-
Impact on year end ECL of Exposures transferred between Stages during the year and reversal of ECL on account of recovery	-	-	-	-	-	-	-	-	-	-
<b>Unwinding of Discount</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Changes to Contractual Cash Flows due to modification not resulting into derecognition	-	-	-	-	-	-	-	-	-	-
Changes to models and inputs used for ECL Calculation	-	-	-	-	-	-	-	-	-	-
Amounts written off	-	-	-	-	-	-	-	-	-	-
<b>ECL Allowance - Closing Balance</b>	<b>179.52</b>	<b>15.82</b>	<b>1,101.43</b>	<b>-</b>	<b>1,296.77</b>	<b>448.26</b>	<b>0.01</b>	<b>877.58</b>	<b>-</b>	<b>1,325.85</b>



Centrum Financial Services Limited  
Notes to the financial statements as at and for the year ended March 31, 2020

(Currency : Indian Rupees in lakhs)

7. Investments

As at March 31, 2020

Particulars	At Amortised cost (A)	Through OCI (B)	At Fair value (FV)		Subtotal (D) = (B+C)	Others (E)	Total (F) = (A+D+E)
			Through Profit or Loss (C)	Designated at FV through Profit or loss (D)			
<b>A. Category of Instrument</b>							
a) Equity instruments (Quoted)	-	-	0.25	-	0.25	-	0.25
b) Bonds and debentures (Quoted) (Refer Note 51)	-	-	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	-	-	-	-	-	-	-
<b>Total (A) - Gross</b>	<b>3,050.63</b>	<b>-</b>	<b>1,600.25</b>	<b>-</b>	<b>1,600.25</b>	<b>-</b>	<b>4,650.88</b>
Less: Allowance for impairment	8.18	-	-	-	-	-	8.18
<b>Total (A) - Net</b>	<b>3,042.45</b>	<b>-</b>	<b>1,600.25</b>	<b>-</b>	<b>1,600.25</b>	<b>-</b>	<b>4,642.70</b>
<b>B. a) (i) Investments outside India</b>	-	-	-	-	-	-	-
b) (ii) Investment in India	3,050.63	-	1,600.25	-	1,600.25	-	4,650.88
<b>Total (B) - Gross</b>	<b>3,050.63</b>	<b>-</b>	<b>1,600.25</b>	<b>-</b>	<b>1,600.25</b>	<b>-</b>	<b>4,650.88</b>
Less: Allowance for impairment	8.18	-	-	-	-	-	8.18
<b>Total (B) - Net</b>	<b>3,042.45</b>	<b>-</b>	<b>1,600.25</b>	<b>-</b>	<b>1,600.25</b>	<b>-</b>	<b>4,642.70</b>

As at March 31, 2019

Particulars	At Amortised cost (A)	Through OCI (B)	At Fair value (FV)		Subtotal (D) = (B+C)	Others (E)	Total (F) = (A+D+E)
			Through Profit or Loss (C)	Designated at FV through Profit or loss (D)			
<b>A. Category of Instrument</b>							
a) Equity instruments (Quoted)	-	-	3,408.80	-	3,408.80	-	3,408.80
b) Bonds and debentures (Quoted)	-	-	482.08	-	482.08	-	482.08
c) Security receipts	-	-	-	-	-	-	-
d) Compulsorily Convertible Debentures	-	-	-	-	-	-	-
e) Loans in nature of debentures	2,812.96	-	-	-	-	-	2,812.96
f) Mutual fund units	-	-	-	-	-	-	-
<b>Total (A) - Gross</b>	<b>2,812.96</b>	<b>-</b>	<b>3,890.88</b>	<b>-</b>	<b>3,890.88</b>	<b>-</b>	<b>6,703.84</b>
Less: Allowance for impairment	10.07	-	-	-	-	-	10.07
<b>Total (A) - Net</b>	<b>2,802.89</b>	<b>-</b>	<b>3,890.88</b>	<b>-</b>	<b>3,890.88</b>	<b>-</b>	<b>6,693.77</b>
<b>B. a) (i) Investments outside India</b>	-	-	-	-	-	-	-
b) (ii) Investment in India	2,812.96	-	3,890.88	-	3,890.88	-	6,703.84
<b>Total (B) - Gross</b>	<b>2,812.96</b>	<b>-</b>	<b>3,890.88</b>	<b>-</b>	<b>3,890.88</b>	<b>-</b>	<b>6,703.84</b>
Less: Allowance for impairment	10.07	-	-	-	-	-	10.07
<b>Total (B) - Net</b>	<b>2,802.89</b>	<b>-</b>	<b>3,890.88</b>	<b>-</b>	<b>3,890.88</b>	<b>-</b>	<b>6,693.77</b>

As at April 1, 2018

Particulars	At Amortised cost (A)	Through OCI (B)	At Fair value (FV)		Subtotal (D) = (B+C)	Others (E)	Total (F) = (A+D+E)
			Through Profit or Loss (C)	Designated at FV through Profit or loss (D)			
<b>A. Category of Instrument</b>							
a) Equity instruments (Quoted)	-	-	4.66	-	4.66	-	4.66
b) Bonds and debentures (Quoted)	-	-	499.17	-	499.17	-	499.17
c) Security receipts	-	-	725.38	-	725.38	-	725.38
d) Compulsorily Convertible Debentures	-	-	-	-	-	-	-
e) Loans in nature of debentures	2,533.85	-	-	-	-	-	2,533.85
f) Mutual fund units	-	-	-	-	-	-	-
<b>Total (A) - Gross</b>	<b>2,533.85</b>	<b>-</b>	<b>1,229.21</b>	<b>-</b>	<b>1,229.21</b>	<b>-</b>	<b>3,763.06</b>
Less: Allowance for impairment	10.14	-	-	-	-	-	10.14
<b>Total (A) - Net</b>	<b>2,523.71</b>	<b>-</b>	<b>1,229.21</b>	<b>-</b>	<b>1,229.21</b>	<b>-</b>	<b>3,752.92</b>
<b>B. a) (i) Investments outside India</b>	-	-	-	-	-	-	-
b) (ii) Investment in India	2,533.85	-	1,229.21	-	1,229.21	-	3,763.06
<b>Total (B) - Gross</b>	<b>2,533.85</b>	<b>-</b>	<b>1,229.21</b>	<b>-</b>	<b>1,229.21</b>	<b>-</b>	<b>3,763.06</b>
Less: Allowance for impairment	10.14	-	-	-	-	-	10.14
<b>Total (B) - Net</b>	<b>2,523.71</b>	<b>-</b>	<b>1,229.21</b>	<b>-</b>	<b>1,229.21</b>	<b>-</b>	<b>3,752.92</b>

More information regarding the valuation methodologies can be found in Note 45.B



(Currency : Indian Rupees in lakhs)

**7.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, 2020			As at March 31, 2019			As at April 1, 2018					
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Performing High grade	3,050.63	-	-	3,050.63	2,812.96	-	-	2,812.96	2,533.85	-	-	2,533.85
<b>Total</b>	<b>3,050.63</b>	<b>-</b>	<b>-</b>	<b>3,050.63</b>	<b>2,812.96</b>	<b>-</b>	<b>-</b>	<b>2,812.96</b>	<b>2,533.85</b>	<b>-</b>	<b>-</b>	<b>2,533.85</b>

**ii) Reconciliation of changes in gross carrying amount for investments in Debentures:**

Particulars	As at March 31, 2020			As at March 31, 2019				
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Gross carrying amount - opening balance</b>	2,812.96	-	-	2,812.96	2,533.85	-	-	2,533.85
New assets originated or purchased	237.67	-	-	237.67	2,812.96	-	-	2,812.96
Assets derecognised or matured (excluding write offs)	-	-	-	-	(2,533.85)	-	-	(2,533.85)
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	-	-	-	-	-	-	-	-
<b>Closing balance</b>	<b>3,050.63</b>	<b>-</b>	<b>-</b>	<b>3,050.63</b>	<b>2,812.96</b>	<b>-</b>	<b>-</b>	<b>2,812.96</b>

**iii) Reconciliation of ECL balance is given below:**

Particulars	As at March 31, 2020			As at March 31, 2019				
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>ECL Allowance - Opening Balance</b>	10.07	-	-	10.07	10.14	-	-	10.14
New Assets Originated or Purchased	0.70	-	-	0.70	10.07	-	-	10.07
Assets derecognised or repaid (excluding write offs)	-	-	-	-	(10.14)	-	-	(10.14)
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	(2.59)	-	-	(2.59)	-	-	-	-
Changes to models and inputs used for ECL Calculation	-	-	-	-	-	-	-	-
Amounts written off	-	-	-	-	-	-	-	-
<b>ECL Allowance - Closing Balance</b>	<b>8.18</b>	<b>-</b>	<b>-</b>	<b>8.18</b>	<b>10.07</b>	<b>-</b>	<b>-</b>	<b>10.07</b>



**Centrum Financial Services Limited**

Notes to the financial statements as at and for the year ended March 31, 2020

(Currency : Indian Rupees in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
<b>8. Other financial assets</b>			
a) Receivable from non banking financial companies	-	1,918.86	-
b) Security deposits	16.32	7.22	3.81
c) Loan processing fees receivable	-	16.73	76.62
d) Margin with broker	1,023.49	49.92	964.39
e) Other financial assets	33.18	62.53	306.13
<b>Total</b>	<b>1,072.99</b>	<b>2,055.26</b>	<b>1,350.95</b>
<b>9. Current tax assets / liabilities (Net)</b>			
<b>9.A Advance income tax</b> (Net of Provision for income tax Rs. 1,107 Lakhs (Previous year Rs.1,107 Lakhs))	2,039.60	1,136.65	585.57
<b>Total</b>	<b>2,039.60</b>	<b>1,136.65</b>	<b>585.57</b>
<b>9.B Provision for taxation</b> (Net of Advance tax Rs. 2,950 Lakhs (Previous year Rs.2,202 Lakhs))	89.08	89.08	89.08
<b>Total</b>	<b>89.08</b>	<b>89.08</b>	<b>89.08</b>

**10. Investment Property**

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018*
	Building	Building	Building
<b>A) Gross carrying amount as at beginning of the year</b>	3,510.95	3,510.95	3,510.95
Additions during the year	-	-	-
Disposals and transfers	-	-	-
<b>Gross carrying amount as at end of the year</b>	(A) 3,510.95	3,510.95	3,510.95
<b>Accumulated Depreciation as at beginning of the year</b>	56.48	-	-
Depreciation during the year	56.64	56.48	-
Disposals and transfers	-	-	-
<b>Accumulated Depreciation as at end of the year</b>	(B) 113.12	56.48	-
<b>Net carrying amount</b>	(A-B) 3,397.84	3,454.48	3,510.95

\*Deemed cost as at April 1, 2018

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

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Rental income from Investment Property	24.25	86.89
Direct operating expense arising from Investment property that generated rental income during the year	16.81	29.77
<b>Profit from investment properties before depreciation</b>	<b>7.44</b>	<b>57.12</b>
Depreciation charge for the year	56.64	56.48
<b>Profit from investment properties after depreciation</b>	<b>(49.20)</b>	<b>0.64</b>

**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 is Rs.3451.60 Lakhs . (March 31, 2019 Rs. 3454.48 Lakhs)

iii) **Pledged details** - Investment property is pledged against Bank overdraft facility availed from Union Bank of India.

iv) **Estimation of fair value** - The fair value is based on the valuation report issued by an independent valuer.

v) **Leasing arrangements** - Investment property is 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.





**Centrum Financial Services Limited**

Notes to the financial statements as at and for the year ended March 31, 2020

(Currency : Indian Rupees in lakhs)

11.

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

Particulars	As at	As at	As at
	March 31, 2020	March 31, 2019	April 1, 2018
a) Vehicles pledged against Vehicle Loan	86.44	25.36	29.60
b) Premises pledged against Secured MLDs	19.18	19.50	12.34

**F. Note on Goodwill Impairment Testing****a. Goodwill**

Particulars	As at	As at	As at
	March 31, 2020	March 31, 2019	April 1, 2018
Balance at the beginning of the year	1,442.02	141.11	141.11
Goodwill arising on acquisitions	-	1,300.91	-
Balance at the end of the year	1,442.02	1,442.02	141.11

**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.



**Centrum Financial Services Limited**

**Notes to the financial statements as at and for the year ended March 31, 2020**

(Currency : Indian Rupees in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
<b>12. Other non financial assets</b>			
a) Prepaid expenses	73.19	43.89	27.80
b) Advance for expenses			
Advance to employees	2.51	-	-
Advance to vendors	34.04	10.44	-
c) Balances with statutory authorities	280.84	183.50	1.70
<b>Total</b>	<b>390.58</b>	<b>237.83</b>	<b>29.50</b>
<b>13. Trade Payables</b>			
a) Micro and small enterprises (Refer note below)	5.94	51.03	6.91
b) Due to related parties	98.84	-	-
c) Due to others	121.39	115.66	116.46
<b>Total</b>	<b>226.17</b>	<b>166.69</b>	<b>123.37</b>

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

**14. Other Payables**

a) Micro and small enterprises (Refer note below)	-	-	-
b) Due to related parties	-	-	-
c) Due to Others	12.15	-	-
<b>Total</b>	<b>12.15</b>	<b>-</b>	<b>-</b>

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**

**15.1**

At amortised cost

**A. Secured**

a) Secured Non Convertible Debentures - privately placed	48,693.35	35,487.63	16,485.63
<b>(A)</b>	<b>48,693.35</b>	<b>35,487.63</b>	<b>16,485.63</b>

**B. Unsecured**

a) Compulsorily Convertible Debentures - privately placed	1,509.14	1,509.14	-
b) Commercial Papers - privately placed	1,873.77	-	-
<b>(B)</b>	<b>3,382.91</b>	<b>1,509.14</b>	<b>-</b>

<b>Total (A + B)</b>	<b>52,076.26</b>	<b>36,996.77</b>	<b>16,485.63</b>
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**15.2**

i) Debt securities in India	52,076.26	36,996.77	16,485.63
ii) Debt securities outside India	-	-	-
<b>Total</b>	<b>52,076.26</b>	<b>36,996.77</b>	<b>16,485.63</b>

Note:

i) **Terms of Repayments of Compulsory Convertible Debentures (CCD)**

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



**Centrum Financial Services Limited**

Notes to the financial statements as at and for the year ended March 31, 2020

(Currency : Indian Rupees in lakhs)

**15 Debt securities - (Continued)**
**15.3 A Terms of repayment of MLD as on March 31, 2020**

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

(Currency : Indian Rupees in lakhs)

**15 Debt securities - (Continued)**
**15.3 A Terms of repayment of MLD as on March 31, 2020 (Continued)**

Particulars	Type	Quoted / Unquoted	As at March 31, 2020	Current	Non-Current	Issue Date	Date of Maturity
MLD 41K	-	Quoted	265.99	-	265.99	12-Jun-19	04-Aug-22
MLD 41L	-	Quoted	630.35	-	630.35	27-Jun-19	04-Aug-22
MLD 41M	-	Quoted	210.24	-	210.24	12-Jul-19	04-Aug-22
MLD 41N	-	Quoted	417.66	-	417.66	25-Jul-19	04-Aug-22
MLD 41O	-	Quoted	701.38	-	701.38	31-Jul-19	04-Aug-22
MLD 41P	-	Quoted	315.33	-	315.33	02-Aug-19	04-Aug-22
MLD 41Q	-	Quoted	697.87	-	697.87	22-Aug-19	04-Aug-22
MLD 41R	-	Quoted	572.49	-	572.49	29-Aug-19	04-Aug-22
MLD 43	-	Quoted	1,594.00	-	1,594.00	24-Apr-19	01-Nov-22
MLD 43A	-	Quoted	568.00	-	568.00	30-May-19	01-Nov-22
MLD 43B	-	Quoted	205.00	-	205.00	26-Jun-19	01-Nov-22
MLD 43C	-	Quoted	177.27	-	177.27	17-Jul-19	01-Nov-22
MLD 43D	-	Quoted	275.00	-	275.00	16-Aug-19	01-Nov-22
MLD 41S	-	Quoted	633.26	-	633.26	12-Sep-19	04-Aug-22
MLD 41T	-	Quoted	93.37	-	93.37	01-Oct-19	04-Aug-22
MLD 41U	-	Quoted	174.60	-	174.60	18-Oct-19	04-Aug-22
MLD 41V	-	Quoted	107.98	-	107.98	25-Oct-19	04-Aug-22
MLD 41W	-	Quoted	343.39	-	343.39	20-Dec-19	04-Aug-22
MLD 41X	-	Quoted	338.01	-	338.01	24-Dec-19	04-Aug-22
MLD 46	-	Quoted	597.00	-	597.00	26-Sep-19	28-Apr-23
MLD 46A	-	Quoted	200.40	-	200.40	30-Oct-19	28-Apr-23
MLD 46B	-	Quoted	262.96	-	262.96	20-Nov-19	28-Apr-23
MLD 48	-	Quoted	370.00	-	370.00	15-Nov-19	24-May-23
MLD 48A	-	Quoted	269.67	-	269.67	25-Nov-19	24-May-23
MLD 48B	-	Quoted	401.32	-	401.32	28-Nov-19	24-May-23
<b>Total</b>			<b>48,824.88</b>	<b>22,173.88</b>	<b>26,651.00</b>		
Add: Commission amortisation			<b>(6,843.42)</b>				
Add: Interest accrued			<b>6,711.89</b>				
<b>Total</b>			<b>48,693.35</b>				

**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.

**Security Details**

- iii) 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.

**15.3 A Terms of repayment of MLD as on March 31, 2019**

Particulars	Type	Quoted / Unquoted	As at March 31, 2019	Current	Non-Current	Issue Date	Date of Maturity
MLD01	-	Unquoted	1,940.00	1,940.00	-	01-Feb-16	05-Jun-19
MLD02	-	Unquoted	450.00	450.00	-	11-Feb-16	19-Jun-19
MLD03	-	Unquoted	330.00	330.00	-	22-Feb-16	02-Jul-19
MLD04	-	Unquoted	240.00	240.00	-	17-Mar-16	27-Jul-19
MLD06	-	Unquoted	335.00	335.00	-	05-Apr-16	14-Aug-19
MLD07	-	Unquoted	790.00	790.00	-	03-May-16	10-Sep-19
MLD08	-	Unquoted	480.00	480.00	-	20-May-16	27-Sep-19
MLD09	Type 1	Unquoted	115.00	115.00	-	06-Jun-16	14-Oct-19
MLD09	Type 2	Unquoted	175.00	175.00	-	06-Jun-16	14-Oct-19
MLD10	Type 1	Unquoted	125.00	125.00	-	15-Jun-16	23-Oct-19
MLD10	Type 2	Unquoted	275.00	275.00	-	15-Jun-16	23-Oct-19
MLD11	Type 1	Unquoted	165.00	165.00	-	24-Jun-16	04-Nov-19
MLD11	Type 2	Unquoted	860.00	860.00	-	24-Jun-16	04-Nov-19
MLD12	Type 2	Unquoted	330.00	330.00	-	04-Jul-16	11-Nov-19
MLD14	Type 3	Unquoted	205.00	205.00	-	19-Jul-16	26-Nov-19
MLD15	Type 2	Unquoted	75.00	75.00	-	29-Jul-16	06-Dec-19
MLD17	Type 3	Unquoted	241.00	241.00	-	22-Aug-16	30-Dec-19
MLD18	-	Unquoted	100.00	100.00	-	26-Aug-16	03-Jan-20
MLD19	Type 3	Unquoted	130.00	130.00	-	02-Sep-16	10-Jan-20
MLD20	-	Unquoted	300.00	300.00	-	16-Sep-16	22-Jan-20
MLD21	Type 3	Unquoted	400.00	400.00	-	28-Sep-16	05-Feb-20
MLD22	Type 1	Unquoted	100.00	100.00	-	01-Oct-16	08-Feb-20
MLD25	Type 3	Unquoted	400.00	400.00	-	26-Oct-16	11-Mar-20
MLD27	Type 1	Unquoted	250.00	250.00	-	10-Nov-16	19-Mar-20
MLD27	Type 2	Unquoted	100.00	100.00	-	10-Nov-16	24-Mar-20
MLD29	Type 1	Unquoted	450.00	-	450.00	01-Dec-16	09-Apr-20
MLD29	Type 3	Unquoted	600.00	-	600.00	01-Dec-16	09-Apr-20
MLD29	Type 4	Unquoted	300.00	-	300.00	01-Dec-16	13-Apr-20
MLD30	Type 2	Unquoted	100.00	-	100.00	02-Dec-16	15-Apr-20
MLD31	Type 3	Unquoted	100.00	-	100.00	08-Dec-16	16-Apr-20
MLD33	Type 3	Unquoted	400.00	-	400.00	20-Dec-16	28-Apr-20



**Centrum Financial Services Limited**

Notes to the financial statements as at and for the year ended March 31, 2020

(Currency : Indian Rupees in lakhs)

**15 Debt securities - (Continued)**
**15.3 A Terms of repayment of MLD as on March 31, 2019 (Continued)**

Particulars	Type	Quoted / Unquoted	As at March 31, 2019	Current	Non-Current	Issue Date	Date of Maturity
MLD33	Type 4	Unquoted	125.00	-	125.00	20-Dec-16	03-May-20
MLD34	Type 1	Unquoted	450.00	-	450.00	27-Dec-16	05-May-20
MLD34	Type 2	Unquoted	150.00	-	150.00	27-Dec-16	05-May-20
MLD35	Type 3	Unquoted	150.00	-	150.00	30-Dec-16	08-May-20
MLD35	Type 4	Unquoted	100.00	-	100.00	30-Dec-16	08-May-20
MLD35	Type 5	Unquoted	300.00	-	300.00	30-Dec-16	08-May-20
MLD34	Type 3	Unquoted	300.00	-	300.00	27-Dec-16	10-May-20
MLD35	Type 1	Unquoted	250.00	-	250.00	30-Dec-16	14-May-20
MLD36	Type 1	Unquoted	100.00	-	100.00	02-Jan-17	14-May-20
MLD36	Type 2	Unquoted	150.00	-	150.00	02-Jan-17	15-Jun-20
MLD 42	-	Quoted	2,282.00	-	2,282.00	22-Feb-19	17-Jun-20
MLD 42A	-	Quoted	563.58	-	563.58	12-Mar-19	17-Jun-20
MLD 42B	-	Quoted	800.09	-	800.09	19-Mar-19	17-Jun-20
MLD 42C	-	Quoted	100.90	-	100.90	29-Mar-19	17-Jun-20
MLD37	-	Quoted	2,350.00	-	2,350.00	08-Oct-18	06-Nov-20
MLD38	-	Quoted	505.00	-	505.00	23-Oct-18	23-Nov-20
MLD 38A	-	Quoted	458.00	-	458.00	22-Nov-18	23-Nov-20
MLD 38B	-	Quoted	478.81	-	478.81	19-Dec-18	23-Nov-20
MLD 38C	-	Quoted	874.09	-	874.09	28-Dec-18	23-Nov-20
MLD 38D	-	Quoted	201.48	-	201.48	08-Jan-19	23-Nov-20
MLD 38E	-	Quoted	139.27	-	139.27	15-Jan-19	23-Nov-20
MLD 38F	-	Quoted	233.75	-	233.75	12-Feb-19	23-Nov-20
MLD39	-	Quoted	1,955.00	-	1,955.00	02-Nov-18	12-May-22
MLD39A	-	Quoted	257.01	-	257.01	12-Dec-18	12-May-22
MLD40	-	Quoted	1,315.00	-	1,315.00	05-Dec-18	14-Jun-22
MLD 41	-	Quoted	1,893.00	-	1,893.00	25-Jan-19	04-Aug-22
MLD 41A	-	Quoted	2,342.68	-	2,342.68	31-Jan-19	04-Aug-22
MLD 41B	-	Quoted	536.93	-	536.93	06-Feb-19	04-Aug-22
MLD 41C	-	Quoted	1,483.82	-	1,483.82	28-Feb-19	04-Aug-22
MLD 41D	-	Quoted	207.73	-	207.73	15-Mar-19	04-Aug-22
MLD 41E	-	Quoted	1,135.21	-	1,135.21	26-Mar-19	04-Aug-22
<b>Total</b>			<b>33,049.34</b>	<b>8,911.00</b>	<b>24,138.34</b>		
Add: Commission amortisation			(2,722.88)				
Add: Interest accrued			<u>5,161.18</u>				
<b>Total Net</b>			<b><u>35,487.63</u></b>				

**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.

**Security Details**

- 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.

**15.3 A Terms of repayment of MLD as on April 1, 2018**

Particulars	Type	Quoted / Unquoted	As at April 1, 2018	Current	Non-Current	Issue Date	Date of Maturity
CFSL/MLD/31	Type 1	Unquoted	150.00	150.00	-	08-Dec-16	03-Apr-18
CFSL/MLD/34	Type 5	Unquoted	150.00	150.00	-	27-Dec-16	22-Apr-18
CFSL/MLD/34	Type 6	Unquoted	200.00	200.00	-	27-Dec-16	22-Apr-18
CFSL/MLD/35	Type 2	Unquoted	150.00	150.00	-	30-Dec-16	26-Apr-18
CFSL/MLD/35	Type 6	Unquoted	300.00	300.00	-	30-Dec-16	26-Apr-18
CFSL/MLD/16	Type 1	Unquoted	275.00	275.00	-	03-Aug-16	12-Sep-18
CFSL/MLD/19	Type 4	Unquoted	50.00	50.00	-	02-Sep-16	12-Oct-18
CFSL/MLD/22	Type 3	Unquoted	250.00	250.00	-	01-Oct-16	20-Nov-18
CFSL/MLD/24	Type 1	Unquoted	100.00	100.00	-	20-Oct-16	11-Dec-18
CFSL/MLD/31	Type 2	Unquoted	150.00	150.00	-	08-Dec-16	11-Dec-18
CFSL/MLD/1	-	Unquoted	1,940.00	-	1,940.00	01-Feb-16	05-Jun-19
CFSL/MLD/2	-	Unquoted	450.00	-	450.00	11-Feb-16	19-Jun-19
CFSL/MLD/3	-	Unquoted	330.00	-	330.00	22-Feb-16	02-Jul-19
CFSL/MLD/4	-	Unquoted	240.00	-	240.00	17-Mar-16	27-Jul-19
CFSL/MLD/6	-	Unquoted	335.00	-	335.00	05-Apr-16	14-Aug-19
CFSL/MLD/7	-	Unquoted	790.00	-	790.00	03-May-16	10-Sep-19
CFSL/MLD/8	-	Unquoted	480.00	-	480.00	20-May-16	27-Sep-19
CFSL/MLD/9	Type 1	Unquoted	115.00	-	115.00	06-Jun-16	14-Oct-19
CFSL/MLD/9	Type 2	Unquoted	175.00	-	175.00	06-Jun-16	14-Oct-19
CFSL/MLD/10	Type 1	Unquoted	125.00	-	125.00	15-Jun-16	23-Oct-19
CFSL/MLD/10	Type 2	Unquoted	275.00	-	275.00	15-Jun-16	23-Oct-19
CFSL/MLD/11	Type 1	Unquoted	165.00	-	165.00	24-Jun-16	04-Nov-19
CFSL/MLD/11	Type 2	Unquoted	860.00	-	860.00	24-Jun-16	04-Nov-19
CFSL/MLD/12	Type 2	Unquoted	330.00	-	330.00	04-Jul-16	11-Nov-19
CFSL/MLD/14	Type 3	Unquoted	205.00	-	205.00	19-Jul-16	26-Nov-19
CFSL/MLD/15	Type 2	Unquoted	75.00	-	75.00	29-Jul-16	06-Dec-19
CFSL/MLD/17	Type 3	Unquoted	241.00	-	241.00	22-Aug-16	30-Dec-19
CFSL/MLD/18	-	Unquoted	100.00	-	100.00	26-Aug-16	03-Jan-20
CFSL/MLD/19	Type 3	Unquoted	130.00	-	130.00	02-Sep-16	10-Jan-20



**Centrum Financial Services Limited**

Notes to the financial statements as at and for the year ended March 31, 2020

(Currency : Indian Rupees in lakhs)

**15 Debt securities - (Continued)**

**15.3 A Terms of repayment of MLD as on April 1, 2018**

Particulars	Type	Quoted / Unquoted	As at April 1, 2018	Current	Non-Current	Issue Date	Date of Maturity
CFSL/MLD/20	-	Unquoted	300.00	-	300.00	16-Sep-16	22-Jan-20
CFSL/MLD/21	Type 3	Unquoted	400.00	-	400.00	28-Sep-16	05-Feb-20
CFSL/MLD/22	Type 1	Unquoted	100.00	-	100.00	01-Oct-16	08-Feb-20
CFSL/MLD/25	Type 3	Unquoted	400.00	-	400.00	26-Oct-16	11-Mar-20
CFSL/MLD/27	Type 1	Unquoted	250.00	-	250.00	10-Nov-16	19-Mar-20
CFSL/MLD/27	Type 2	Unquoted	100.00	-	100.00	10-Nov-16	24-Mar-20
CFSL/MLD/29	Type 1	Unquoted	450.00	-	450.00	01-Dec-16	09-Apr-20
CFSL/MLD/29	Type 3	Unquoted	600.00	-	600.00	01-Dec-16	09-Apr-20
CFSL/MLD/29	Type 4	Unquoted	300.00	-	300.00	01-Dec-16	13-Apr-20
CFSL/MLD/30	Type 2	Unquoted	100.00	-	100.00	02-Dec-16	15-Apr-20
CFSL/MLD/31	Type 3	Unquoted	100.00	-	100.00	08-Dec-16	16-Apr-20
CFSL/MLD/33	Type 3	Unquoted	400.00	-	400.00	20-Dec-16	28-Apr-20
CFSL/MLD/33	Type 4	Unquoted	125.00	-	125.00	20-Dec-16	03-May-20
CFSL/MLD/34	Type 1	Unquoted	450.00	-	450.00	27-Dec-16	05-May-20
CFSL/MLD/34	Type 2	Unquoted	150.00	-	150.00	27-Dec-16	05-May-20
CFSL/MLD/35	Type 3	Unquoted	150.00	-	150.00	30-Dec-16	08-May-20
CFSL/MLD/35	Type 4	Unquoted	100.00	-	100.00	30-Dec-16	08-May-20
CFSL/MLD/35	Type 5	Unquoted	300.00	-	300.00	30-Dec-16	08-May-20
CFSL/MLD/34	Type 3	Unquoted	300.00	-	300.00	27-Dec-16	10-May-20
CFSL/MLD/35	Type 1	Unquoted	250.00	-	250.00	30-Dec-16	14-May-20
CFSL/MLD/36	Type 1	Unquoted	100.00	-	100.00	02-Jan-17	14-May-20
CFSL/MLD/36	Type 2	Unquoted	150.00	-	150.00	02-Jan-17	15-Jun-20
<b>Total</b>			<b>14,711.00</b>	<b>1,775.00</b>	<b>12,936.00</b>		
Add: Commission amortisation			(1,210.10)				
Add: Interest accrued			2,984.73				
<b>Total</b>			<b>16,485.63</b>				

**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.

**Security Details**

- 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.



**Centrum Financial Services Limited**

Notes to the financial statements as at and for the year ended March 31, 2020

(Currency : Indian Rupees in lakhs)

**15. Debt securities - (Continued)**
**15.4 Commercial Paper Issued**

Particulars	Rate of Interest	Repayment Details	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
a) Commercial Paper Issued	8.50%	12 Months	2,000.00	-	-
			<u>2,000.00</u>	-	-
Less: Unamortised Discount			(126.23)	-	-
			<u>1,873.77</u>	-	-

**16. Borrowings (Other than Debt Securities)**

		As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
<b>A. Borrowings At amortised cost</b>				
<b>I</b>	<b>a) Term Loans (Secured)</b>			
	i) from banks	6,250.52	16,216.15	14,198.29
	ii) from others	11,247.33	45,980.09	1,303.41
	<b>b) Repayable on demand (Secured)</b>			
	i) Bank Overdraft	2,037.31	1.87	0.71
	ii) Others	-	1,580.00	2,249.36
	<b>Total</b>	<u>19,535.16</u>	<u>63,778.11</u>	<u>17,751.77</u>
	<b>Of the Above</b>			
<b>II</b>	i) Borrowings in India	19,535.16	63,778.11	17,751.77
	ii) Borrowings outside India	-	-	-
	<b>Total</b>	<u>19,535.16</u>	<u>63,778.11</u>	<u>17,751.77</u>

**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 financial institutions are secured against specific receivables of the Company.

**16.2 Term loans from banks -Secured**
**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
			<u>6,360.64</u>
Add: Effective Interest rate amortisation			(110.12)
			<u>6,250.52</u>

**Terms of Repayment - As at March 31, 2019**

Tenure ( From the date of the Balance Sheet)	Rate of Interest	Repayment Details	Amount Rs. In Lakhs
12-24 months	9% to 11.99%	Monthly & Quarterly Instalments	2,820.53
upto 12 months	9% to 11.99%	Bullet	13,485.73
			<u>16,306.26</u>
Add: Effective Interest rate amortisation			(90.11)
			<u>16,216.15</u>

**Terms of Repayment - As at April 1, 2018**

Tenure ( From the date of the Balance Sheet)	Rate of Interest	Repayment Details	Amount Rs. In Lakhs
60-110 months	9% to 9.99%	Monthly Instalments	1,263.75
48-60 months	9% to 9.99%	Monthly Instalments	161.70
36-48 months	9% to 9.99%	Monthly Instalments	119.60
24-36 months	9% to 10.99%	Monthly Instalments	83.88
12-24 months	9% to 10.99%	Monthly & Quarterly Instalments	4,251.55
upto 12 months	9% to 10.99%	Bullet	8,421.22
			<u>14,301.70</u>
Add: Effective Interest rate amortisation			(103.41)
			<u>14,198.29</u>

**16.3 Term loans from Others -Secured**
**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
			<u>11,264.31</u>
Add: Effective Interest rate amortisation			(16.98)
			<u>11,247.33</u>



**Centrum Financial Services Limited**

Notes to the financial statements as at and for the year ended March 31, 2020

(Currency : Indian Rupees in lakhs)

**16. Borrowings (Other than Debt Securities) - (Continued)**
**16.3 Term loans from Others -Secured (Continued)**

Terms of Repayment - As at March 31, 2019

Tenure ( From the date of the Balance Sheet)	Rate of Interest	Repayment Details	Amount Rs. In Lakhs
12-24 months	10% to 11.99%	Bullet, Monthly & Quarterly Instalments	12,500.00
upto 12 months	9% to 13.99%	Bullet, Monthly & Quarterly Instalments	33,763.71
			<u>46,263.71</u>
		Add: Effective Interest rate amortisation	(283.62)
			<u>45,980.09</u>

Terms of Repayment - As at April 1, 2018

Tenure ( From the date of the Balance Sheet)	Rate of Interest	Repayment Details	Amount Rs. In Lakhs
12-24 months	9% to 10.99%	Bullet, Monthly & Quarterly Instalments	563.71
upto 12 months	9% to 10.99%	Bullet, Monthly & Quarterly Instalments	752.26
			<u>1,315.97</u>
		Add: Effective Interest rate amortisation	(12.56)
			<u>1,303.41</u>

**16.4 Loans Repayable on Demand -Secured**

Terms of Repayment

Particulars	Rate of Interest	Repayment Details	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Loans Repayable on Demand	10% to 11.25%	on Demand	-	1,580.00	2,249.36
		<b>Total</b>	<u>-</u>	<u>1,580.00</u>	<u>2,249.36</u>

**16.4.1 Details of security**

i) Loans Repayable on Demand are secured against shares

**16.5 Bank overdraft**

Terms of Repayment

Particulars	Rate of Interest	Repayment Details	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Bank overdraft	8.50% to 10.5%	12 months to 24 months	2,037.31	1.87	0.71
		<b>Total</b>	<u>2,037.31</u>	<u>1.87</u>	<u>0.71</u>

**16.5.1 Details of security**

i) Bank Overdraft are secured against Fixed Deposits and Investment property

**17. Deposits - At amortised cost**

	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Intercompany Deposits (unsecured)	256.72	521.04	2,041.65
	<u>256.72</u>	<u>521.04</u>	<u>2,041.65</u>

**18. Repayment Terms of Deposits**

Particulars	Rate of Interest	Repayment Details	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
a) Intercompany Deposits (unsecured)	9% to 11.99%	12 months	256.72	521.04	2,041.65
		<b>Total</b>	<u>256.72</u>	<u>521.04</u>	<u>2,041.65</u>

**19. Other financial liabilities**

a) Security deposits			9.46	11.46	9.46
b) Payable on the accounts of assignments			246.54	-	-
c) Other Financial Liabilities			886.61	1,589.22	30.44
		<b>Total</b>	<u>1,142.60</u>	<u>1,600.69</u>	<u>39.90</u>

**20. Provisions**

a) Provision for Employee Benefits					
i) Gratuity			38.94	69.94	10.33
ii) Compensated absences			15.62	25.19	14.24
iii) Others			30.36	19.09	-
b) Provision for undrawn commitments			4.50	0.93	1.51
		<b>Total</b>	<u>89.42</u>	<u>115.15</u>	<u>26.08</u>



(Currency : Indian Rupees in lakhs)

20.1 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 46.B.2

Particulars	As at March 31, 2020 Stage 1 Collective	As at March 31, 2019 Stage 1 Collective	As at April 01, 2018 Stage 1 Collective
<b>Internal rating grade</b>			
<b>Performing</b>			
High grade	1,834.85	210.78	332.40
<b>Total</b>	<b>1,834.85</b>	<b>210.78</b>	<b>332.40</b>

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, 2020	Year ended March 31, 2019
	Stage 1	Stage 1
Opening balance of outstanding exposure	210.78	332.40
New exposures	1,834.85	198.38
Exposures derecognised or matured/repaid (excluding write offs)	(210.78)	(320.00)
<b>Closing balance of outstanding exposure</b>	<b>1,834.85</b>	<b>210.78</b>

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

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
	General approach	General approach
	Stage 1	Stage 1
ECL allowance - opening balance	0.93	1.51
New exposures	4.50	0.88
Exposures derecognised or matured (excluding write offs)	(0.93)	(1.46)
<b>ECL allowance - closing balance</b>	<b>4.50</b>	<b>0.93</b>

21. Other non-financial liabilities

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
a) Advances from customers	58.86	18.20	8.18
b) Statutory dues payable	213.80	247.81	143.57
c) Undisbursed processing fees	6.75	45.87	22.50
d) Unearned discounting charges	397.25	727.42	59.11
<b>Total</b>	<b>676.66</b>	<b>1,039.30</b>	<b>233.36</b>



**Centrum Financial Services Limited**

Notes to the financial statements as at and for the year ended March 31, 2020

(Currency : Indian Rupees in lakhs)

**22. Equity Share capital****a) Share capital authorised, issued, subscribed and paid up**

Particulars	As at March 31, 2020		As at March 31, 2019		As at April 1, 2018	
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
<b>Authorised:</b>						
Equity Shares of Rs. 10/each	15,00,00,000	15,000.00	15,00,00,000	15,000.00	15,00,00,000	15,000.00
	<u>15,00,00,000</u>	<u>15,000.00</u>	<u>15,00,00,000</u>	<u>15,000.00</u>	<u>15,00,00,000</u>	<u>15,000.00</u>
<b>Issued, Subscribed &amp; paid up:</b>						
Equity Shares of Rs. 10/each	9,89,56,900	9,895.69	9,89,56,900	9,895.69	5,68,61,900	5,686.19
	<u>9,89,56,900</u>	<u>9,895.69</u>	<u>9,89,56,900</u>	<u>9,895.69</u>	<u>5,68,61,900</u>	<u>5,686.19</u>

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

Particulars	As at March 31, 2020		As at March 31, 2019		As at April 1, 2018	
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
<b>Issued, Subscribed &amp; paid up:</b>						
Outstanding at the beginning of the year	9,89,56,900	9,895.69	5,68,61,900	5,686.19	5,68,61,900	5,686.19
Add: Shares issued during the year	-	-	4,20,95,000	4,209.50	-	-
<b>Outstanding at the end of the year</b>	<u>9,89,56,900</u>	<u>9,895.69</u>	<u>9,89,56,900</u>	<u>9,895.69</u>	<u>5,68,61,900</u>	<u>5,686.19</u>

**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, 2020		As at March 31, 2019		As at April 1, 2018	
	No. of shares	% Holding	No. of shares	% Holding	No. of shares	% Holding
Centrum Capital Limited, Holding Company*	-	0.00%	9,89,56,900	100.00%	5,68,61,900	100.00%
Centrum Retail Services Limited, Holding Company*	9,89,56,900	100.00%	-	0.00%	-	0.00%

**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 2019-20.**

**Centrum Financial Services Limited**

Notes to the financial statements as at and for the year ended March 31, 2020

(Currency : Indian Rupees in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
<b>23. Other Equity</b>			
a) Securities premium	18,639.96	18,639.96	10,358.60
b) Statutory reserve	466.61	302.09	292.57
c) Employee stock options	299.80	144.57	-
d) Retained earnings	(588.87)	(676.33)	217.60
e) Impairment reserve	570.64	-	-
f) Capital contribution	648.56	619.92	14.76
g) Other comprehensive income	(5.40)	5.37	-
<b>Total</b>	<b>20,031.30</b>	<b>19,035.58</b>	<b>10,883.53</b>

**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 provision as per Income Recognition, Asset Classification and Provisioning norms (IRACP norms) as compared to the provision 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**
**a) Securities premium**

Opening balance	18,639.96	10,358.60	10,358.60
Add : Premium Received on issue of securities	-	8,281.36	-
<b>Closing Balance</b>	<b>(a) 18,639.96</b>	<b>18,639.96</b>	<b>10,358.60</b>

**b) Statutory reserve**

Opening balance	302.09	292.57	292.57
Add : Transfer from retained earnings	164.52	9.52	-
<b>Closing Balance</b>	<b>(b) 466.61</b>	<b>302.09</b>	<b>292.57</b>

**c) Employee stock options**

Opening balance	144.57	-	-
Add : Additions during the year	155.23	144.57	-
<b>Closing Balance</b>	<b>(c) 299.80</b>	<b>144.57</b>	<b>-</b>

**d) Retained Earnings**

Opening balance	(670.96)	217.60	217.60
Add: Profit for the year	822.62	(884.41)	-
Add: Other comprehensive income	(10.77)	5.37	-
<b>Amount available for appropriation</b>	<b>140.89</b>	<b>(661.44)</b>	<b>217.60</b>
<b>Appropriations:</b>			
Transfer to impairment reserve	570.64	-	-
Transfer to statutory reserve	164.52	9.52	-
<b>Closing Balance</b>	<b>(d) (594.27)</b>	<b>(670.96)</b>	<b>217.60</b>

**e) Impairment reserve**

Opening balance	-	-	-
Add : Transfer from retained earnings	570.64	-	-
<b>Closing Balance</b>	<b>570.64</b>	<b>-</b>	<b>-</b>

**f) Capital contribution\***

Opening balance	619.92	14.76	14.76
Add : Addition during the year	28.64	605.16	-
<b>Closing Balance</b>	<b>(e) 648.56</b>	<b>619.92</b>	<b>14.76</b>

<b>(a+b+c+d+e)</b>	<b>20,031.30</b>	<b>19,035.58</b>	<b>10,883.53</b>
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\*Pursuant to the memorandum of understanding entered into with Centrum Capital Limited ('CCL' or the 'holding company'), the holding company has provided interest subvention to the Company for interest on Market Linked Debentures amounting to Rs.588.68 Lakhs in FY 2018-19 same was routed through Profit and Loss Statement, however as per Ind AS it is considered as part of Capital Contribution



**Centrum Financial Services Limited**  
Notes to the financial statements as at and for the year ended March 31, 2020

(Currency : Indian Rupees in lakhs)

**24. Interest income**

Particulars	For the year ended March 31, 2020				For the year ended March 31, 2019			
	On Financial Assets measured				On Financial Assets measured			
	at Fair Value through OCI	at Amortised Cost	at Fair Value through profit or loss	Total	at Fair Value through OCI	at Amortised Cost	at Fair Value through profit or loss	Total
i) Interest income on loans	-	13,331.73	-	13,331.73	-	8,924.39	-	8,924.39
ii) Interest income on investments / debt instruments	-	493.26	-	493.26	-	232.35	-	232.35
iii) Interest income on deposits with banks	-	275.12	-	275.12	-	223.14	-	223.14
iv) Interest income on investments	-	-	96.94	96.94	-	-	45.00	45.00
v) Interest income - others	-	0.49	-	0.49	-	3.79	-	3.79
<b>Total</b>	<b>-</b>	<b>14,100.60</b>	<b>96.94</b>	<b>14,197.54</b>	<b>-</b>	<b>9,383.67</b>	<b>45.00</b>	<b>9,428.67</b>



**Centrum Financial Services Limited**  
**Notes to the financial statements as at and for the year ended March 31, 2020**

(Currency : Indian Rupees in lakhs)

**25. Fee and commission income**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
a) Processing fees	239.56	42.51
b) LC commission income	-	3.69
c) Referral fee income	36.00	-
d) Other fees	24.32	-
<b>Total</b>	<b>299.88</b>	<b>46.20</b>

**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, 2020	For the year ended March 31, 2019
<b>Type of Services</b>		
i) Fees and commission income	299.88	46.20
<b>Total Revenue from contract with Customers</b>	<b>299.88</b>	<b>46.20</b>
<b>Geographical Markets</b>		
i) India	299.88	46.20
ii) Outside India	-	-
<b>Total Revenue from contract with Customers</b>	<b>299.88</b>	<b>46.20</b>
<b>Timing of revenue recognition</b>		
i) Services transferred at a point in time	299.88	46.20
ii) Services transferred over time	-	-
<b>Total Revenue from contract with Customers</b>	<b>299.88</b>	<b>46.20</b>

**Contract Balance**

Particulars	As at March 31, 2020	As at March 31, 2019
i) Trade Receivables	-	16.73
ii) Contract assets	-	-

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



**Centrum Financial Services Limited**

Notes to the financial statements as at and for the year ended March 31, 2020

(Currency : Indian Rupees in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>26. Net gain on fair value change</b>		
A. On trading portfolio	-	375.13
B. On non - trading portfolio	90.16	192.49
<b>Total</b>	<b>90.16</b>	<b>567.62</b>
a) Realised	452.57	588.57
b) Unrealised	(362.41)	(20.95)
<b>Total</b>	<b>90.16</b>	<b>567.62</b>
<b>27. Other operating revenue</b>		
a) Placement income	-	31.50
b) Premium on subscription of bonds	8.07	-
c) Profit / (Loss) on - DA	(1.91)	-
d) Amounts written back	173.20	-
e) Other operating revenue*	9.75	10.03
<b>Total</b>	<b>189.11</b>	<b>41.53</b>
* includes documentation fees, utilisation fees		
<b>28. Other income</b>		
a) Interest subsidy	86.11	-
c) Lease liability written back	22.73	-
b) Other income	31.68	27.07
<b>Total</b>	<b>140.52</b>	<b>27.07</b>



**Centrum Financial Services Limited**

Notes to the financial statements as at and for the year ended March 31, 2020

(Currency : Indian Rupees in lakhs)

**29. Finance costs**

Particulars	For the year ended March 31, 2020			For the year ended March 31, 2019		
	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)	-	4,331.16	4,331.16	-	3,540.74	3,540.74
b) Interest on debt instruments	-	3,803.62	3,803.62	-	2,656.67	2,656.67
c) Interest on inter corporate deposits	-	88.20	88.20	-	470.92	470.92
d) Interest - others	-	132.96	132.96	-	166.22	166.22
e) Other finance charges	-	418.82	418.82	-	-	-
<b>Total</b>	<b>-</b>	<b>8,774.76</b>	<b>8,774.76</b>	<b>-</b>	<b>6,834.55</b>	<b>6,834.55</b>

**30. Impairment on financial instruments (refer note 53)**

Particulars	Year ended March 31, 2020			Year ended March 31, 2019		
	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	-	(29.07)	(29.07)	-	1,180.86	1,180.86
ii) Investments	-	(1.88)	(1.88)	-	(0.07)	(0.07)
iii) Fixed deposits	-	(9.66)	(9.66)	-	5.72	5.72
<b>Others</b>						
iv) Undrawn commitments	-	3.56	3.56	-	(0.58)	(0.58)
v) Write off	-	28.29	28.29	-	18.86	18.86
<b>Total</b>	<b>-</b>	<b>(8.76)</b>	<b>(8.76)</b>	<b>-</b>	<b>1,204.79</b>	<b>1,204.79</b>

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, 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) Debt instruments measured at amortised cost	(1.88)	-	-	-	(1.88)
iii) Fixed deposits	(9.66)	-	-	-	(9.66)
iv) Undrawn commitments	3.56	-	-	-	3.56
v) Others	-	-	-	-	-
<b>Total impairment loss</b>	<b>(276.70)</b>	<b>15.80</b>	<b>223.85</b>	<b>-</b>	<b>(37.05)</b>

**Year ended March 31, 2019**

Particulars	General approach				Total
	Stage 1 collective	Stage 2 collective	Stage 3 collective	POCI	
i) Loans and advances to customers	309.23	(5.95)	877.58	-	1,180.86
ii) Debt instruments measured at amortised cost	(0.07)	-	-	-	(0.07)
iii) Fixed deposits	5.72	-	-	-	5.72
iv) Undrawn commitments	(0.58)	-	-	-	(0.58)
v) Others	-	-	-	-	-
<b>Total impairment loss</b>	<b>314.30</b>	<b>(5.95)</b>	<b>877.58</b>	<b>-</b>	<b>1,185.93</b>



**Centrum Financial Services Limited**

Notes to the financial statements as at and for the year ended March 31, 2020

(Currency : Indian Rupees in lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>31. Employee Benefits Expenses</b>		
a) Salaries, allowances and bonus	2,759.99	1,866.71
b) Contribution to provident fund & other funds	114.83	78.46
c) Contribution to gratuity fund	30.23	14.28
d) Share Based payments to employees	181.26	144.57
e) Staff welfare expenses	26.36	13.90
<b>Total</b>	<b>3,112.67</b>	<b>2,117.91</b>

During the year, the Company has paid Rs. 344.61 Lakhs as managerial remuneration (including stock options) to its Managing Director and Chief Executive Officer. The said amount exceeded the limits prescribed under the provisions of the Sections 197 read with Schedule V to the Companies Act, 2013. However, the Company has obtained shareholders' approval on 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).	19.78	24.16
b) Bad debts written off during the year (net of recoveries)	-	-
c) Business promotion expenses	0.47	12.22
d) Communication cost	8.46	5.96
e) Director's sitting fees	16.94	12.20
f) Energy cost	22.46	17.49
g) Expenditure towards Corporate social Responsibility (refer note 38)	44.17	-
h) Fees and subscription	12.98	19.43
i) Insurance charges	4.14	2.81
j) Legal and professional fees	1,045.47	464.11
k) Loss on sale of fixed assets (net)	0.93	-
l) Office expenses	30.27	30.00
m) Printing and stationery	6.09	5.18
n) Rates, duties and taxes	25.48	68.53
o) Rent	67.79	78.32
p) Repairs and maintenance	27.55	30.97
q) Service charges	3.02	1.16
r) Software charges	108.45	113.32
s) Travelling expenses	48.60	50.43
t) Miscellaneous expenses	185.35	20.45
<b>Total</b>	<b>1,678.41</b>	<b>956.74</b>

**32.1 Auditors' fees and expenses**

As Auditor

a) Audit fee	19.78	23.75
b) for reimbursement	-	0.41
<b>Total</b>	<b>19.78</b>	<b>24.16</b>



**Centrum Financial Services Limited**

Notes to the financial statements as at and for the year ended March 31, 2020

(Currency : Indian Rupees in lakhs)

**33. Disclosure pursuant to Ind AS 12 "Income Taxes"**

**33.1 Major components of tax expense/(income):**

**Year Ended March 31,  
2020 2019**

**I. Profit or Loss section**

(i) Current income tax:

Current income tax expense

- 109.48

Tax expense in respect of earlier years

8.99 -

(ii) Deferred tax:

Tax expense on origination and reversal of temporary differences

386.65 (268.74)

**Income tax expense reported in Profit or Loss (i + ii)**

**395.64 (159.26)**

**II. Other Comprehensive Income (OCI) section:**

(i) Income tax expense / (gain) relating to items that will not be reclassified to profit or loss

(2.17) (2.07)

(ii) Income tax expense / (gain) relating to items that will be reclassified to profit or loss

- -

**Income tax expense reported in the OCI section (i + ii)**

**(2.17) (2.07)**

**33.2 Reconciliation of tax expense and the accounting profit**

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at Indian corporate tax rate. During the year, 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. Accordingly, the Company had recognised and remeasured Provision for Income Tax and Deferred Tax based on the rate prescribed in the said section. Accordingly, total benefit derived by the Company on adoption of new tax rate is Rs. Nil in current tax and reversal of Rs. 57.23 lakhs in deferred tax asset in the Statement of Profit and Loss Account for the year ended March 31, 2020.

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

Particulars	Year Ended March 31,	
	2020	2019
(a) Profit before tax	1,218.26	(1,043.67)
(b) Corporate tax rate as per Income tax Act, 1961	25.168%	27.820%
(c) Tax on Accounting profit (c) = (a) * (b)	306.61	(290.35)
(d) Tax impact due to		
(i) Tax expense of earlier years	8.99	-
(ii) Tax provision as per income tax profits	-	109.48
(iii) Disallowances on account of permanent difference	7.49	21.61
(iv) (Benefit)/ Expense due to change in tax rates on the opening timing differences	57.23	-
(v) Other items	15.32	-
<b>Total effect of tax adjustments [(i) to (iv)]</b>	<b>89.03</b>	<b>131.09</b>
<b>(e) Tax expense recognised during the year (e)=(c)+(d)</b>	<b>395.64</b>	<b>(159.26)</b>
<b>(f) Effective tax rate (f)=(e)/(a)</b>	<b>32.48%</b>	<b>15.26%</b>



**Centrum Financial Services Limited**

Notes to the financial statements as at and for the year ended March 31, 2020

(Currency : Indian Rupees in lakhs)

**33.3 Movement in Deferred Taxes**

**33.3.A 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
<b>Deferred tax asset/ (liabilities)</b>				
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
<b>Total</b>	<b>600.36</b>	<b>(386.59)</b>	<b>2.17</b>	<b>215.94</b>

**33.3.B Movement in deferred tax balances for the year ended March 31, 2019**

Particulars	As at April 1, 2018	Recognised in profit or loss	Recognised in OCI	As at March 31, 2019
<b>Deferred tax asset/ (liabilities)</b>				
i) Depreciation on property, plant and equipment	3.27	(67.33)	-	(64.06)
ii) Lease liabilities	0.16	0.40	-	0.56
iii) EIR impact of financial assets	92.09	(82.49)	-	9.60
iv) EIR impact of financial liabilities	3.47	(154.49)	-	(151.02)
v) Unrealised gain on derivatives	(12.96)	(57.70)	-	(70.66)
vi) Goodwill	-	36.96	-	36.96
vii) Impairment loss on investments	9.57	2.12	-	11.69
viii) Expected Credit loss on loans and other assets	45.39	298.63	-	344.02
ix) Provision for employee benefits	6.84	21.70	(2.07)	26.47
x) Disallowance under Section u/s 40aia	185.86	270.93	-	456.79
xi) Others	0.01	-	-	0.01
<b>Total</b>	<b>333.71</b>	<b>268.73</b>	<b>(2.07)</b>	<b>600.36</b>

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

**Particulars**

Amounts recognised in respect of current tax / deferred tax directly in equity

As at  
March 31, 2020

As at  
March 31, 2019

-

-

**33.4 Tax losses**

Unused tax losses for which no deferred tax asset has been recognised

613.78

188.56



**Centrum Financial Services Limited**

Notes to the financial statements as at and for the year ended March 31, 2020

(Currency : Indian Rupees in lakhs)

**34. Lease liabilities****A) The following is the movement in lease liabilities:**

Particulars	As at	As at
	March 31, 2020	March 31, 2019
Balance as at beginning	47.25	10.81
Additions	-	45.72
Finance cost accrued during the period	13.91	2.80
Deletions	19.91	-
Payment of lease liabilities	30.24	12.08
Balance as at end	11.01	47.25

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

Particulars	As at	As at	As at
	March 31, 2020	March 31, 2019	April 1, 2018
Less than one year	9.88	17.38	5.10
One to five years	1.81	32.43	7.13
More than five years	-	12.02	-
Total	11.69	61.83	12.23

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	As at
	March 31, 2020	March 31, 2019
Depreciation on Right of use assets	35.74	10.94
Interest expense on lease liability	13.91	2.80
Total cash outflow for leases (rental payments)	30.24	12.08
Additions to Right of use assets	-	46.09
Carrying value Right of use assets	10.02	45.76

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. 24.34 Lakhs (March 31, 2019: Rs. 86.89 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	As at
	March 31, 2020	March 31, 2019
Less than one year	24.31	26.67
One to five years	97.25	179.11
More than five years	30.42	31.50
Total	151.98	237.28



**Centrum Financial Services Limited****Notes to the financial statements as at and for the year ended March 31, 2020**

(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,	
	2020	2019
a) Profit after tax attributable to equity shareholders for Basic EPS	822.62	(884.41)
b) Profit after tax attributable to equity shareholders for Diluted EPS	822.62	(884.41)
c) Weighted average no. of equity shares outstanding during the year for Basic EPS	9,89,56,900	7,65,92,805
d) Weighted average no. of equity shares outstanding during the year for diluted EPS	10,07,62,037	7,82,58,737
e) Nominal value of equity shares (Rs. per share)	10.00	10.00
f) Basic earnings per share (EPS) (Rs. per share)	0.83	(1.15)
g) Diluted earnings per share (EPS) (Rs. per share)	0.82	(1.15)

- Note:**
- For the year ended March 31, 2019, the impact of potential equity shares outstanding as at the year end has not been considered for the purpose of calculating diluted earnings per share, since the same is anti-dilutive in nature.
  - 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,		As at April 1, 2018
	2020	2019	
<b>Contingent liabilities</b>			
i) Corporate guarantee	-	-	500.00
ii) Income tax under dispute	325.51	325.51	18.63
<b>Capital commitments</b>			
i) Estimated amount of contracts remaining to be executed on capital account and not provided for	-	-	-
ii) Commitments related to loans sanctioned but undrawn	1,834.85	210.78	332.40

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.



**Centrum Financial Services Limited**

**Notes to the financial statements as at and for the year ended March 31, 2020**

(Currency : Indian Rupees in lakhs)

**38. Corporate Social Responsibility (CSR)**

As per the provisions of Section 135 of Companies Act, 2013

**For the year ended 31 March,**  
**2020**                      **2019\***

A) Gross amount required to be spent by the Company during the year was	9.12	35.05
B) Amount spent during the year on		
I Construction/acquisition of any assets		
i) In Cash	-	-
ii) Yet to be paid in cash		
<b>Total (I)</b>	-	-
II On purpose other than (i) above		
i) In Cash	44.17	-
ii) Yet to be paid in cash**	-	35.05
<b>Total (II)</b>	<b>44.17</b>	<b>35.05</b>
<b>Total (I + II)</b>	<b>44.17</b>	<b>35.05</b>

\* The Company has formed CSR committee as per the requirements of the Act.

\*\*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
	<b>35.05</b>

**39. Dues to Micro, Small Enterprises**

Disclosure pertaining to Micro and Small Enterprises as at March 31, 2020 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,		As at April 1,
	2020	2019	2018
i) Amounts outstanding but not due as at March 31/April 1,	5.94	51.03	6.91
ii) Amounts due but unpaid as at March 31/April 1,	-	-	-
iii) Amounts paid after appointed date during the year	-	-	-
iv) Amount of interest accrued and unpaid as at March 31/April 1,	-	-	-
v) Amount of estimated interest due and payable for the period from April 1, 2018 to actual date of payment or Board meeting date (whichever is earlier)	-	-	-
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. microfinance lendings. 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, 2020

(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 (Upto June 29, 2019)
List of Fellow subsidiaries with whom transacted during the year	Centrum Microcredit Limited Centrum Securities Private Limited Centrum Housing Finance Limited Centrum Wealth Management Limited Centrum Broking Limited Centrum Direct Limited Centrum Defence System Limited Centrum Alternatives LLP Centrum REMA LLP Centrum Investment Advisors Limited Club 7 Holidays Private Limited Centrum Retail Services Limited (Upto June 29, 2019) Axis Spaces Private Limited (Upto March 31, 2019)
Key management personnel (KMP)	Ranjan Ghosh (Managing Director and CEO) Mr. G. S. Sundararajan (Independent Director) Mr. Rishad K. Byramjee (Independent Director) Mr. R.S. Reddy (Independent Director) Mrs. Dipali Seth (Independent Director) Mr. S.K. Apte (Independent Director)

**41.2 Transactions with Related parties during the year**

No.	Nature of Transaction	Name of Party	For the year ended 31 March,	
			2020	2019
1	Issue of equity shares	Centrum Capital Limited	-	12,490.86
2	Loans given	Centrum Retail Services Limited	7,400.00	-
		Centrum Capital Limited	4,585.00	1,300.00
		Centrum Microcredit Limited	-	2,800.00
		Centrum Wealth Management Limited	11,945.00	-
		Club 7 Holidays Private Limited	150.00	-
		Axis Spaces Private Limited	-	360.00
3	Loan repayment	Centrum Capital Limited	2,185.00	3,000.00
		Centrum Retail Services Limited	4,300.00	-
		Centrum Microcredit Limited	-	2,800.00
		Centrum Wealth Management Limited	10,985.00	-
		Axis Spaces Private Limited	-	2,789.44
4	Loan taken	Centrum Capital Limited	-	2,500.00
		Centrum Housing Finance Limited	500.00	1,000.00
		Centrum Microcredit Limited	800.00	-
		Axis Spaces Private Limited	-	575.00
5	Loan repaid during the year	Centrum Capital Limited	-	2,500.00
		Centrum Retail Services Limited	-	21,250.00
		Centrum Housing Finance Limited	500.00	1,000.00
		Centrum Microcredit Limited	800.00	-
		Axis Spaces Private Limited	-	1,975.96



**Centrum Financial Services Limited**

Notes to the financial statements as at and for the year ended March 31, 2020

(Currency : Indian Rupees in lakhs)

**41. 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,	
			2020	2019
6	Investment in Compulsory Convertible Debentures during the year	Centrum Microcredit Limited	1,500.00	-
7	Consideration received for sale of portfolio on Direct Assignment	Centrum Microcredit Limited	1,767.41	-
8	Subscription to MLD	Centrum Wealth Management Limited	-	6,670.94
9	MLD repaid including accrued interest*	Centrum Wealth Management Limited	10,841.87	845.20
* - 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.				
10	Advance taken	Centrum Retail Services Limited	-	3,456.00
11	Advance repaid	Centrum Retail Services Limited	-	3,456.00
12	Sharing of Economic Benefits	Centrum Retail Services Limited	639.43	-
13	Rent income	Centrum Capital Limited	-	68.70
		Centrum Microcredit Limited	0.09	0.01
		Centrum Retail Services Limited	24.25	18.18
15	Service fees income	Centrum Retail Services Limited	2.78	-
		Centrum Microcredit Limited	7.50	-
		JBCG Advisory Services Private Limited	21.53	-
16	Expenses incurred on behalf of the Company	Centrum Capital Limited	-	45.54
		Centrum Microcredit Limited	-	0.75
		Centrum REMA LLP	1.23	-
		Centrum Wealth Management Limited	0.61	-
		Centrum Housing Finance Limited	-	0.20
17	Advisory fees income	Centrum Wealth Management Limited	-	7.00
18	Interest income	Centrum Capital Limited	116.26	39.52
		Centrum Retail Services Limited	287.97	3.59
		Club 7 Holidays Private Limited	0.92	-
		Centrum Wealth Management Limited	105.00	-
		Centrum Microcredit Limited	59.84	29.69
		Axis Spaces Private Limited	-	281.70
19	Interest expenses	Centrum Capital Limited	-	218.65
		Centrum Retail Services Limited	151.33	279.35
		Centrum Housing Finance Limited	7.84	19.29
		Centrum Microcredit Limited	6.13	-
		Axis Spaces Private Limited	-	119.50
20	Interest subvention (Refer note 23.B (f)Capital Contribution )	Centrum Capital Limited	-	588.68
21	Investment service fees expenses	Centrum Wealth Management Limited	-	95.70
22	Rent expenses	Centrum Capital Limited	3.78	20.06
		Centrum Retail Services Limited	28.23	49.31
		Centrum Wealth Management Limited	11.28	7.60
		Centrum Broking Limited	4.96	-
23	Electricity expenses paid on behalf of the Company	Centrum Capital Limited	0.73	-
		Centrum Retail Services Limited	16.71	10.52
		Centrum Wealth Management Limited	1.28	-
		Centrum Broking Limited	0.47	-



**Centrum Financial Services Limited**

Notes to the financial statements as at and for the year ended March 31, 2020

(Currency : Indian Rupees in lakhs)

**41. 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,	
			2020	2019
24	Printing and stationery, postage and courier and telephone expense	Centrum Retail Services Limited	2.73	0.46
		Centrum Wealth Management Limited	0.46	-
25	Travelling expense	Club7 Holidays Private Limited	1.30	27.38
26	Arrangers fees	Centrum Capital Limited	72.50	47.00
		Centrum Wealth Management Limited	54.27	3.75
27	Placement fees income	Centrum Capital Limited	-	31.50
28	Reimbursement of expenses	Centrum Capital Limited	8.49	-
		Centrum Retail Services Limited	5.66	-
		Centrum Microcredit Limited	1.90	-
		Centrum Broking Limited	3.12	-
		Centrum REMA LLP	1.98	3.68
		Centrum Wealth Management Limited	-	1.84
29	Group allocation income	Centrum Retail Services Limited	-	154.00
30	Group allocation expense	Centrum Retail Services Limited	375.78	-
31	Security deposit received	Centrum Retail Services Limited	-	59.46
32	Security deposit repaid	Centrum Retail Services Limited	50.00	9.46
33	Corporate Guarantees issued by ultimate holding Company on behalf of Company	Centrum Capital Limited	3,366.00	16,000.00
34	Commission and Brokerage expenses	Centrum Broking Limited	937.40	634.59
		Centrum Investment Advisors Limited	22.69	-
35	Managerial remuneration	Mr. Ranjan Ghosh	345	351.09
36	Indemnification (Refer note 6.1)	Centrum Capital Limited	-	2,500.00
37	Compulsory Convertible Debentures issued	Centrum Capital Limited	-	1,509.14
		Centrum Retail Services Limited	1,509.14	-

**41.3 Balances with Related parties as at year end**

No.	Nature of Transaction	Name of Party	As at March 31,		As at April 1, 2018
			2020	2019	
1	Interest Receivable	Centrum Securities Private Limited	-	-	0.36
2	Commission and Brokerage Payable	Centrum Broking Limited	318.55	-	0.30
3	Corporate Guarantee received	Centrum Capital Limited	6,826.06	17,272.63	13,918.48
4	Loan asset	Centrum Capital Limited	2,400.13	-	1,709.46
		Centrum Retail Services Limited	3,104.68	-	-
		Centrum Wealth Management Limited	961.62	-	-
		Club 7 Holidays Private Limited	150.92	-	-
		Axis Spaces Private Limited	-	-	2,429.44
5	Investment	Centrum Microcredit Limited	1,500.00	-	-
6	Margin Balance with Broker	Centrum Broking Limited	1,023.49	49.92	964.39
7	Other Receivable	JBCG Advisors Private Limited	17.69	-	-
		Centrum Microcredit Limited	-	-	23.23
8	Other Financial Liability	Centrum Capital Limited	78.30	-	-
		Centrum Broking Limited	318.55	-	-
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	59.46	-
11	Trade Payable	Centrum Retail Services Limited	98.84	-	-
		Centrum REMA LLP	1.28	-	-
		Club7 Holidays Private Limited	-	9.45	6.91
12	Payable on the accounts of assignments	Centrum Microcredit Limited	1,184.26	-	-
13	Borrowing	Axis Spaces Private Limited	-	-	1,400.96



**Centrum Financial Services Limited**

Notes to the financial statements as at and for the year ended March 31, 2020

(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,	
	2020	2019
Provident fund	114.83	78.46

**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:

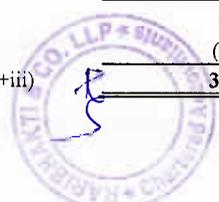
Change in defined benefit obligations:	For the year ended 31 March,	
	2020	2019
<b>Defined benefit obligation, beginning of the year</b>	75.19	10.33
Current service cost	24.91	13.47
Past service cost	-	-
Interest cost	5.83	0.81
Remeasurements (gains) / losses	-	-
Actuarial (gains) / losses	-	-
arising from changes in demographic assumptions	(0.13)	-
arising from changes in financial assumptions	0.08	0.80
arising from changes in experience adjustments	10.09	(7.98)
Transfer in/(out) of liability	-	-
Benefits paid from plan assets	(34.06)	-
Net transfer in / (out) (Including the effect of any business combinations/ divestures)	-	57.76
<b>Defined benefit obligation, end of the year</b>	<b>81.91</b>	<b>75.19</b>

**Change in plan assets:**

<b>Fair value of plan assets, beginning of the year</b>	5.25	-
Interest income	0.41	-
Remeasurements gains / (losses)	-	-
Return on plan assets, (excluding amount included in net Interest expense)	1.43	0.25
Employer's contributions	69.94	5.00
Transfer in/(out) of assets	-	-
Net transfer in / (out) (Including the effect of any business combinations/ divestures)	-	-
Benefits paid	(34.06)	-
<b>Fair value of plan assets, end of the year</b>	<b>42.97</b>	<b>5.25</b>

b) Amount recognized in the balance sheet consists of:	As at March 31,		As at April 1,
	2020	2019	2018
Present value of defined benefit obligation	81.91	75.19	10.33
Fair value of plan assets	42.97	5.25	-
<b>Net liability</b>	<b>38.94</b>	<b>69.94</b>	<b>10.33</b>

c) The amounts recognised in the Statement of Profit and Loss are as follows:	For the year ended 31 March,	
	2020	2019
<b>Service Cost</b>		
Current service cost	24.91	13.47
Past service cost	-	-
<b>Total Service cost</b> (i)	<b>24.91</b>	<b>13.47</b>
<b>Net interest cost</b>		
Interest expense on DBO	5.83	0.81
Interest expense / (income) on plan assets	(0.41)	-
Interest expense / (income) on reimbursement rights	-	-
Interest expense on effect of (asset celling)/onerous liability	-	-
<b>Total Interest cost</b> (ii)	<b>5.42</b>	<b>0.81</b>
Remeasurements of Other Long term benefits	(0.11)	0
Defined benefit cost included in Statement of Profit & Loss = (i+ii+iii)	<b>30.22</b>	<b>14.28</b>



**Centrum Financial Services Limited**

Notes to the financial statements as at and for the year ended March 31, 2020

(Currency : Indian Rupees in lakhs)

		For the year ended 31 March,	
		2020	2019
Remeasurements recognised in other comprehensive income (OCI)			
	Due to changes in demographic assumptions	(0.13)	-
	Due to changes in financial assumptions	0.08	0.80
	Due to changes in experience adjustments	10.09	(7.98)
	Return on plan assets (excl. interest income)	(1.43)	(0.25)
	Return on reimbursement rights	-	-
	Changes in asset celling/onerous liability	-	-
Total remeasurement in other comprehensive income (OCI)		<b>8.61</b>	<b>(7.43)</b>
Total Defined benefit cost included in Statement of Profit & Loss and OCI		<b>38.83</b>	<b>6.85</b>

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, 2020	As at March 31, 2019
Discount rate	6.56%	7.76%
Salary escalation rate*	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.	5.00%
Expected return on plan assets	6.56%	7.76%
Rate of employee turnover	10.00%	5.00%
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,		As at April 1,
	2020	2019	2018
a) Insurer managed funds	42.97	5.25	-
b) Cash	-	-	-

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

		For the year ended 31 March,		
		2020	2019	2019
		% Rate	Amount	% Rate
				Amount
<b>Increase by 100 basis points</b>				
i)	Impact of change in discount rate	7.56%	(5.37)	8.76%
ii)	Impact of change in salary growth rate	7.26%	6.18	6.00%
iii)	Impact of change in employee attrition rate	11.00%	0.73	6.00%
<b>Decrease by 100 basis points</b>				
i)	Impact of change in discount rate	5.56%	6.08	6.76%
ii)	Impact of change in salary growth rate	6.26%	(4.13)	4.00%
iii)	Impact of change in employee attrition rate	9.00%	0.68	4.00%

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.



**Centrum Financial Services Limited**

Notes to the financial statements as at and for the year ended March 31, 2020

(Currency : Indian Rupees in lakhs)

**g) Maturity**

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

Particulars	As at 31 March,		As at April 1,
	2020	2019	2018
i) 1st Following Year	3.87	3.20	0.26
ii) 2nd Following Year	5.22	3.39	0.26
iii) 3rd Following Year	6.73	4.09	0.30
iv) 4th Following Year	16.07	5.03	0.36
v) 5th Following Year	7.90	13.45	0.85
vi) Sum of Years 6 to 10	35.92	27.41	5.13
vii) Sum of Years 11 and above	66.79	122.48	21.07

The weighted average duration of the defined benefit obligation is 8 years (previous year - 12 years).

**C Compensated Absences**

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

Particulars	As at March 31, 2020	As at March 31, 2019
Rate of discounting	6.56%	7.76%
Expected rate of salary increase	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.	5.00%
Rate of employee turnover	10.00%	5.00%
Mortality	Indian Assured Lives Mortality (2006-08) Ult	Indian Assured Lives Mortality (2006-08) Ult

Particulars	Year ended March 31,	
	2020	2019
Expenses recognised in statement of profit and loss	(30.69)	0.47



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(Currency : Indian Rupees in lakhs)

**43. Employee Stock Option Plan**

**Employees' Stock Options Scheme (ESOS) :**

During the year, 129,356 Employee Stock Options have been granted to the employees of the Company (Previous year 29,26,031). 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 II	Centrum Capital Ltd. Scheme*	Scheme I
Date of grant	03 April 2018	20 June 2018	20 June 2018	14 December 2018	14 October 2019
Date of board approval	22 March 2018	22 March 2018	22 March 2018	12 December 2018	22 March 2018
Date of Shareholder's approval	02 April 2018	02 April 2018	02 April 2018	30 March 2018	02 April 2018
Number of options granted	1,681,031	600,000	545,000	250,000	129,356
Method of settlement	Equity	Equity	Equity	Equity	Equity
Vesting period	4 Years	4 Years	5 Years	5 Years	4 Years
Weighted average remaining contractual life (Vesting period)	4 Years	4 Years	5 Years	5 Years	4 Years
Granted but not vested	1,681,031	600,000	545,000	150,000	129,356
Vested but not exercised	-	-	-	100,000	-
Weighted average share price at the date of exercise for stock options exercised	NA	NA	NA	NA	NA
Exercise period	4 Years	4 Years	5 Years	4 Years	4 Years
Weighted Average Fair value of options (granted but not vested) as on grant	24.20	24.42	24.80	37.33	22.87

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

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

The activity in the Scheme-I, Scheme-II and Centrum Capital Ltd. Scheme during the year ended 31 March 2020 and 31 March 2019 is set below:

Particulars	Number of options	
	For the year ended March 31,	
	2020	2019
<b>Scheme-I : Face value of Rs. 10 each</b>		
Exercise price Rs. 10 each		
Options outstanding as at beginning of the year	21,51,031	-
Add: Granted	1,29,356	22,81,031
Less: Exercised	-	-
Less: Forfeited	-	-
Less: Lapsed	55,000	1,30,000
<b>Option outstanding end of the year</b>	<b>22,25,387</b>	<b>21,51,031</b>
<b>Exercisable at the end of the year</b>	<b>-</b>	<b>-</b>
<b>Scheme-II : Face value of Rs. 10 each</b>		
Exercise price Rs. 10 each		
Option outstanding as at beginning of the year	5,45,000	-
Add Granted	-	5,45,000
Less : Exercised	-	-
Less: Forfeited	-	-
Less: Lapsed	-	-
<b>Option outstanding as at end of the year</b>	<b>5,45,000</b>	<b>5,45,000</b>
<b>Exercisable at the end of the year</b>	<b>-</b>	<b>-</b>
<b>Centrum Capital Ltd. Scheme*</b>		
Exercise price Rs. 10 each		
Option outstanding as at beginning of the year	2,50,000	-
Add Granted	-	2,50,000
Less : Exercised	-	-
Less: Forfeited	-	-
Less: Lapsed	-	-
<b>Option outstanding as at end of the year</b>	<b>2,50,000</b>	<b>2,50,000</b>
<b>Exercisable at the end of the year</b>	<b>-</b>	<b>-</b>

Other Information regarding employee share based payment plan is as below

Particulars	For the year ended March 31,	
	2020	2019
Expense arising from employee share based payment plans	181.26	144.57
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	299.80	144.57
Total carrying amount at the end of the year in Capital contribution under Other Equity*	26.03	-

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



**Centrum Financial Services Limited****Notes to the financial statements as at and for the year ended March 31, 2020**

(Currency : Indian Rupees in lakhs)

**44. Business Combination****44.A Summary of acquisition**

During the year ended March 31, 2019 Company has purchased the Supply Chain Finance business as of the closing date of December 30, 2018 as per the Business Transfer Agreement with L&T Finance Limited.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

**Purchase consideration**

	<b>Amount</b>
Cash paid	65,235.01
<b>Total purchase consideration</b>	<b>(A) 65,235.01</b>

The acquisition date fair values of the assets taken over and liabilities assumed as a result of the acquisition are as follows:

<b>Particulars</b>	<b>Amount</b>
<b>Assets taken over:</b>	
Principal O/s	64,616.74
Interest O/s	294.01
Overdue Interest O/s	9.58
<b>Liabilities assumed:</b>	
Advance interest balance	632.10
Excess money lying in customer's account	258.09
Gratuity & leave encashment (Liabilities held under SCF Business as on Sept 30, 2018)	96.03
<b>Net identifiable assets acquired</b>	<b>(B) 63,934.11</b>

<b>Calculation of goodwill</b>		<b>Amount</b>
Consideration transferred	(A)	65,235.01
Less: Net identifiable assets acquired	(B)	63,934.11
<b>Goodwill</b>	<b>(C) = (A-B)</b>	<b>1,300.90</b>

There were no acquisitions in the year ended March 31, 2020.

**44.B Purchase consideration - cash outflow**

<b>Particulars</b>	<b>For the year ended March 31,</b>	
	<b>2020</b>	<b>2019</b>
Outflow of cash to acquire the supply chain finance business	-	65,235.01
<b>Net outflow of cash - investing activities</b>	<b>-</b>	<b>65,235.01</b>

**Acquisition related costs**

Acquisition related costs of INR 132.86 Lakh are included in other expenses in the statement of profit or loss and in operating cash flows in the statement of cash flows.

Amount and factors for recognition of goodwill

**(1) Amount of goodwill recognised:**

₹ 1300.91 Lakh - The amount of goodwill was determined following the fair valuation method. The fair value of loan portfolio is calculated by discounting the expected future cash flows using market lending rate as at the valuation date. The fair value of gratuity and leave encashment payable is taken to be at the value as on December 30, 2018 as agreed to by the management at the time of acquisition, since this value is based on the actuarial valuation on the date of acquisition.

**(2) Factors for recognition of goodwill:**

Since the acquisition cost exceeded the net amount of assets acquired and liabilities assumed, the excess amount is recorded as goodwill. The goodwill primarily reflects the excess earning capacity and synergistic effects with the existing business.

Goodwill is considered as a tax deductible expense.



**Centrum Financial Services Limited**

Notes to the financial statements as at and for the year ended March 31, 2020

(Currency : Indian Rupees in lakhs)

**45. Fair Value Measurement**

**45.A Carrying value and fair value of financial instruments**

**45.A.1** 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
<b>Financial Assets</b>						
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 51)	100.00
- Debentures	3,042.45	-	-	3,042.45	Level 3	2,952.34
- Cumulative Convertible Debentures	-	1,500.00	-	1,500.00	Level 2	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
<b>Total</b>	<b>96,349.00</b>	<b>3,239.05</b>	<b>-</b>	<b>99,588.05</b>		<b>99,657.47</b>
<b>Financial Liabilities</b>						
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
<b>Total</b>	<b>73,260.07</b>	<b>3,401.88</b>	<b>-</b>	<b>76,661.95</b>		<b>76,661.95</b>

\*\* including accrued interest

**45.A.2** The carrying value and fair value of financial instruments by categories as at March 31, 2019 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
<b>Financial Assets</b>						
1 Cash and cash equivalents	4,704.11	-	-	4,704.11	Level 1	4,704.11
2 Other Bank balances	5,564.54	-	-	5,564.54	Level 1	5,564.54
3 Derivative assets	-	705.26	-	705.26	Level 1	705.26
4 Loans	1,09,287.84	-	-	1,09,287.84	Level 3	1,11,693.11
5 Investments						
- Listed equity shares	-	3,408.80	-	3,408.80	Level 1	3,408.80
- Perpetual Subordinated Tier I bonds	-	482.08	-	482.08	Level 1	482.08
- Debentures	2,802.89	-	-	2,802.89	Level 3	2,911.67
6 Other financial assets						
- Security deposits	7.22	-	-	7.22	Level 3	7.22
- Margin with broker	49.92	-	-	49.92	Level 1	49.92
- Others	79.26	-	-	79.26	Level 3	79.26
- Receivable from non banking financial companies	1,918.86	-	-	1,918.86	Level 3	1,918.86
<b>Total</b>	<b>1,24,414.64</b>	<b>4,596.14</b>	<b>-</b>	<b>1,29,010.78</b>		<b>1,31,524.83</b>
<b>Financial Liabilities</b>						
1) Derivative liabilities	-	2,919.64	-	2,919.64	Level 2	2,919.64
2) Trade payables	166.69	-	-	166.69	Level 3	166.69
3) Debt securities (Quoted)*	35,487.63	-	-	35,487.63	Level 1	35,487.63
4) Debt securities (Unquoted)*	1,509.14	-	-	1,509.14	Level 2	1,509.14
5) Borrowings (other than debt securities) *	63,778.11	-	-	63,778.11	Level 3	63,778.11
6) Deposits	521.04	-	-	521.04	Level 3	521.04
7) Lease liabilities	47.25	-	-	47.25	Level 3	47.25
8) Other financial liabilities	1,600.69	-	-	1,600.69	Level 3	1,600.69
<b>Total</b>	<b>1,03,110.55</b>	<b>2,919.64</b>	<b>-</b>	<b>1,06,030.19</b>		<b>1,06,030.19</b>

\* including accrued interest

**45.A.3** The carrying value and fair value of financial instruments by categories as at April 1, 2018 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
<b>Financial Assets</b>						
1 Cash and cash equivalents	6,269.61	-	-	6,269.61	Level 1	6,269.61
2 Other Bank balances	4,122.80	-	-	4,122.80	Level 1	4,122.80
3 Derivative assets	-	935.26	-	935.26	Level 1	935.26
4 Loans	33,959.89	-	-	33,959.89	Level 3	34,528.98
5 Investments						
- Listed equity shares	-	4.66	-	4.66	Level 1	4.66
- Perpetual Subordinated Tier I bonds	-	499.17	-	499.17	Level 1	499.17
- Security receipts	-	725.38	-	725.38	Level 3	725.38
- Debentures	2,523.71	-	-	2,523.71	Level 3	2,558.30
6 Other financial assets						
- Security deposits	3.81	-	-	3.81	Level 3	3.81
- Margin with broker	964.39	-	-	964.39	Level 1	964.39
- Others	382.75	-	-	382.75	Level 3	382.75
<b>Total</b>	<b>48,226.96</b>	<b>2,164.47</b>	<b>-</b>	<b>50,391.43</b>		<b>50,995.11</b>
<b>Financial Liabilities</b>						
1) Derivative liabilities	-	1,862.72	-	1,862.72	Level 2	1,862.72
2) Trade payables	123.37	-	-	123.37	Level 3	123.37
3) Debt securities (Quoted)*	16,485.63	-	-	16,485.63	Level 1	16,485.63
4) Debt securities (Unquoted)*	-	-	-	-	Level 2	-
5) Borrowings (other than debt securities) *	17,751.77	-	-	17,751.77	Level 3	17,751.77
6) Deposits	2,041.65	-	-	2,041.65	Level 3	2,041.65
7) Lease liabilities	10.81	-	-	10.81	Level 3	10.81
8) Other financial liabilities	39.90	-	-	39.90	Level 3	39.90
<b>Total</b>	<b>36,453.13</b>	<b>1,862.72</b>	<b>-</b>	<b>38,315.85</b>		<b>38,315.85</b>

\* including accrued interest



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**45. Fair Value Measurement (Continued)****45.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, 2020 and March 31, 2019 except in the case of perpetual subordinated Tier 1 bonds where the Company has changed the Level from 1 to Level 3 (Refer Note 51). Fair Value of YES Bank Perpetual Bonds as of March 31, 2020 Rs 100 Lakhs and as at March 31, 2019 Rs 482.08 Lakhs

**45.B.1 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
<b>Financial Assets</b>				
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
<b>Total</b>	<b>1,639.05</b>	<b>1,500.00</b>	<b>100.00</b>	<b>3,239.05</b>

**45.B.2 Financial instruments measured at fair value - recurring fair value measurements as at March 31, 2019 is as follows.**

	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
1 Derivative assets	705.26	-	-	705.26
2 Investments				
- Listed equity shares	3,408.80	-	-	3,408.80
- Perpetual Subordinated Tier I bonds	482.08	-	-	482.08
<b>Total</b>	<b>4,596.14</b>	<b>-</b>	<b>-</b>	<b>4,596.14</b>



**Centrum Financial Services Limited**

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(Currency : Indian Rupees in lakhs)

**45 Disclosures on Financial Instruments (Continued)**

**45.B.3** Financial instruments measured at fair value - recurring fair value measurements as at April 1, 2018 is as follows.

	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
1 Derivative assets	935.26	-	-	935.26
2 Investments				
- Listed equity shares	4.66	-	-	4.66
- Perpetual Subordinated Tier I bonds	499.17	-	-	499.17
- Security receipts	-	725.38	-	725.38
<b>Total</b>	<b>1,439.09</b>	<b>725.38</b>	<b>-</b>	<b>2,164.47</b>

**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, deposits, other financial 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 (also refer note 51).

**(a) Investment in CCD**

Investment in CCD's are valued by an independent valuer by bifurcating the equity component and the debt component 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.

**(c)** Investment in Bonds are valued by using the last traded prices available on the stock exchange.

**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.



**Centrum Financial Services Limited**  
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**46. Maturity analysis of assets and liabilities**

**46.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, 2020			As at March 31, 2019			As at April 1, 2018		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>I Assets</b>									
<b>A. Financial assets</b>									
a) Cash and cash equivalents	5,624.56	-	5,624.56	4,704.11	-	4,704.11	6,269.61	-	6,269.61
b) Other Bank balances	2,220.30	-	2,220.30	5,564.54	-	5,564.54	1,000.18	3,122.62	4,122.80
c) Derivative assets	-	1,638.80	1,638.80	255.11	450.15	705.26	820.40	114.86	935.26
d) Loans	64,168.36	20,220.34	84,388.70	82,654.50	26,633.34	1,09,287.84	21,579.90	12,379.99	33,959.89
e) Investments	1,890.74	2,751.96	4,642.70	3,778.05	2,915.72	6,693.77	589.66	3,163.26	3,752.92
f) Other financial assets	33.18	1,039.81	1,072.99	1,998.12	57.14	2,055.26	382.75	968.20	1,350.95
<b>B. Non-financial assets</b>									
a) Current tax assets (net)	-	2,039.60	2,039.60	-	1,136.65	1,136.65	-	585.57	585.57
b) Deferred tax assets (Net)	-	215.94	215.94	-	600.36	600.36	-	333.71	333.71
c) Investment properties	-	3,397.84	3,397.84	-	3,454.48	3,454.48	-	3,510.95	3,510.95
d) Property, plant and equipment	-	152.74	152.74	-	114.55	114.55	-	75.20	75.20
e) Right of use asset	-	10.02	10.02	-	45.76	45.76	-	10.61	10.61
f) Intangible assets under development	-	-	-	-	-	-	-	147.15	147.15
g) Goodwill	-	1,442.02	1,442.02	-	1,442.02	1,442.02	-	141.11	141.11
h) Other intangible assets	-	207.31	207.31	-	162.56	162.56	-	8.86	8.86
i) Other non-financial assets	371.52	19.06	390.58	216.44	21.39	237.83	5.11	24.39	29.50
<b>Total Assets</b>	<b>74,308.66</b>	<b>33,135.44</b>	<b>1,07,444.10</b>	<b>99,170.87</b>	<b>37,034.12</b>	<b>1,36,204.99</b>	<b>30,647.61</b>	<b>24,586.48</b>	<b>55,234.09</b>
<b>II. Liabilities</b>									
<b>A. Financial liabilities</b>									
a) Derivative liabilities	2,101.29	1,300.59	3,401.88	1,355.88	1,563.76	2,919.64	336.67	1,526.05	1,862.72
b) Trade payables	238.32	-	238.32	166.69	-	166.69	123.37	-	123.37
c) Debt securities	25,197.90	26,878.36	52,076.26	11,715.22	25,281.55	36,996.77	1,806.39	14,679.24	16,485.63
d) Borrowings (other than debt securities)	17,911.37	1,623.79	19,535.16	48,290.54	15,487.57	63,778.11	11,323.19	6,428.58	17,751.77
e) Deposits	256.72	-	256.72	521.04	-	521.04	640.69	1,400.96	2,041.65
f) Lease liabilities	9.88	1.13	11.01	17.38	29.87	47.25	5.10	5.71	10.81
g) Other financial liabilities	1,133.15	9.45	1,142.60	1,589.23	11.46	1,600.69	30.44	9.46	39.90
<b>B. Non-financial Liabilities</b>									
a) Current tax liabilities (Net)	89.08	-	89.08	89.08	-	89.08	89.08	-	89.08
b) Provisions	37.56	51.86	89.42	45.21	69.94	115.15	15.75	10.33	26.08
c) Other non-financial liabilities	676.66	-	676.66	1,039.30	-	1,039.30	233.36	-	233.36
<b>Total Liabilities</b>	<b>47,651.93</b>	<b>29,865.18</b>	<b>77,517.11</b>	<b>64,829.57</b>	<b>42,444.15</b>	<b>1,07,273.72</b>	<b>14,604.04</b>	<b>24,060.33</b>	<b>38,664.37</b>
<b>Net</b>	<b>26,656.73</b>	<b>3,270.26</b>	<b>29,926.99</b>	<b>34,341.30</b>	<b>(5,410.03)</b>	<b>28,931.27</b>	<b>16,043.57</b>	<b>526.15</b>	<b>16,569.72</b>



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46.B Risk Management

46.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.

46.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.



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**46.B Risk Management**

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

Particulars	As at March 31, 2020			As at March 31, 2019		
	Estimated exposure carrying amount at default	Expected credit losses (as per Ind-AS)	Expected credit losses (as per Ind-AS)	Estimated exposure carrying amount at default	Expected credit losses (as per Ind-AS)	Expected credit losses (as per Ind-AS)
Loss allowance measured at 12 month expected credit losses	80,484.10	179.52	179.52	1,08,906.16	448.26	448.26
Loss allowance measured at life-time expected credit losses	3,284.57	15.82	15.82	4.16	0.01	0.01
Credit Loss is recognized on full exposure/ Asset is written off	1,916.81	1,101.43	1,101.43	1,703.38	877.58	877.58
<b>Provision kept</b>	-	<b>1,296.77</b>	<b>1,296.77</b>	-	<b>1,325.85</b>	<b>1,325.85</b>

Particulars	As at April 01, 2018		
	Estimated exposure carrying amount at default	Expected credit losses (as per Ind-AS)	Expected credit losses (as per Ind-AS)
Loss allowance measured at 12 month expected credit losses	32,764.81	139.03	139.03
Loss allowance measured at life-time expected credit losses	1,340.08	5.97	5.97
Credit Loss is recognized on full exposure/ Asset is written off	-	-	-
<b>Provision kept</b>	-	<b>145.00</b>	<b>145.00</b>



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**46.B Risk Management**

**Collateral held**

As of March 31, 2020, 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 5624.56 Lakhs at March 31, 2020 (As at March 31, 2019: INR 4704.10 Lakhs; As at April 1, 2018: INR 6269.61 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.



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**46.B Risk Management**

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.

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
<b>Loss allowance as at April 1, 2018</b>	139.03	5.97	-
Changes in loss allowances due to : ECL during the year/ (reversal)	309.23	-5.96	877.58
<b>Loss allowance on March 31, 2019</b>	448.26	0.01	877.58
Changes in loss allowances due to ECL during the year/ (reversal)	-268.74	15.81	223.85
<b>Loss allowance on March 31, 2020</b>	179.52	15.82	1,101.43

\* for detailed reconciliation refer note 6B.2.b



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**46.B Risk Management**

**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. The has been no contractual amount outstanding on financial assets written-off during the year ended March 31, 2020 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 53 for detailed disclosure regarding the same.

**46.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.

**Financing arrangements**

The Company has access to the following undrawn borrowing facilities at the end of the reporting period:

**Particulars**

Undrawn borrowing facilities

As at March 31  
 2020 2019  
 6,634.00 500.00

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, 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
<b>Financial Liabilities</b>							
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	-	-
Lease Liabilities	11.69	-	2.74	2.53	4.61	1.81	-
Other financial liabilities	1,142.60	-	246.54	886.61	-	9.46	-
<b>Total</b>	<b>92,882.21</b>	<b>-</b>	<b>18,502.67</b>	<b>5,785.49</b>	<b>27,502.82</b>	<b>36,105.39</b>	<b>4,985.85</b>



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46.B Risk Management

Particulars	Total	Contractual cash flows					Over 3 year
		Gross nominal inflow / (outflow)	upto 3 months	3 to 6 months	6 to 12 months	1 year to 3 year	
<b>Financial assets</b>							
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	-
<b>Total</b>	<b>1,12,617.83</b>	<b>-</b>	<b>32,931.60</b>	<b>29,541.52</b>	<b>17,554.57</b>	<b>24,602.91</b>	<b>7,987.23</b>

As at March 31, 2019

Particulars	Total	Contractual cash flows					Over 3 year
		Gross nominal inflow / (outflow)	upto 3 months	3 to 6 months	6 to 12 months	1 year to 3 year	
<b>Financial liabilities</b>							
Derivative Financial Instruments	2,919.64	-	405.42	318.02	632.44	976.85	586.91
Trade payables	166.69	-	166.69	-	-	-	-
Debt securities	46,428.53	-	3,765.42	3,398.15	6,594.25	27,430.28	5,240.43
Borrowings (other than debt securities)	69,056.99	-	11,361.71	12,847.70	28,881.43	15,966.15	-
Deposits	521.04	-	171.04	100.00	250.00	-	-
Lease Liabilities	61.85	-	4.32	4.33	8.74	21.40	23.06
Other financial liabilities	1,600.69	-	1,589.23	-	-	11.46	-
<b>Total</b>	<b>1,20,755.43</b>	<b>-</b>	<b>17,058.41</b>	<b>16,350.18</b>	<b>35,734.42</b>	<b>43,429.29</b>	<b>5,263.49</b>
<b>Financial assets</b>							
Cash and cash equivalents	4,704.11	-	4,704.11	-	-	-	-
Bank balance other than cash and cash equivalents above	5,612.06	-	4,579.18	1,032.88	-	-	-
Derivative Financial Instruments	705.26	-	191.52	-	63.59	450.15	-
Loans	1,18,717.32	-	62,648.82	14,747.18	5,424.74	25,650.35	10,246.23
Investments	7,338.12	-	3,612.66	534.82	2,690.64	-	500.00
Other financial assets	2,055.26	-	79.26	1,918.86	-	57.14	-
<b>Total</b>	<b>1,39,132.13</b>	<b>-</b>	<b>75,815.55</b>	<b>18,233.74</b>	<b>8,178.97</b>	<b>26,157.64</b>	<b>10,746.23</b>



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46.B Risk Management

As at April 1, 2018

Particulars	Total	Gross nominal inflow / (outflow)	Contractual cash flows					
			upto 3 months	3 to 6 months	6 to 12 months	1 year to 3 year	Over 3 year	
<b>Financial liabilities</b>								
Derivative Financial Instruments	1,862.72	-	69.00	96.06	171.61	1,526.05	-	-
Trade payables	123.37	-	123.37	-	-	-	-	-
Debt securities	20,400.41	-	1,080.63	337.00	657.70	18,325.08	-	-
Borrowings (other than debt securities)	20,791.36	-	3,581.45	3,261.96	6,197.18	5,645.00	2,105.77	-
Deposits	2,239.82	-	-	-	633.24	1,606.58	-	-
Lease liabilities	12.24	-	1.27	1.27	2.57	7.13	-	-
Other financial liabilities	39.90	-	30.44	-	-	9.46	-	-
<b>Total</b>	<b>45,469.82</b>	<b>-</b>	<b>4,886.16</b>	<b>3,696.29</b>	<b>7,662.30</b>	<b>27,119.30</b>	<b>2,105.77</b>	<b>-</b>
<b>Financial assets</b>								
Cash and cash equivalents	6,269.61	-	6,269.61	-	-	-	-	-
Bank balance other than cash and cash equivalents above	4,175.26	-	4,175.26	-	-	-	-	-
Derivative Financial Instruments	935.26	-	141.72	4,957.23	678.68	114.86	388.75	-
Loans	38,828.64	-	14,476.41	88.22	4,845.56	14,160.69	500.00	-
Investments	4,317.13	-	87.26	-	1,440.97	2,200.68	-	-
Other financial assets	1,350.95	-	382.75	-	-	968.20	-	-
<b>Total</b>	<b>55,876.85</b>	<b>-</b>	<b>25,533.01</b>	<b>5,045.45</b>	<b>6,965.21</b>	<b>17,444.43</b>	<b>888.75</b>	<b>0</b>

46.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 equity investments carry a risk of change in prices. To manage its price risk arising from investments in equity securities, 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 2020

Particulars	Carrying value	Fair value	Sensitivity to fair value	
			10% increase	10% decrease
Investment in Adlabs Shares	0.25	0.25	0.03	(0.03)



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**46.B Risk Management**

**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, 2020.

**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, 2020	As at March 31, 2019	As at April 1, 2018
<b>Variable-rate instruments</b>			
Borrowing	22,875.36	65,362.82	15,675.22

**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, 2020	Year ended March 31, 2019
Interest rates – increase by 100 basis points (100 basis points)*	228.75	653.63
Interest rates – decrease by 100 basis points (100 basis points)*	(228.75)	(653.63)

\* 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)

47. 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:

- Maintain diversity of sources of financing and spreading the maturity across tenure buckets in order to minimize liquidity risk.
- Maintain investment grade ratings for all its liability issuances domestically and internationally by ensuring that the financial strength of the balance sheets is preserved.
- Manage financial market risks arising from Interest rate, equity prices and minimise the impact of market volatility on earnings.
- 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 55.1 - "Capital Adequacy Ratio" under additional disclosures related to RBI (note 55) for the details of the same

48. Changes in liabilities arising from financing activities

Changes in liabilities arising from financing activities for the year ended March 31, 2020

Particulars	As at March 31, 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
<b>Total</b>	<b>1,01,295.92</b>	<b>(29,146.83)</b>	<b>-</b>	<b>(280.95)</b>	<b>71,868.14</b>

Changes in liabilities arising from financing activities for the year ended March 31, 2019

Particulars	As at April 1, 2018	Cash Flows (net)	Changes in Fair value	Others (net)*	As at March 31, 2019
i) Debt securities	16,485.63	19,847.48	-	663.66	36,996.77
ii) Borrowings other than debt securities	17,751.77	46,488.70	-	(462.35)	63,778.11
iii) Deposits	2,041.65	(1,520.61)	-	-	521.04
<b>Total</b>	<b>36,279.05</b>	<b>64,815.56</b>	<b>-</b>	<b>201.31</b>	<b>1,01,295.92</b>

49. Transferred financial assets

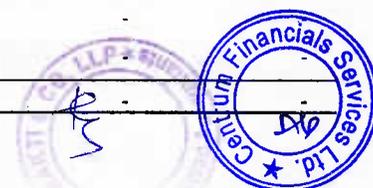
49.1 Transferred financial assets that are derecognised in their entirety but where the Company has continuing involvement

The Company has not transferred any assets that are derecognised in their entirety where the Company continues to have continuing involvement.

49.2 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 of 90% of the assets transferred 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, 2020	As at March 31, 2019	As at April 1, 2018
<b>Assignment</b>			
Carrying amount of de-recognised financial asset	2,040.64	-	-
Carrying amount of retained assets at amortised cost	431.18	-	-
<b>Total</b>	<b>2,471.82</b>	<b>-</b>	<b>-</b>



**Centrum Financial Services Limited**

**Notes to the financial statements as at and for the year ended March 31, 2020**

(Currency : Indian Rupees in lakhs)

**50. Foreign exchange earnings/outflow**

The foreign exchange earnings and outflow is Rs. Nil during the year ended March 31, 2020 (March 31, 2019: Rs. Nil)

51. 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. As the market valuation of this investment could not be done owing the investment being a subject matter of litigation, the Company has made an internal assessment and believes that the recoverable value from the AT I Bonds as on March 31, 2020 is Rs.100 Lakhs.

52. The Company along with JBCG Advisors Private Limited (JBCG) has entered into a facility agreement as co-borrowers, of an amount upto Rs. 10,000 lakhs. The entire facility is 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, to the extent of Rs. 10,000 lacs as at March 31, 2020. (as at March 31, 2019 – Rs Nil).

53. The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant impact and volatility in the global and Indian financial markets and slowdown in economic activities. The Reserve Bank of India (RBI) has issued guidelines relating to COVID-19 Regulatory Package on March 27, 2020, April 17, 2020 and 23 May 2020 and in accordance therewith, the Company has engaged with customers and offered repayment moratorium to various eligible borrowers classified as standard, even if the said amounts were overdue on February 29, 2020, excluding collections made in March 2020 prior to the offer. For all such accounts, where the moratorium is granted, the asset classification i.e. staging will remain at a standstill during the moratorium period (i.e., the number of days past due shall exclude the moratorium period for the purpose of asset classification as per the policy). Extension of such moratorium benefit to the borrowers as per the COVID-19 Regulatory Package of the Reserve Bank of India (RBI), by itself, is not considered to result in significant increase in the credit risk as per Ind AS 109 for staging of accounts. The lockdowns started in late March and hence there was minimal impact on performance during the last quarter of the financial year. The Company has made provisions as per the adopted ECL model for impairment on financial instruments. The additional provision as required by the RBI circular dated April 17, 2020 under Income Recognition, Asset Classification and Provisioning norms (IRACP norms) has been considered for computing the provision as per IRACP norms to comply with the circular dated March 13, 2020 and credited such additional provision by way of an appropriation to Impairment Reserve. Further, the Company has considered the moratorium 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. Further, the Company expects 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.



(Currency : Indian Rupees in lakhs)

**54. First-time adoption of Ind AS**

**Transition to Ind AS**

These financial statements, for the year ended March 31, 2020, are the first financial statements which have been prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2019, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP).

The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended March 31, 2020 the comparative information presented in these financial statements for the year ended March 31, 2019 and in the preparation of an opening Ind AS balance sheet at April 1, 2018 (the Company's date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP or IGAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

**54.A Optional exemptions availed**

Ind AS 101 'First Time Adoption of Indian Accounting Standards' allows first-time adopters certain voluntary exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

**a) Deemed cost for property, plant and equipment**

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. Accordingly, the Company has elected to measure all of its property, plant and equipment at their previous GAAP carrying value.

**b) Business combination**

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date. The Company has elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date have not been restated.

**d) Financial instruments**

Under Ind AS 109, if an entity measures a financial instrument on initial recognition based on valuation techniques that only use observable market data or current market transactions in the same instrument, and the fair value at initial recognition is different from the transaction price, then it is required to recognise the 'day one' gain or loss at initial recognition of this financial instrument. Ind AS 101 allows an entity to apply the 'day one' gain or loss recognition requirement of Ind AS 109 prospectively to transactions entered into on or after the date of transition to Ind AS.

The Company has opted for this exemption to recognise the 'day one' gain or loss on initial recognition arising due to difference in transaction cost and fair value prospectively for transactions entered into on or after the date of transition to Ind AS.

Ind AS 109 requires a financial asset to be measured at amortised cost if it meets two tests that deal with the nature of the business that holds the assets and the nature of the cash flows arising on those assets. A first-time adopter must assess whether a financial asset meets the conditions on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

**54.B Ind AS mandatory exceptions**

The Company has applied the following exceptions from full retrospective application of Ind AS as mandatorily required under Ind AS 101:

**a) Estimates**

On an assessment of the estimates made under previous GAAP the Company has concluded that there was no necessity to revise the estimates under Ind AS except where estimates were required by Ind AS and not required by previous GAAP or the basis of measurement were different (e.g. impairment of loans and other assets as per expected credit losses).

**b) De-recognition of financial assets and liabilities**

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions. The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

**c) Impairment of financial assets**

Ind AS 101 requires an entity to use reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised and compare that to the credit risk at the date of transition to Ind AS. Basis this assessment, the Company has concluded that there is no significant increase in the credit risk since the initial recognition.

**d) Classification and measurement of financial assets**

Ind AS 101 requires an entity to assess classification and measurement of financial assets (eg. loans and investments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS. The Company has assessed financial assets at the date of transition and has classified all its investments as measured at fair value through profit and loss which are measured at cost. All loans are measured at amortised cost.



Centrum Financial Services Limited  
Notes to the financial statements as at and for the year ended March 31, 2020

(Currency : Indian Rupees in lakhs)

54. First-time adoption of Ind AS

54.C Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires a first time adopter to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

54.C.1 Reconciliation of Balance Sheet as per previous GAAP and Ind AS

Particulars	As at March 31, 2019			As at April 1, 2018		
	Previous GAAP	Adjustments	Ind AS	Previous GAAP	Adjustments	Ind AS
<b>ASSETS</b>						
<b>Financial Assets</b>						
Cash and cash equivalents	4,704.11	-	4,704.11	6,269.61	-	6,269.61
Bank balance other than cash and cash equivalents	5,576.78	(12.24)	5,564.54	4,129.33	(6.53)	4,122.80
Derivative financial instruments	705.26	-	705.26	935.26	-	935.26
Loans	1,10,203.88	(916.04)	1,09,287.84	34,253.55	(293.66)	33,959.89
Investments	6,836.06	(142.29)	6,693.77	3,806.83	(53.91)	3,752.92
Other financial assets	2,055.82	(0.56)	2,055.26	1,351.34	(0.39)	1,350.95
	<b>1,30,081.91</b>	<b>(1,071.13)</b>	<b>1,29,010.78</b>	<b>50,745.92</b>	<b>(354.49)</b>	<b>50,391.43</b>
<b>Non-financial assets</b>						
Current tax assets (net)	1,136.65	-	1,136.65	585.57	-	585.57
Deferred tax assets (net)	265.53	334.83	600.36	128.27	205.44	333.71
Investment property	3,454.48	-	3,454.48	3,510.95	-	3,510.95
Property, Plant and Equipment	114.55	-	114.55	75.20	-	75.20
Right of use - Asset	-	45.76	45.76	-	10.61	10.61
Intangible assets under development	-	-	-	147.15	-	147.15
Goodwill	1,560.77	(118.75)	1,442.02	141.11	-	141.11
Other intangible assets	162.56	-	162.56	8.86	-	8.86
Other non-financial assets	1,204.84	(967.01)	237.83	147.94	(118.44)	29.50
	<b>7,899.38</b>	<b>(705.17)</b>	<b>7,194.21</b>	<b>4,745.05</b>	<b>97.61</b>	<b>4,842.66</b>
<b>Total Assets</b>	<b>1,37,981.29</b>	<b>(1,776.30)</b>	<b>1,36,204.99</b>	<b>55,490.97</b>	<b>(256.88)</b>	<b>55,234.09</b>
<b>LIABILITIES AND EQUITY</b>						
<b>LIABILITIES</b>						
<b>Financial liabilities</b>						
Derivative financial instruments	-	2,919.64	2,919.64	-	1,862.72	1,862.72
Payables						
(i) Trade payables						
- total outstanding dues of micro enterprises and small enterprises	51.03	-	51.03	6.91	-	6.91
- total outstanding dues of creditors other than micro enterprises	115.66	-	115.66	116.46	-	116.46
(ii) Other payables						
- total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
- total outstanding dues of creditors other than micro enterprises	-	-	-	-	-	-
Debt securities	40,520.53	(3,523.76)	36,996.77	18,001.05	(1,515.42)	16,485.63
Borrowings (other than Debt securities)	64,151.84	(373.73)	63,778.11	17,867.74	(115.97)	17,751.77
Deposits	521.04	-	521.04	2,041.65	-	2,041.65
Lease Liabilities	-	47.25	47.25	-	10.81	10.81
Other financial liabilities	1,648.69	(48.00)	1,600.69	39.90	-	39.90
	<b>1,07,008.79</b>	<b>(978.60)</b>	<b>1,06,030.19</b>	<b>38,073.71</b>	<b>242.14</b>	<b>38,315.85</b>
<b>Non-financial Liabilities</b>						
Current tax liabilities (Net)	89.08	-	89.08	89.08	-	89.08
Provisions	114.22	0.93	115.15	24.57	1.51	26.08
Other non-financial liabilities	993.43	45.87	1,039.30	210.86	22.50	233.36
	<b>1,196.73</b>	<b>46.80</b>	<b>1,243.53</b>	<b>324.51</b>	<b>24.01</b>	<b>348.52</b>
<b>EQUITY</b>						
Equity share capital	9,895.69	-	9,895.69	5,686.19	-	5,686.19
Other equity	19,880.08	(844.50)	19,035.58	11,406.56	(523.03)	10,883.53
<b>Total equity</b>	<b>29,775.78</b>	<b>(844.51)</b>	<b>28,931.27</b>	<b>17,092.75</b>	<b>(523.03)</b>	<b>16,569.72</b>
<b>Total Liabilities &amp; Equity</b>	<b>1,37,981.30</b>	<b>(1,776.31)</b>	<b>1,36,204.99</b>	<b>55,490.97</b>	<b>(256.88)</b>	<b>55,234.09</b>



Centrum Financial Services Limited  
Notes to the financial statements as at and for the year ended March 31, 2020

(Currency : Indian Rupees in lakhs)

54. First-time adoption of Ind AS

54.C.2 Reconciliation of Statement of Profit & Loss for the year ended March 31, 2019 as per previous GAAP and Ind AS

Particulars	Previous GAAP	Adjustments	Ind AS
<b>Revenue from operations</b>			
Interest income	8,809.71	618.95	9,428.67
Rental income	86.89	-	86.89
Fees and commission income	640.11	(593.91)	46.20
Net gain on fair value changes	566.79	0.83	567.62
Other operating revenue	41.53	-	41.53
<b>Total revenue from operations</b>	<b>10,145.04</b>	<b>25.87</b>	<b>10,170.91</b>
Other income	27.07	-	27.07
<b>Total income</b>	<b>10,172.12</b>	<b>25.87</b>	<b>10,197.98</b>
<b>Expenses</b>			
Finance costs	6,585.86	248.69	6,834.55
Impairment on financial instruments	487.85	716.94	1,204.79
Employee benefits expenses	2,116.13	1.78	2,117.91
Depreciation, amortisation and impairment expenses	130.83	(3.17)	127.66
Others expenses	831.64	125.10	956.74
<b>Total expenses</b>	<b>10,152.31</b>	<b>1,089.34</b>	<b>11,241.65</b>
<b>Profit/(loss) before tax</b>	<b>19.79</b>	<b>(1,063.46)</b>	<b>(1,043.67)</b>
<b>Tax expense:</b>			
- Current tax	109.48	-	109.48
- Deferred tax	(137.28)	(131.46)	(268.74)
<b>Total tax expense</b>	<b>(27.79)</b>	<b>(131.46)</b>	<b>(159.26)</b>
<b>Profit/(loss) for the period</b>	<b>47.58</b>	<b>(932.00)</b>	<b>(884.41)</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss			-
- Remeasurements of post-employment benefit obligations	-	7.44	7.44
- Income tax relating to these items	-	(2.07)	(2.07)
<b>Other comprehensive income for the period</b>	<b>-</b>	<b>5.37</b>	<b>5.37</b>
<b>Total comprehensive income for the period</b>	<b>47.58</b>	<b>(926.62)</b>	<b>(879.04)</b>

54.C.3 Reconciliation of Equity between previous GAAP and Ind AS:

Notes	As at March 31, 2019	As at April 1, 2018
<b>Equity as per previous GAAP</b>	<b>29,775.78</b>	<b>17,092.76</b>
Adjustments:		
EIR impact on financial assets	ii (418.67)	(331.03)
Impact of Ind AS 116	i & iii (2.02)	(0.56)
EIR Impact on financial liabilities	iv (40.00)	(12.46)
Provision for expected credit losses on loan assets	vi (742.97)	(26.03)
Fair valuation of financial asset carried at FVTPL	(20.22)	(21.05)
Accrued interest on Stage 3 assets	x 112.48	-
Adjustment on account of Ind AS 103	ix (118.75)	-
Others	50.81	(337.35)
Tax impact of Ind AS adjustments	vii 334.83	205.44
<b>Total adjustments</b>	<b>(844.51)</b>	<b>(523.04)</b>
<b>Total equity as per Ind AS</b>	<b>28,931.27</b>	<b>16,569.72</b>

54.C.4 Reconciliation of Profit as per Previous GAAP and Ind AS :

	Year ended March 31, 2019
<b>Net profit after tax as per previous GAAP</b>	<b>47.58</b>
Adjustments:	
EIR impact on financial assets	ii (87.64)
EIR impact on financial liabilities	iv 344.14
Expected credit loss on financial assets	vi (716.94)
Recognition of interest on Stage 3 assets	x 112.48
Ind AS adjustment on account of interest subsidy from Holding Company	(588.68)
Adjustment on account of Ind AS 103	ix (132.87)
Others	6.04
Deferred tax impact on above adjustments	vii 131.48
<b>Net profit / (loss) for the year ended under Ind AS</b>	<b>(884.41)</b>
Other comprehensive income (net of tax) attributable to owners of the Company	5.37
<b>Total comprehensive income / (loss) as per Ind AS (attributable to owners of the Company)</b>	<b>(879.04)</b>



**Centrum Financial Services Limited**  
**Notes to the financial statements as at and for the year ended March 31, 2020**

(Currency : Indian Rupees in lakhs)

**54. First-time adoption of Ind AS**

**Notes to first-time adoption:**

**i) Interest free lease deposits**

Under the previous GAAP, interest free lease security deposits (that are refundable in cash on completion of the lease term) are recorded at their transaction value. Under Ind AS, all financial assets except Trade Receivables are required to be initially recognised at fair value. Accordingly, the Company has fair valued these security deposits under Ind AS. The difference between the fair value and transaction value of the security deposit on initial recognition has been recognised as right to use asset. Subsequently, depreciation is charged to the statement of profit and loss for right to use asset over the tenure of the lease and unwinding of security deposit is credited to the statement of profit and loss as income.

**ii) Loan assets**

Under Indian GAAP, transaction income earned on loan assets was recognised upfront while under Ind AS, such income are included in the initial recognition amount of financial assets and recognised as interest income using the effective interest method.

**iii) Ind AS 116 - leases**

Under Indian GAAP, payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease unless, the payments are structured to increase in line with expected general inflation, to compensate for the lessor's expected inflationary cost increases.

Ind AS 116 requires recognition of an asset (the right-of-use the leased item) and a financial liability to pay rentals. In the Statement of Profit and Loss, lessees presents interest expense on the lease liability and depreciation on the right-of-use asset.

**iv) Borrowings and subordinated debt instruments**

Under Indian GAAP, transaction costs incurred on debt instruments and borrowings was expensed over the tenure of the borrowing on straight line basis while under Ind AS, such costs are included in the initial recognition amount of financial liability and recognised as interest expense using the effective interest method.

**v) Financial guarantee given by parent**

Under the previous GAAP, financial guarantee given by parent is not accounted. Under Ind AS, financial guarantee contracts are measured at initial recognition at fair value and accounted as contribution from parent with corresponding impact on the borrowing.

**vi) Expected Credit loss**

Under the previous GAAP, provisions against loans and advances were made as per the prudential norms specified by the RBI. In accordance with Ind AS 109, the Company is required to recognise provisions by applying the expected credit loss model. Accordingly, the Company has reversed all outstanding provisions created against advances under the previous GAAP and recognised an amount for expected credit losses on its loans and other financial assets with a corresponding adjustment to profit and loss and consequently, equity.

**vii) Deferred tax**

Under the Previous GAAP, the deferred tax was accounted based on timing differences impacting the Statement of Profit and Loss for the period. Deferred tax under Ind AS has been recognised for temporary differences between tax base and the book base of the relevant assets and liabilities. Deferred tax impact has been considered on the adjustments made on transition to Ind AS.

**viii) Remeasurements of post-employment benefit obligations**

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year.

**ix) Business Combination**

Under Previous GAAP, acquisition related cost was debited to Goodwill and under Ind AS such acquisition related cost are included in Statement of Profit and Loss in other Expenses. Fair Valuation of Assets and Liabilities takeover at the time of acquisition also done but having no impact on equity.

**x) Interest on NPA**

Under Indian GAAP, interest income on NPA was recognised on cash basis. However, under Ind AS interest income is recognised on credit impaired assets by applying the EIR on amortised cost of such assets net off ECL.

**54.C.5 Effect of Ind AS adoption on the statement of cash flows for the year ended March 31, 2019**

Particulars	Note Reference	Previous GAAP	Adjustments	Ind AS
Net cash from/(used in) operating activities	i	(53,650.93)	(21,528.82)	(75,179.75)
Net cash from/(used in) investing activities	ii	(650.45)	(3,042.87)	(3,693.32)
Net cash from/(used in) financing activities	iii	57,265.90	20,040.52	77,306.42
Net increase/(decrease) in cash and cash equivalents		<b>2,964.52</b>	<b>(4,531.17)</b>	<b>(1,566.65)</b>
Cash and cash equivalents at the beginning of the year	iv	7,269.61	(1,000.71)	6,268.90
Cash and cash equivalents at the end of the year	iv	10,234.13	(5,531.89)	4,702.24

**Notes :**

- i) The adjustments are due to EIR and reclassification from investing to operating activities.
- ii) The adjustments are due to reclassification from investing to operating activities.
- iii) The adjustments are due to EIR and unamortised discount of commercial papers.
- iv) The adjustments are due to lien marked bank deposits regrouped with bank balances other than above and the impairment of bank deposits.

**55. Events after reporting date**

There have been no major events which will cause changes to any numbers reported in the financial statements.



**Centrum Financial Services Limited**

Notes to the financial statements as at and for the year ended March 31, 2020

(Currency : Indian Rupees in lakhs)

**56. 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.

**56.1 Capital to risk assets ratio (CRAR)**

	As at March 31, 2020	As at March 31, 2019
CRAR (%)	25.27%	23.01%
CRAR - Tier I capital (%)	23.43%	21.44%
CRAR - Tier II Capital (%)	1.84%	1.57%
Amount of hybrid debt raised as tier II capital	1,509.14	1,509.14
Amount of Subordinated debt raised as tier II capital	-	-
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.

**56.2 Investments**

	As at March 31, 2020	As at March 31, 2019
<b>I) Value of Investment</b>		
<b>(i) Gross value of investments</b>		
(a) In India	4,650.88	6,703.84
(b) Outside India	-	-
<b>(ii) Provisions for depreciation</b>		
(a) In India	8.18	10.07
(b) Outside India	-	-
<b>(iii) Net value of investments</b>		
(a) In India	4,642.70	6,693.77
(b) Outside India	-	-
<b>II) Movement of provisions held towards depreciation on investments.</b>		
	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Opening balance</b>	10.07	10.14
Add : Provisions made during the year	0.70	10.07
Less : Write-off / write-back of excess provisions during the year	(2.59)	(10.14)
<b>Closing balance</b>	8.18	10.07

**56.3 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).



**Centrum Financial Services Limited**

Notes to the financial statements as at and for the year ended March 31, 2020

(Currency : Indian Rupees in lakhs)

56. Regulatory disclosures - RBI

56.4 Asset liability management

(A) Maturity pattern of certain items of assets and liabilities as at March 31, 2020

A.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	-
	<b>84,388.70</b>	<b>4,642.70</b>	-

A.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	-	-	-
	<b>71,611.42</b>	<b>256.72</b>	-

(B) Maturity pattern of certain items of assets and liabilities as at March 31, 2019

B.i	Assets		
	Loans *	Investments	Foreign Currency Assets
1 day to 7 days	1,253.56	-	-
8 day to 14 days	1,345	-	-
15 day to 30/31 days (One month)	24,673	3,433	-
Over One months to 2 months	20,662.99	-	-
Over 2 months up to 3 months	15,510.11	-	-
Over 3 months to 6 months	13,828.73	-	-
Over 6 months to 1 year	5,380.62	345.52	-
Over 1 year to 3 years	17,219.39	2,433.63	-
Over 3 years to 5 years	9,185.12	-	-
Over 5 years	228.84	482.07	-
	<b>1,09,287.84</b>	<b>6,693.77</b>	-

B.ii	Liabilities		
	Borrowings & Debt Securities	Deposits #	Foreign Currency Liabilities
1 day to 7 days	1,265	-	-
8 day to 14 days	-	-	-
15 day to 30/31 days (One month)	1,868	171	-
Over One months to 2 months	1,125.34	-	-
Over 2 months up to 3 months	8,705.69	-	-
Over 3 months to 6 months	14,201.82	100.00	-
Over 6 months to 1 year	33,039.20	250.00	-
Over 1 year to 3 years	28,678.70	-	-
Over 3 years to 5 years	11,891.31	-	-
Over 5 years	-	-	-
	<b>1,00,774.88</b>	<b>521.04</b>	-

# This pertains to inter corporate deposits



**Centrum Financial Services Limited**

Notes to the financial statements as at and for the year ended March 31, 2020

(Currency : Indian Rupees in lakhs)

**56. Regulatory disclosures - RBI**

**56.5 Exposures**

Exposure to real estate sector

	As at March 31, 2020	As at March 31, 2019
<b>a) Direct exposure</b>		
<b>Residential mortgages -</b>		
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)	-	-
<b>Commercial real estate -</b>		
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.	10,155.45	6,714.67
<b>Investments in mortgage backed securities (MBS) and other securitised exposures -</b>		
- Residential	-	-
- Commercial Real Estate	-	-
<b>b) Indirect exposure</b>		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-
<b>c) Others</b>	-	-
	<u>10,155.45</u>	<u>6,714.67</u>

Exposure to capital market

	As at March 31, 2020	As at March 31, 2019
<b>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</b>	1,500.25	3,408.80
<b>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</b>	-	2,177.01
<b>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.</b>	-	-
<b>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.</b>	4,323.09	-
<b>e) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers.</b>	-	-
<b>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</b>	-	-
<b>g) bridge loans to companies against expected equity flows / issues</b>	-	-
<b>h) all exposures to Venture Capital Funds (both registered and unregistered)</b>	-	-
<b>i) others (not covered above)</b>	3,150.63	3,295.04
	<u>8,973.97</u>	<u>8,880.85</u>

**56.6 Details of financing of parent company products:**

Details of financing of parent company products: Nil (Previous year : Nil)

**56.7 Details of single borrower limit and borrower group limit exceeded by the Company:**

During the year ended March 31, 2020 and March 31, 2019, the Company's credit exposure to single borrowers and group borrowers were within the limits prescribed by the RBI.



**Centrum Financial Services Limited**

Notes to the financial statements as at and for the year ended March 31, 2020

(Currency : Indian Rupees in lakhs)

**56. Regulatory disclosures - RBI****56.8 Unsecured advances**

The portfolio of Company includes unsecured loans the details of which are provided in Note 6. During the year, the Company has not given any advance against collateral of rights, licenses, authority, etc. (Previous year : Nil).

**56.9 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

56.10 Disclosure of penalties imposed by RBI and other regulators- Rs.Nil (Previous year - Rs. Nil)

**56.11 Related party transactions**

All material transactions with related parties are reflected in Note 41

56.12 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.

**56.13 Provisions and contingencies**

	As at March 31, 2020	As at March 31, 2019
<b>Breakup of provisions and contingencies shown under the head other expenses in the Statement of Profit and loss</b>		
Impairment allowance on Investment	(1.88)	(0.07)
Provision towards Stage 3	223.85	877.58
Provision made towards Income tax	-	109.48
Provision for Stage 1/Stage 2 Assets including restructured and others	(259.02)	308.42
Other Provision and Contingencies *	180.80	159.32
<b>*Other provisions and contingencies</b>		
Provision for gratuity expense	30.23	14.28
Provision for leave encashment expense	(30.69)	0.47
Provision for ESOP	181.26	144.57
<b>Total</b>	<b>180.80</b>	<b>159.32</b>

**56.14 Draw down from reserves**

During the current year the Company has not drawn from any reserve. (Previous year : Nil)

**56.15 Concentration of deposits, advances, exposures and NPA assets**

	As at March 31, 2020	As at March 31, 2019
<b>A. Concentration of advances</b>		
Total Advances to twenty largest borrowers	36,642.76	33,807.22
% of Advances to twenty largest borrowers to Total Advances	42.76%	30.56%
<b>B. Concentration of exposures</b>		
Total Exposures to twenty largest borrowers / Customers	38,191.84	33,807.22
% of Exposures to twenty largest borrowers / Customers to Total Advances	43.64%	30.51%
<b>C. Concentration of NPA Advances</b>		
Total Exposures to top Four NPA Assets	1,916.81	1,703.38



**Centrum Financial Services Limited**

Notes to the financial statements as at and for the year ended March 31, 2020

(Currency : Indian Rupees in lakhs)

56. Regulatory disclosures - RBI

56.15 Concentration of deposits, advances, exposures and NPA assets (Continued)

D. Sector-wise NPA Assets

Sectors	% of NPA assets to Total Advances in that sector	
	As at March 31, 2020	As at March 31, 2019
Agriculture & allied activities	-	-
MSME	-	-
Corporate borrowers	2.22%	2.06%
Services	-	-
Unsecured loans - Bill discounting	2.08%	0.96%
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).

56.16 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 6.b)

	As at March 31, 2020	As at March 31, 2019
(i) Net NPAs to net advances (%)	0.96%	0.75%
(ii) Movement of NPAs (gross)		
(a) Opening balance	1,703.38	-
(b) Additions during the year	213.43	1,703.38
(c) Reductions during the year*	-	-
(d) Closing balance	<u>1,916.81</u>	<u>1,703.38</u>
(iii) Movement of net NPAs		
(a) Opening balance	825.80	-
(b) Additions during the year	-	825.80
(c) Reductions during the year*	(10.42)	-
(d) Closing balance	<u>815.38</u>	<u>825.80</u>
(iv) Movement of provisions for NPAs (excluding provision on standard assets)		
(a) Opening Balance	877.58	-
(b) Additions during the year	223.85	877.58
(c) Write off/ write back of excess provision*	-	-
(d) Closing balance	<u>1,101.43</u>	<u>877.58</u>

56.17 Customer complaints

	For the year ended March 31, 2020	For the year ended March 31, 2019
i) No. of complaints pending at the beginning of the year	Nil	Nil
ii) No. of complaints received during the year	2	Nil
iii) No. of complaints redressed during the year	2	Nil
iv) No. of complaints pending at the end of the year	Nil	Nil

56.18 Rating assigned by credit rating agencies

Instruments	Credit Rating Agency	As at March 31, 2020	As at March 31, 2019
Bank Loan Long-term	CARE	CARE A -; Negative	CARE A -; Stable
Commercial Paper	CARE	CARE A1+ (CE)	CARE A1+ (SO)
Commercial Paper	ICRA	ICRA A1+ (CE)	
Long Term Market Linked Debentures	CARE	CARE PP-MLD A-; Negative	CARE PP-MLD A-; Stable

Note : There has been no change in the Credit Rating assigned during the year. Only change has been in the outlook by CARE Rating on the Bank Loan & MLD Debentures from A - (Stable) to A - (Negative) in October 2019



**Centrum Financial Services Limited**

Notes to the financial statements as at and for the year ended March 31, 2020

(Currency : Indian Rupees in lakhs)

**56. Regulatory disclosures - RBI (Continued)**

**56.19 Disclosures relating to assignment and securitisation**

The information on direct assignment of the Company as an originator in respect of outstanding amount of assets assigned under par structure and premium structure is given below:

**56.19.1** The Company has not entered into any securitisation transactions during the current year. (Previous year : Nil)

**56.19.2 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, 2020	As at March 31, 2019
1	No. of transactions assigned by the Company	4.00	-
2	Total amount outstanding	2,199.32	-
3	Total amount of exposures retained by the Company to comply with MRR as on the date of		
	(a) Off-Balance Sheet exposures		
	First loss	-	-
	Others	-	-
	(b) On-Balance Sheet exposures		
	First loss	-	-
	Others	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, 2020	As at March 31, 2019
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 the date of		
	(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	-	-



**Centrum Financial Services Limited**

Notes to the financial statements as at and for the year ended March 31, 2020

(Currency : Indian Rupees in lakhs)

**56. Regulatory disclosures - RBI (Continued)****56.19.3 Details of financial assets sold to securitisation/reconstruction company for asset reconstruction**

The Company has not sold any financial assets to securitisation/reconstruction company for asset reconstruction during the year ended March 31, 2020 and March 31, 2019.

**56.19.4 Details of assignment transactions undertaken by the Company**

Particulars	As at	As at
	March 31, 2020	March 31, 2019
i) No. of accounts	11	-
ii) Aggregate value (net of provisions) of accounts sold	3,533.69	-
iii) Aggregate consideration	2,990.70	-
iv) Additional consideration realized in respect of accounts transferred in earlier years	-	-
v) Aggregate gain/(loss) over net book value	-1.91	-

**56.20 Details of non-performing financial assets purchased / sold by the Company**

The Company has neither purchased nor sold non performing assets during the year ended March 31, 2020 (Previous year : refer note 6.1)

**56.21 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. (Previous year: Nil)

**56.22 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"**

For the year ended March 31, 2020

i) Amounts in SMA/overdue categories where moratorium/deferment was extended in terms of paragraph 2 and 3 of the above circular

SMA category	Amount in Lakhs
SMA 0	7,640.00
SMA 1	1,485.89
SMA 2	499.43
<b>Total</b>	<b>9,625.32</b>

ii) Respective amount where asset classification benefit is extended : Rs.9,625.32 lakhs

iii) Provisions made during quarter ended March 31, 2020 in terms of paragraph 5 of the above circular :

The provision made by the Company as per the ECL model is arrived at less than the provision required as per IRACP norms which is inclusive of additional 5% provision on loans amounting to Rs 481.27 Lakhs as per above circular. In accordance with the above circular, the differential amount has been transferred to Impairment reserve.

iv) Provisions adjusted against the respective accounting periods for slippages and residual provisions in terms of paragraph 6 of the above circular : Not applicable



**Centrum Financial Services Limited**

Notes to the financial statements as at and for the year ended March 31, 2020

(Currency : Indian Rupees in lakhs)

56. *Regulatory disclosures - RBI (Continued)*

56.23 Comparison of Regulatory Provision for NPA and Impairment Provision as per Ind AS

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
<b>Performing</b>						
Standard	Stage-1	80,484.10	179.52	80,304.58	704.86	(525.34)
	Stage-2	3,284.57	15.82	3,268.75	112.52	(96.70)
<b>Sub total</b>		<b>83,768.67</b>	<b>195.34</b>	<b>83,573.33</b>	<b>817.38</b>	<b>(622.04)</b>
<b>Non Performing Assets (NPA)</b>						
Substandard	Stage-3	154.13	98.85	55.28	15.21	83.64
Doubtful						
up to 1 year	Stage-3	1,762.68	1,002.58	760.10	1,030.71	(28.13)
1 to 3 Years	Stage-3	-	-	-	-	-
More than 3 years	Stage-3	-	-	-	-	-
Sub total for Doubtful		<b>1,762.68</b>	<b>1,002.58</b>	<b>760.10</b>	<b>1,030.71</b>	<b>(28.13)</b>
Loss	Stage-3	-	-	-	-	-
<b>Subtotal for NPA</b>		<b>1,916.81</b>	<b>1,101.43</b>	<b>815.38</b>	<b>1,045.92</b>	<b>55.51</b>
Loan in the Nature of Debentures	Stage-1	3,050.63	8.18	3,042.45	12.30	(4.12)
Other items	Stage-2	-	-	-	-	-
Other items	Stage-3	-	-	-	-	-
	Stage-1	<b>83,534.73</b>	<b>187.70</b>	<b>83,347.03</b>	<b>717.16</b>	<b>(529.46)</b>
	Stage-2	<b>3,284.57</b>	<b>15.82</b>	<b>3,268.75</b>	<b>112.52</b>	<b>(96.70)</b>
<b>Total</b>	Stage-3	<b>1,916.81</b>	<b>1,101.43</b>	<b>815.38</b>	<b>1,045.92</b>	<b>55.51</b>
	<b>Total</b>	<b>88,736.11</b>	<b>1,304.95</b>	<b>87,431.16</b>	<b>1,875.60</b>	<b>(570.65)</b>



**Centrum Financial Services Limited**

Notes to the financial statements as at and for the year ended March 31, 2020

(Currency : Indian Rupees in lakhs)

**56. Regulatory disclosures - RBI (Continued)**

**56.24 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**

**56.24.a Funding Concentration based on significant counterparty (borrowings, debt securities)**

Particulars	As at March 31, 2020
No. of Significant Counterparties*	12.00
Amount (₹ in lakh)#	27,609.37
Percentage of funding concentration to total deposits	0%
Percentage of funding concentration to total liabilities	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.

**56.24.b Top 20 large deposits**

Not applicable

**56.24.c Top 10 Borrowings**

Particulars	As at March 31, 2020
Total amount of top 10 borrowings (₹ in lakh)#	25,843.37
Percentage of amount of top 10 borrowings to total borrowings	35.77%

**56.24.d Funding concentration based on significant instrument / product\*\*:**

Particulars	As at March 31, 2020	
	₹ in lakh	% of Total liabilities #
a) Market linked non-convertible debentures	48,693.35	62.82%
b) Term loan	17,497.85	22.57%
c) Commercial paper	1,873.77	2.42%
d) Hybrid debt	1,509.14	1.95%
e) Bank overdraft	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

**56.24.e Stock Ratios:**

Particulars	As at March 31, 2020
i) Commercial Papers to Total Liabilities	2.42%
ii) Commercial Papers to Total Assets	1.74%
iii) Commercial Papers to Public funds***	2.66%
iv) NCD(Original Maturity < 1yrs.) to Total Liabilities	Nil
v) NCD(Original Maturity < 1yrs.) to Total Assets	Nil
vi) NCD(Original Maturity < 1yrs.) to Public funds***	Nil
vii) Other Short Term Liabilities to Total Liabilities ##	60.44%
viii) Other Short Term Liabilities to Total Assets ##	43.60%
ix) Other Short Term Liabilities to Public funds*** ##	66.59%
x) Short Term Assets to Total Liabilities ###	95.38%
xi) Short Term Assets to Short Term Liabilities ###	157.82%
xii) Short Term Assets to Total Assets ###	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 lud 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.

**56.24.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 Management Committee (ManCo), a sub-committee of the Board of Directors of the Company, oversees the liquidity risk management. The ManCo subsequently updates the Board of Directors on the same.



**Centrum Financial Services Limited**

**Notes to the financial statements as at and for the year ended March 31, 2020**

(Currency : Indian Rupees in lakhs)

**56. Regulatory disclosures - RBI (Continued)**

**56.25 Overseas assets**

The Company did not have any Joint Ventures and Subsidiaries abroad as at March 31, 2020 (March 31, 2019: Nil).

**56.26 Reporting of Frauds**

The Company has not reported any fraud during the current year ( Previous year : NIL)

**57.** Previous year previous GAAP figures have been regrouped / reclassified to make them comparable with Ind AS presentation.

As per our report of even date attached.

**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  
June 11, 2020

Mumbai  
June 11, 2020



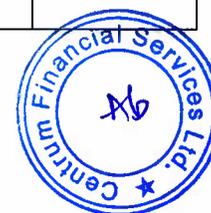
**Centrum Financial Services Limited**

Notes to the financial statements as at and for the year ended March 31, 2020

(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 13 of Systemically Important Non-Banking Financial (Non- Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016**

Particulars	As at March 31, 2020			As at March 31, 2019		
	Amount outstanding	Amount overdue	Total	Amount outstanding	Amount overdue	Total
<b>Liabilities side :</b>						
<b>1) Loans and advances availed by the non- banking financial company inclusive of interest accrued thereon but not paid:</b>						
(a) Debentures : Secured	-	-	-	-	-	-
: Unsecured	1,509.14	-	1,509.14	1,509.14	-	1,509.14
(other than falling within the meaning of public deposits)						
(b) Deferred credits	-	-	-	-	-	-
(c) Term loans	17,432.12	-	17,432.12	62,183.71	-	62,183.71
(d) Inter-corporate loans and borrowing	256.72	-	256.72	521.04	-	521.04
(e) Commercial paper	1,873.77	-	1,873.77	-	-	-
(f) Public deposits	-	-	-	-	-	-
(g) Vehicle loan	65.73	-	65.73	12.53	-	12.53
(h) Other loans (Borrowings)	2,037.31	-	2,037.31	1,581.87	-	1,581.87
<b>Assets side :</b>						
<b>2) Break-up of loans and advances including bills receivables [other than those included in (4) below]</b>						
(a) Secured	43,118.59	-	43,118.59	48,890.36	-	48,890.36
(b) Unsecured	42,566.88	-	42,566.88	61,723.33	-	61,723.33
<b>Total</b>	<b>85,685.47</b>	<b>-</b>	<b>85,685.47</b>	<b>1,10,613.69</b>	<b>-</b>	<b>1,10,613.69</b>
<b>3) Break up of leased assets and stock on hire and other assets counting towards AFC activities</b>						
(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	-	-	-	-	-	-
<b>4) Break-up of investments :</b>						
<b>Current investments :</b>						
1. Quoted						
(i) Shares : (a) Equity	18.00	-	18.00	3,474.00	-	3,474.00
(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	2,960.00	-	2,960.00	2,850.00	-	2,850.00
(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, 2020

(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 13 of Systemically Important Non-Banking Financial (Non- Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016**

Particulars	As at March 31, 2020			As at March 31, 2019		
	Amount outstanding	Amount overdue	Total	Amount outstanding	Amount overdue	Total
<b>Long term investments :</b>						
1. Quoted						
(i) Shares : (a) Equity	-	-	-	-	-	-
(b) Preference	-	-	-	-	-	-
(ii) Debentures and bonds	100.00	-	100.00	482.08	-	482.08
(iii) Units of mutual funds	-	-	-	-	-	-
(iv) Government securities	-	-	-	-	-	-
(v) Others (please specify)	-	-	-	-	-	-
2. Unquoted						
(i) Shares : (a) Equity	-	-	-	-	-	-
(b) Preference	-	-	-	-	-	-
(ii) Debentures and bonds	1,500.00	-	1,500.00	-	-	-
(iii) Units of mutual funds	-	-	-	-	-	-
(iv) Government securities	-	-	-	-	-	-
(v) Others (Investment and investment property)	3,462.54	-	3,462.54	3,342.17	-	3,342.17

5) Borrower group-wise classification of assets financed as in (2) and (3) above:	Amount net of provision (Refer note 22)			Amount net of provision (Refer note 22)		
	Secured	Unsecured	Total	Secured	Unsecured	Total
1. Related Parties						
(a) Subsidiaries	-	-	-	-	-	-
(b) Companies in the same group	-	6,608.74	6,608.74	-	-	-
2. Other than related parties	42,543.75	35,642.06	78,185.81	1,12,743.80	-	1,12,743.80
<b>Total</b>	<b>42,543.75</b>	<b>42,250.80</b>	<b>84,794.55</b>	<b>1,12,743.80</b>	<b>-</b>	<b>1,12,743.80</b>

6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)	Amount net of provision (Refer note 22)			Amount net of provision (Refer note 22)		
	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	1,500.00	-	1,500.00	-	-	-
2. Other than related parties	100.25	100.25	100.25	7,393.34	7,393.34	7,393.34
<b>Total</b>	<b>1,600.25</b>	<b>100.25</b>	<b>1,700.50</b>	<b>7,393.34</b>	<b>7,393.34</b>	<b>14,786.68</b>

7) Other Information						
Particulars	Amount	Amount	Total	Amount	Amount	Total
(i) Gross non- performing assets						
(a) Related parties	-	-	-	-	-	-
(b) Other than related parties	1,916.81	-	1,916.81	1,703.38	-	1,703.38
(ii) Net non- performing assets						
(a) Related parties	-	-	-	-	-	-
(b) Other than related parties	815.38	-	815.38	825.80	-	825.80
(iii) Assets acquired in satisfaction of debt	-	-	-	-	-	-

**Notes:**

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

2. All accounting standards and guidance notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt.

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

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

