

## DIRECTORS' REPORT

To  
The Members,  
**Centrum Broking Limited,**

Your Directors are pleased to present their Twenty Four Annual Report together with the Audited Financial Statements for the period ended March 31, 2018.

### FINANCIAL HIGHLIGHTS

(Rs.in Lac)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Net revenue from operations	6046.97	3682.50
Add: Other income	222.79	403.34
Total Income	6269.764	4085.84
Total Expenses	4459.36	3627.96
<b>Profit before finance cost, depreciation, exceptional items and taxes</b>	1810.40	457.88
Less: Finance costs	477.67	273.74
Profit before depreciation, exceptional items and taxes	1332.73	184.14
Less: Depreciation	26.01	18.64
Profit before exceptional items and taxes	1306.72	165.50
Add/(Less): Exceptional items	0.00	0.00
Profit before taxes	1306.72	165.50
Less: Provision for current taxation	278.87	0.00
Add : Provision for MAT credit	278.87	0.00
Add: Provision for deferred taxation	0.00	0.00
Profit/ (Loss) after taxes available for appropriation.	1306.72	165.50
Less : Proposed Dividend	0.00	0.00
Less : Provision of Dividend Tax	0.00	0.00
<b>Balance to be carried to Balance sheet</b>	1306.72	165.50

### FINANCIAL PERFORMANCE

The Gross income from operations of the Company is Rs. 6269.76 lacs in 2017-18 as against 4085.84 lacs in the previous year 2016-17. The net profit under review is 1306.72 lacs in 2017-2018 as against net profit of 165.50 lacs in the previous year 2016-17.

### TRANSFER TO RESERVES

The Board of directors has not proposed any transfer to general reserves.

### SHARE CAPITAL

During the period under review, there was no change in the authorized as well as paid up share capital of the Company.

### DIVIDEND

In order to conserve the resources, your Directors do not recommend any dividend for the financial year 2017-18.

#### **SUBSIDIARIES, JOINT VENTURE AND ASSOCIATE COMPANIES**

The Company does not have any subsidiary, nor any joint venture and nor any associate Company as on the date of end of the Financial Year 2017-18, hence AOC-1 does not form part of the report.

#### **MATERIAL CHANGES AND COMMITMENTS**

There were no material changes or commitments affecting the financial position of the Company between the end of financial year and date of the report.

#### **AUDITORS AND AUDITORS' REPORT**

M/s. Bhogilal C. Shah & Co., Chartered Accountants, were appointed in the 23rd Annual General Meeting as Statutory Auditors of the Company for the term commencing from the conclusion of the 23rd Annual General Meeting till the conclusion of the 28th Annual General Meeting.

With Regards the notes in the Auditors' Report, we wish to submit that the notes to the accounts referred to in the Auditors Report are self – explanatory.

#### **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

In accordance with the provisions of the Companies Act, 2013, and the Articles of Association of the Company Mr. K. Sandeep Nayak retires by rotation in the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

The Board has appointed Mr. Amitava Neogi as an Additional Director (Whole-Time Director) of the Company for ensuring appropriate balance of skills, experience and knowledge in the composition of the Board of Directors on February 23, 2018 subject to the Statutory Approval. The Company has received all the required statutory approval and on April 04, 2018 the Board of Director via circular resolution appointed Mr. Amitava Neogi for a period of 3 years w.e.f April 04, 2018 on such terms and conditions as mentioned in the appointment letter and subject to members approval in the ensuing Annual General Meeting.

#### **MEETINGS OF THE BOARD AND COMMITTEES**

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

<b>PARTICULARS</b>	<b>BOARD</b>	<b>AUDIT COMMITTEE</b>	<b>NOMINATION &amp; REMUNERATION COMMITTEE</b>
<b>Number of Meetings</b>	4	1	
<b>Dates of Meetings</b>	1. May 25, 2017 2. August 23, 2017 3. November 24, 2017 4. February 23, 2018	1. May 25, 2017	1. May 25, 2017 2. August 23, 2017 3. November 24, 2017 4. February 23, 2018
<b>No. of meetings attended by Directors/ Committee members</b>	As given Below	As given below	As given Below
K Sandeep Nayak	4	1	NA
Sriram Venkatasubramanian*	1	NA	NA
Rajesh Nanavaty	3	1	3
Rajnish Bahl	2	NA	1
Subhash Kutte	4	1	4
Amitava Neogi**	NA	NA	NA

\* Mr. Sriram Venkatasubramanian has submitted his resignation on November , 2017

\*\* Mr. Amitava Neogi was appointed as Additional Director (Whole-Time Director) of the Company w.e.f April 04, 2018

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

### **RISK MANAGEMENT POLICY**

The Company has in place the Risk Management Policy and Guidelines wherein all material risks faced by the Company are identified and assessed.

With ups and downs, volatility and fluctuations in the financial business in which the Company operates, Company is exposed to various risks and uncertainties in the normal course of business. Since such variations can cause deviations in the results from operations and affect the financials of the company, the focus on risk management continues to be high.

Centrum's risk management strategy is continuous monitoring of the capital market vis a vis obligation of the Client, advise client based on a thorough inhouse research on the company, taking margin as a deposit, speed of trade execution, reliability of access and delivery of service, enable the Company to safeguard the Company against defaulting its financial exposure in the market due to failure of the client to meet its obligation to the Company.

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

Details of loans, guarantees and investments have been disclosed in the Financial Statements forming a part of this Annual Report.

### **RELATED PARTY TRANSACTIONS**

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

Accordingly, particulars of contracts or arrangements with related party referred to in Section 188(1) along with the justification for entering into such contract or arrangement in form AOC-2 does not form part of the report.

### **PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES**

Particulars of employees who were in receipt of remuneration exceeding the limits prescribed under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is as follows:-

Name	Designation & Nature of Duties	Age (Years)	Remuneration (in Rs.)	Qualification	Experience (Years)	Date of commencement of Employment	The Last employment held	Percentage of Equity shares held by the Employee in the Company within the meaning of clause III of sub rule (2) above	Whether Employee is a relative of any Director or manager of the Company and if so, name of such director or manager.
Mr. Koni Sandeep Nayak	Whole time Director	49	92,16,460	B.Com, ICWA, CA	24	23/03/2011	HSBC Invest Direct Limited	Nil	NA

#### **DISCLOSURES BY DIRECTORS**

The Directors on the Board have submitted notice of interest under Section 184(1) and intimation under Section 164(2) of the Companies Act, 2013. All Independent Directors have also given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013.

#### **AUDIT COMMITTEE**

The constitution of the Audit Committee as on March 31, 2018 is as follows:

Name	Category	Designation in Committee
Mr. Subhash Kutte	Independent Director	Chairman
Mr. Rajesh Nanavaty	Independent Director	Member
Mr. K.Sandeep Nayak	Executive Director	Member

#### **NOMINATION & REMUNERATION COMMITTEE**

The constitution of the Nomination & Remuneration Committee as on March 31, 2017 is as follows:

Name	Category	Designation in Committee
Mr. Rajnish Bahl	Non-executive Director	Chairman
Mr. Subhash Kutte	Independent Director	Member
Mr. Rajesh Nanavaty	Independent Director	Member

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

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

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

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;

- (b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- (c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) they have prepared the annual accounts on a going concern basis;
- (e) they have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively;
- (f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **PERFORMANCE EVALUATION**

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

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

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

### **CORPORATE SOCIAL RESPONSIBILITY**

Provisions of Section 135 of the Companies Act, 2013 concerning the constitution of Corporate Social Responsibility Committee and related matters are not applicable to the Company.

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

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

Details of foreign exchange earnings and outgo are as below:

Particulars	For period ended	
	31.03.2018	31.06.2017
Foreign exchange earned in terms of actual inflows	5,96,783	18,90,180
Foreign exchange outgo in terms of actual outflows	11,89,862	19,82,841

### **HUMAN RESOURCE AND EMPLOYEE RELATIONSHIP**

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

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

#### **INTERNAL FINANCIAL CONTROL AND ADEQUACY**

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

#### **EXTRACT OF ANNUAL RETURN**

An extract of annual return in Form MGT-9 is provided as **Annexure A**.

#### **POLICIES AND DISCLOSURE REQUIREMENTS**

'Policy for selection and appointment of Directors and their remuneration' is shown as **Annexure B**.

In terms of provisions of the Companies Act, 2013 the Company has adopted Nomination and Remuneration Policy.

#### **COMPLIANCE WITH SECRETARIAL STANDARDS**

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

#### **GENERAL**

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

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

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

#### **HUMAN RESOURCE AND EMPLOYEE RELATIONSHIP**

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#### **ACKNOWLEDGEMENTS**

Your Directors would like to express their sincere appreciation of the co-operation and assistance received from Shareholders, Bankers, regulatory bodies and other business constituents during the year under review.

Your Directors also wish to place on record their deep sense of appreciation for the commitment displayed by all executives, officers and staff, resulting in successful performance of the Company during the year. Your Directors look forward to the continued support of all stakeholders in the future.

**By order of the Board  
For Centrum Broking Limited**

**K. Sandeep Nayak  
Director  
DIN: 03281505**

**Rajnish Bahl  
Director  
DIN: 01699047**

**Place: Mumbai  
Date: 25.05.2018**

**ANNEXURE A- of Directors' Report**

**Extract of Annual Return as on the financial year ended on March 31, 2017**

**FORM No. MGT-9**

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

**I. REGISTRATION AND OTHER DETAILS:**

i.	CIN	U67120MH1994PLC078125
ii.	Registration Date	2-May-94
iii.	Name of the Company	Centrum Broking Limited
iv.	Category / Sub-Category of the Company	Public Company/Limited by shares
v.	Address of the Registered office & Corporate Office and Contact details	<b>Registered Office</b> : Bombay Mutual Building, 2 <sup>nd</sup> Floor, Dr. D N Road, Fort, Mumbai. Contact : Tel Number : 022 2266 2434 <b>Corporate Office</b> : Centrum House, Vidyanagari Marg, Kalina , Santacruz (East), Mumbai 400098. Contact : Tel Number : 022 4215 9000
vi.	Whether listed company	No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	NA

**II . PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

Sr. No.	Name and Description of main products / Services	NIC Code of the Product/ service	% to total turnover of the Company
1	Security Brokrage Services	99715210	
2	Financial Consultancy Services	99715910	

**III. Particulars of Holding, Subsidiary and Associate Companies as on 31st March, 2016**

Sr No	Name and Address of the Company	CIN	Holding/ Associate	Subsidiary/ %	Applicable section
1	Centrum Capital Limited  <b>Corporate Office</b> :Centrum House, CST Road, Vidyanagari Marg, Kalina, Santacruz (East), Mumbai-400098	L65990MH1977PLC019986	Holding Company	99.26	2(46)



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

A. Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	1-Apr-17				31-Mar-18				
	Demat	Physical	Total	% of Total share capital	Demat	Physical	Total	% of Total share capital	
<b>A. Promoters</b>									
(1) Indian									
(a) Individuals/ HUF	-	-	-	-	-	-	-	-	-
(b) Central Govt	-	-	-	-	-	-	-	-	-
(c) State Govt(s)	-	-	-	-	-	-	-	-	-
(d) Bodies Corp.	-	19,290,669	19,290,669	99.26%	-	19,290,669	19,290,669	99.26%	-
(e) Banks / FI	-	-	-	-	-	-	-	-	-
(f) Any Other....	-	-	-	-	-	-	-	-	-
<b>Sub Total (A)(1):-</b>	-	<b>19,290,669</b>	<b>19,290,669</b>	<b>99.26%</b>	-	<b>19,290,669</b>	<b>19,290,669</b>	<b>99.26%</b>	-
(2) Foreign	-	-	-	-	-	-	-	-	-
(a) NRI Individuals	-	-	-	-	-	-	-	-	-
(b) Other Individuals	-	-	-	-	-	-	-	-	-
(c) Bodies Corp.	-	-	-	-	-	-	-	-	-
(d) Banks / FI	-	-	-	-	-	-	-	-	-
(e) Any Other....	-	-	-	-	-	-	-	-	-
<b>Sub Total (A)(2):-</b>	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	-	<b>19,290,669</b>	<b>19,290,669</b>	<b>99.26%</b>	-	<b>19,290,669</b>	<b>19,290,669</b>	<b>99.26%</b>	-
<b>B. Public Shareholding</b>	-	-	-	-	-	-	-	-	-
(1) Institutions	-	-	-	-	-	-	-	-	-
(a) Mutual Funds	-	-	-	-	-	-	-	-	-
(b) Banks FI	-	-	-	-	-	-	-	-	-
(c) Central Govt	-	-	-	-	-	-	-	-	-
(d) State Govet(s)	-	-	-	-	-	-	-	-	-
(e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f) Insurance Companies	-	-	-	-	-	-	-	-	-
(g) FIs	-	-	-	-	-	-	-	-	-
(h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(i) Others (specify)	-	-	-	-	-	-	-	-	-
* Financial Institutions	-	-	-	-	-	-	-	-	-
* Government Companies	-	-	-	-	-	-	-	-	-
* State Financial Corporation	-	-	-	-	-	-	-	-	-
* Market Makers	-	-	-	-	-	-	-	-	-
* Any Other	-	-	-	-	-	-	-	-	-
* Otc Dealers (Bodies Corporate)	-	-	-	-	-	-	-	-	-
* Private Sector Banks	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	-	-	-	-	-	-	-	-	-
(2) Non-Institutions	-	-	-	-	-	-	-	-	-
(a) Bodies Corp.	-	-	-	-	-	-	-	-	-
(i) Indian	-	-	-	-	-	-	-	-	-
(ii) Overseas	-	-	-	-	-	-	-	-	-
(b) Individuals	-	-	-	-	-	-	-	-	-
(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	7,887	7,887	0.041%	-	7,887	7,887	0.041%	-
(ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	135,446	135,446	0.697%	-	135,446	135,446	0.697%	-
(c) Others (specify)	-	-	-	-	-	-	-	-	-
* N.R.I. (Non-Repatriation)	-	-	-	-	-	-	-	-	-
* N.R.I. (Repatriation)	-	-	-	-	-	-	-	-	-
* Trust	-	-	-	-	-	-	-	-	-
* Hindu Undivided Family	-	-	-	-	-	-	-	-	-
* Employee	-	-	-	-	-	-	-	-	-
* Clearing Members	-	-	-	-	-	-	-	-	-
* Depository Receipts	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):-</b>	-	<b>143,333</b>	<b>143,333</b>	<b>0.0074</b>	-	<b>143,333</b>	<b>143,333</b>	<b>0.0074</b>	-
<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>	-	<b>143,333</b>	<b>143,333</b>	<b>0.0074</b>	-	<b>143,333</b>	<b>143,333</b>	<b>0.0074</b>	-
<b>C. Total shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>GrandTotal(A + B + C)</b>	-	<b>19,434,002</b>	<b>19,434,002</b>	<b>100.00%</b>	-	<b>19,434,002</b>	<b>19,434,002</b>	<b>100.00%</b>	-

**B) Shareholding of Promoters**

Sr No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		1-Apr-17			31-Mar-18			
		No. of Shares	% of Total Shares of the company	% of Shares Pledged / Encumbered to total shares	No. of Shares	% of Total Shares of the company	% of Shares Pledged / Encumbered to total shares #	
1	Centrum Capital Limited	19,290,669	99.26	-	21,790,669	99.34	-	-
	<b>Total</b>	<b>19,290,669</b>	<b>99.26</b>	<b>-</b>	<b>21,790,669</b>	<b>99.34</b>	<b>-</b>	<b>-</b>

**C) Shareholding Pattern of Top 10 Shareholders (Other than Directors, Promoters and Holders of GDRS and ADRs):**

Sr. No.	Name	Shareholding .		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	Mr. Rajendra Naik, Mr. Alok Nanavaty and Ms. Deepa Poncha – Trustees of CBPL Employees'	107550	0.55	107550	0.49
2	Mr. Rajendra Naik	27896	0.14	27896	0.12
3	Mr. Alok Nanavaty	7887	0.05	7887	0.03

**D) Shareholding of Directors and Key Managerial Personnel: NIL**

Sr. No.	Name	Shareholding at the		Cumulative Shareholding	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
		NIL			

Particulars	Secured loans excluding deposits	Unsecured loans	Deposits	Total Indebtedness
	(Rs)	(Rs)	(Rs)	(Rs)
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	-	<b>261,706,911</b>	-	-
ii) Interest due but not paid	-	<b>17,968,883</b>	-	-
iii) Interest accrued but not due	-		-	-
<b>Total (i+ii+iii)</b>	-		-	-
<b>Change in indebtedness during the financial year</b>				
Addition (net)	-	<b>1,940,000,000</b>	-	-
Reduction	-	<b>1,737,500,000</b>	-	-
Exchange difference	-		-	-
Net change	-		-	-
<b>Indebtedness at the end of financial year 31/03/2018</b>				
i) Principal Amount	-	<b>422,156,911</b>	-	-
ii) Interest due but not paid	-	<b>29,521,958</b>	-	-
iii) Interest accrued but not due	-		-	-
<b>Total (i+ii+iii)</b>	-		-	-

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Particulars of remuneration	K .Sandeep Nayak, Whole Time Director	Sriram Venkatasubramanian, Whole Time Director	Pradeep Oak, CFO
<b>Gross Salary</b>			
a) Salary as per provisions contained in section 17(1) of the Income Tax Act,1961			
b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-	-	-
c) Profits in lieu of salary u/s 17(3) of the Income Tax Act,1961	-	-	-
Stock option	-	-	-
Sweat Equity	-	-	-
Commission	-	-	-
>as a % of profit	-	-	-
>others	-	-	-
Others (please specify)	-	-	-

### B. Remuneration to other directors - NIL

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

## VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

There were no penalties/punishments/compounding of offences for the year ended 31st March, 2018

**BY ORDER OF THE BOARD  
FOR CENTRUM BROKING LIMITED**

Sd/-

Sd/-

**K. Sandeep Nayak**  
Director  
DIN:03281505

**Rajnish Bahl**  
Director  
DIN: 01699047

Place: Mumbai.

Date: May 25, 2018



**Annexure B**  
**CENTRUM BROKING LIMITED**

**NOMINATION AND REMUNERATION POLICY OF THE COMPANY**

**1. OBJECTIVE & APPLICABILITY**

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto. The Key Objectives of the Committee would be:

- 1.1. To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- 1.2. To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- 1.3. To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- 1.4. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- 1.5. To develop a succession plan for the Board and to regularly review the plan;
- 1.6. Applicability:
  - a) Directors (Executive and Non-Executive)
  - b) Key Managerial Personnel
  - c) Senior Management Personnel

**2. DEFINITIONS**

- 2.1. **Act** means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
- 2.2. **Board** means Board of Directors of the Company.
- 2.3. **Directors** mean Directors of the Company.
- 2.4. **Key Managerial Personnel** means
  - 2.4.1. Chief Executive Officer or the Managing Director or the Manager;
  - 2.4.2. Whole-time director;
  - 2.4.3. Chief Financial Officer;
  - 2.4.4. Company Secretary; and
  - 2.4.5. Such other officer as may be prescribed.



**2.5. Senior Management** means Senior Management means one level below the Executive Directors on the Board.

### **3. ROLE OF COMMITTEE**

#### **3.1. Matters to be dealt with, perused and recommended to the Board by the Nomination and Remuneration Committee**

The Committee shall:

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

#### **3.2. Policy for appointment and removal of Director, KMP and Senior Management**

##### **3.2.1. Appointment criteria and qualifications**

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

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

b) A person should possess adequate qualification, expertise and experience for the position he/ she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position. In evaluating the suitability of individual Board members, the Committee considers many factors, including general understanding of marketing, finance, operations, management, public policy, legal, governance and other disciplines. The Board evaluates each individual in the context of the Board as a whole, with the objective of having a group that can best perpetuate the success of the Company's business and represent stakeholders' interests through the exercise of sound judgment, using its diversity of experience.

c) The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

In determining whether to recommend a Director for re-election, the Committee also



considers the Director's past attendance at meetings, participation in meetings and contributions to the activities of the Board.

### **3.2.2. Term / Tenure**

#### **a) Managing Director/Whole-time Director:**

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

#### **b) Independent Director:**

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

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

### **3.2.3. Removal**

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

### **3.2.4. Retirement**

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

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

### **3.3.1. General:**

- a)** The remuneration / compensation / commission etc. to the Whole-time Director, KMP

and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration/compensation/commission etc shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.

- b) The remuneration and commission to be paid to the Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company and as per the provisions of the Act.
- c) Increment to the existing remuneration/compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Director and Managing Director.
- d) Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

### **3.3.2. Remuneration to KMP and Senior Management Personnel:**

#### **a) Fixed pay:**

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

#### **b) Minimum Remuneration:**

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

#### **c) Provisions for excess remuneration:**

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

### **3.3.3. Remuneration to Non- Executive / Independent Director:**

#### **Remuneration for Independent Directors and Non-Independent Non-Executive Directors**





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

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

Within the parameters prescribed by law, the payment of sitting fees and commission will be recommended by the Nomination & Remuneration Committee and approved by the Board.

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

Overall remuneration practices should be consistent with recognised best practices.

**Following are the criteria for making payments to Non – Executive directors:**

1. Number of the Board/ Committee meetings attended
2. Contribution during the Meeting.
3. Informal Interaction with the Management
4. Active Participation in strategic decision making

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

**4. CONSTITUTION OF COMMITTEE:**

The Board of Directors of the Company (the Board) constituted the committee to be known as the Nomination and Remuneration Committee (NRC) consisting of three or more non-executive directors out of which not less than one-half are independent directors. The Chairman of the committee is an Independent Director. However the chairperson of the company (whether executive or non-executive) may be appointed as a member of the NRC but shall not chair such committee. The meetings of the Committee shall be held at such regular intervals as may be required. The Company Secretary of the Company shall act as the Secretary of the Committee.

## **5. NOMINATION DUTIES**

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

- 5.1** Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;
- 5.2** Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;
- 5.3** Identifying and recommending Directors who are to be put forward for retirement by rotation.
- 5.4** Determining the appropriate size, diversity and composition of the Board;
- 5.5** Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;
- 5.6** Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- 5.7** Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.
- 5.8** Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- 5.9** Recommend any necessary changes to the Board; and
- 5.10** Considering any other matters, as may be requested by the Board.

## **6. REMUNERATION DUTIES**

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

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

## **7. MINUTES OF COMMITTEE MEETING**

Proceedings of all meetings must be minuted and signed by the Chairman of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

## **8. APPLICABILITY TO SUBSIDIARIES**

This policy may be adopted by the Company's subsidiaries subject to suitable modifications and approval of the Board of Directors of the respective subsidiary companies.

## **9. REVIEW AND AMMENDMENT**

1. The NRC or the Board may review the Policy as and when it deems necessary
2. The NRC may issue the guidelines, procedures, formats, reporting mechanism and manual in supplement and better implementation to this policy, if it thinks necessary
3. This Policy may be amended or substituted by the NRC or by the Board as and when required and also by the Compliance officer where there is any statutory changes necessitating the change in this policy.

## **10. COMPLIANCE RESPONSIBILITY**

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

**Centrum Broking Limited**  
**Audited Financial Statements**  
**For The Year Ended March 31, 2018**

# **BHOGILAL C. SHAH & CO.**

## **CHARTERED ACCOUNTANTS**

2A, Shree Pant Bhuvan, 1<sup>st</sup> floor, Sandhurst Bridge, Mumbai 400 007.

Phone : 2361 0939

### **PARTNERS :**

**VIRENDRA B. SHAH**

**B.Com., L.L.B., F.C.A.**

**SNEHAL V. SHAH**

**B. Com., F.C.A., M.M. (U.S.A.)**

**SURIL V. SHAH**

**B. Com., A.C.A., M.B.A. (U.S.A.)**

### **INDEPENDENT AUDITOR'S REPORT**

To,

The Members of

Centrum Broking Limited

#### **Report on the standalone financial statements**

We have audited the accompanying standalone financial statements of Centrum Broking Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2018, the Statement of Profit and Loss and the Cash Flow Statement for the period then ended, and a summary of significant accounting policies and other explanatory information.

#### **Management's responsibility for the standalone financial statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the rules made thereunder.

We conducted our audit of standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free of material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

## **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March 2018 and its profit and its cash flows for the period ended on that date.

## **Other Matter**

The comparative financial information of the Company for the year ended 31st March 2017 included in these standalone financial statements, are based on the previously issued statutory standalone financial statements prepared in accordance with the accounting principles generally accepted in India, including the Accounting standards specified under Section 133 of the Act read with rule 7 of Companies (Accounts) Rules, 2014, audited by the predecessor auditor whose report for the year ended 31st March 2017 dated 25th May 2017 expressed an unmodified opinion on those standalone financial statements.

Our opinion on the standalone financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the report of the other auditor.

## **Report on legal and other 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 sub-section (11) of section 143 of the Act, we give in the Annexure A, 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 purpose of our audit;
  - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;



- (d) in our opinion the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) on the basis of the written representations received from the directors, as on 31<sup>st</sup> March 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2018 from being appointed as a director, in terms of Section 164 (2) of the Act;
- (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and operating effectiveness of such controls, refer to our separate report in Annexure B; and
- (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 on pending litigations on its financial position in its standalone financial statements;
  - (ii) the Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses; and
  - (iii) No amounts were required to be transferred to the Investor Education and Protection Fund by the Company.

For Bhogilal C. Shah & Co.  
Chartered Accountants  
Firm's registration No. 101424W



*Suril Shah*

Suril Shah  
Partner  
Membership No. 42710  
Mumbai, May 25, 2018

## ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

The Annexure A referred to in our Independent Auditor's Report to the members of the Company on the standalone financial statements for the period ended 31<sup>st</sup> March 2018, we report that :

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the fixed assets have been physically verified by the management in accordance with a phased programme of verification, which in our opinion, is reasonable, considering the size and nature of its business. As explained to us, no material discrepancies were noticed on such verification.
- (c) The Company does not own any immovable properties. Therefore the provisions of clause 3(i)(c) of the Order are not applicable to the Company.
- (ii) (a) The Company is not holding any inventories during the year. Therefore the provisions of clause 3(ii) of the Order are not applicable to the Company.
- (iii) The Company has not granted any loans, secured or unsecured to Companies, firms, limited liability partnerships or other parties covered in the register maintained u/s 189 of the Act. Therefore the provisions of clause 3(iii) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act in respect of loans, investments, guarantees and security.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public. Therefore the provisions of clause 3(v) of the Order are not applicable to the Company.
- (vi) As explained to us, the Central Government has not prescribed the maintenance of Cost Records under section 148(1). Therefore the provisions of clause 3(vi) of the Order are not applicable to the Company.
- (vii) (a) According to the information and explanation given to us, the Company has been regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Service Tax, Goods & Services Tax, Cess and any other statutory dues with the appropriate authorities during the year. According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees State Insurance, Income Tax, Service Tax, Goods & Services Tax, Cess and other material statutory dues were in arrears, as at 31<sup>st</sup> March 2018 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, as on 31<sup>st</sup> March 2018 there are no amounts which have not been deposited with statutory authorities on account of any dispute.





- (viii) There are no loans or borrowings from financial institutions, banks or government. There are no debenture holders. Therefore the provisions of clause 3(viii) of the Order are not applicable to the Company.
- (ix) The Company has not raised moneys by way of initial public offering or further public offer during the year. There are no term loans. Therefore the provisions of clause 3(ix) of the Order are not applicable to the Company.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us, managerial remuneration has been paid in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V of the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Therefore the provisions of clause 3(xii) of the Order are not applicable to the Company.
- (xiii) To the best of our knowledge and belief and according to the information and explanations given to us, all transactions with related parties are in compliance with Section 177 and 188 of the Act where applicable and details have been disclosed in the financial statements etc., 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 under review. Therefore the provisions of clause 3(xiv) of the Order are not applicable to the Company.
- (xv) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them. Therefore the provisions of clause 3(xv) of the Order are not applicable to the Company.
- (xvi) To the best of our knowledge and belief and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Therefore the provisions of clause 3(xvi) of the Order are not applicable to the Company.

For Bhogilal C. Shah & Co.  
Chartered Accountants  
Firm's registration No. 101424W



*Suril Shah*

Suril Shah  
Partner  
Membership No. 42710  
Mumbai, May 25, 2018

## **ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Centrum Broking Limited ("the Company") as of 31st March 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material aspects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining and understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's 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 system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for



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

### **Inherent limitations of Internal Financial Controls over Financial Reporting**

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Bhogilal C. Shah & Co.  
Chartered Accountants  
Firm's registration No. 101424W



A handwritten signature in blue ink that appears to read "Suril Shah".

Suril Shah  
Partner  
Membership No. 42710  
Mumbai, May 25, 2018

**CENTRUM BROKING LIMITED**

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2018**

	Note No	31.3.2018 Rs.	31.3.2017 Rs.
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' Funds</b>			
(a) Share Capital	2	21,93,40,020	21,93,40,020
(b) Reserves and Surplus	3	22,45,85,690	9,39,14,100
<b>2. Non-current liabilities</b>			
(b) Other Long term liabilities	4	4,55,000	2,80,000
(c) Long-term Provisions	5	49,89,001	28,78,827
<b>3. Current liabilities</b>			
(a) Short-term Borrowings	6	42,21,56,911	28,07,95,641
(b) Trade payables	7	83,03,25,921	45,01,42,517
(c) Other current liabilities	8	7,97,60,407	8,40,44,470
(d) Short-term provisions	9	70,72,681	10,91,022
<b>TOTAL</b>		<b>1,78,86,85,631</b>	<b>1,13,24,86,597</b>
<b>II. ASSETS</b>			
<b>1. Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	10	80,53,137	62,90,070
(b) Deferred tax assets (net)	11	11,33,13,509	11,33,13,509
(c) Long-term loans and advances	12	22,84,76,385	8,63,57,605
<b>2. Current assets</b>			
(a) Current investments	13	-	1,99,01,641
(b) Trade receivables	14	82,92,26,744	50,99,54,516
(c) Cash and cash equivalents	15	55,01,69,264	30,46,90,290
(d) Short-term loans and advances	16	5,87,63,299	9,12,95,673
(e) Other current assets	17	6,83,293	6,83,293
<b>TOTAL</b>		<b>1,78,86,85,631</b>	<b>1,13,24,86,597</b>
Summary of significant accounting policies	1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date  
M/s. Bhogilal C. Shah & Co.  
Chartered Accountants  
Firm's Registration No. 101424W

Suril Shah  
Partner  
Membership No. 42710  
Mumbai, May 25, 2018



*Tanveer Nayak*  
Director

*[Signature]*  
CFO

For and on behalf of the Board

*[Signature]*  
Director

*[Signature]*

Company Secretary

**CENTRUM BROKING LIMITED**

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018**

		31.3.2018 Rs.	31.3.2017 Rs.
<b>Continuing Operations</b>			
<b>I. INCOME</b>			
Revenue from operations	18	60,46,96,880	36,82,50,479
Other Income	19	2,22,79,090	4,03,33,790
<b>Total Revenue</b>		<b>62,69,75,970</b>	<b>40,85,84,269</b>
<b>II. EXPENSES</b>			
Employee benefit expense	20	26,87,33,473	21,51,30,407
Other expenses	21	17,72,02,312	14,76,65,931
<b>Total Expenses</b>		<b>44,59,35,785</b>	<b>36,27,96,338</b>
<b>Earnings before extraordinary items, interest, tax, depreciation and amortization (EBITDA) (I) - (II)</b>		<b>18,10,40,185</b>	<b>4,57,87,931</b>
Finance Costs	22	4,77,67,139	2,73,74,008
Depreciation and amortization expense	10	26,01,456	18,63,698
<b>Profit / (Loss) before extraordinary items and tax</b>		<b>13,06,71,590</b>	<b>1,65,50,225</b>
Tax expenses :			
Current Tax		2,78,87,408	-
Deferred tax		-	-
MAT Credit Entitlement		-2,78,87,408	-
<b>Total tax expenses</b>		<b>-</b>	<b>-</b>
<b>Profit / (Loss) for the period from continuing operations</b>		<b>13,06,71,590</b>	<b>1,65,50,225</b>
<b>Earnings per equity share :</b>	<b>26</b>		
Basic		6.72	0.85
Diluted		6.72	0.85
Summary of significant accounting policies	1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date  
M/s. Bhogilal C. Shah & Co.  
Chartered Accountants  
Firm's Registration No. 101424W

*Suril Shah*

Suril Shah  
Partner  
Membership No. 42710  
Mumbai, May 25, 2018



*Tanveer Nayak*  
Director

*[Signature]*  
CFO

For and on behalf of the Board

*[Signature]*  
Director


*[Signature]*  
Company Secretary

**CENTRUM BROKING LIMITED**


**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018**

	31.3.2018 Rs.	31.3.2017 Rs.
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit / (Loss) before tax</b>	<b>13,06,71,590</b>	<b>1,65,50,225</b>
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation / amortization	26,01,456	18,63,698
Interest expense	4,77,67,139	2,73,74,008
Interest income	(2,11,86,907)	(1,86,11,792)
Dividend income	-	(2,82,776)
(Profit) / Loss on sale of investments	19,01,641	(2,14,14,844)
<b>Operating profit before working capital changes</b>	<b>16,17,54,919</b>	<b>54,78,519</b>
Movements in working capital :		
Increase / (decrease) in trade payables	38,01,83,403	(16,01,98,405)
Increase / (decrease) in long term / short term provisions	80,91,833	8,07,525
Increase / (decrease) in other long term / short term liabilities	(41,09,062)	(2,51,45,339)
Decrease / (increase) in trade receivables	(31,92,72,228)	4,75,22,790
Decrease / (increase) in long term / short term loans and advances	(10,95,86,406)	(4,97,60,600)
Decrease / (increase) in other current / non-current assets	-	-
<b>Net cash flow from / (used in) operating activities (A)</b>	<b>11,70,62,459</b>	<b>(18,12,95,510)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(43,64,523)	(29,01,109)
Interest received	2,11,86,907	1,86,11,792
Dividends received	-	2,82,776
Purchase of Investments	-	(1,99,01,641)
Sale of Investments	1,80,00,000	2,84,89,682
Decrease / (increase) in fixed deposits	(8,05,99,225)	(96,00,000)
<b>Net cash flow from / (used in) investing activities (B)</b>	<b>(4,57,76,841)</b>	<b>1,49,81,500</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds / (Repayment) from long-term / short-term borrowings	14,13,61,270	19,35,38,730
Interest paid	(4,77,67,139)	(2,73,74,008)
<b>Net cash flow from / (used in) financing activities (C)</b>	<b>9,35,94,131</b>	<b>16,61,64,722</b>
<b>Net increase / (decrease) in cash and cash equivalents (A + B + C)</b>	<b>16,48,79,749</b>	<b>(1,49,288)</b>
Cash and cash equivalents at the beginning of the year	8,57,90,290	8,59,39,578
Cash and cash equivalents at the end of the year	25,06,70,039	8,57,90,290
	<b>16,48,79,749</b>	<b>(1,49,288)</b>

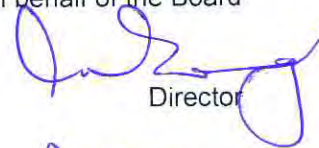

As per our report of even date  
M/s. Bhogilal C. Shah & Co.  
Chartered Accountants  
Firm's Registration No. 101424W

  
Suril Shah  
Partner  
Membership No. 42710  
Mumbai, May 25, 2018



  
Tanveer Nayak  
Director  
  
CFO

For and on behalf of the Board

  
Director  
  
Company Secretary

## CENTRUM BROKING LIMITED

### NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

(i) System of Accounting:

The Financial Statements have been prepared on the basis of historical cost convention, in accordance with applicable accounting standards and on the principles of a going concern. All expenses and incomes to the extent ascertainable with reasonable certainty are accounted for on accrual basis.

(ii) Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of financial statements and reported amounts of revenues and expenses for that year. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively.

(iii) Revenue Recognition

- a. Revenue from Brokerage activities is accounted for on the trade date of transaction.
- b. Revenue from Portfolio Management Services (PMS) is accounted for as per the terms of the contract.

(iv) Foreign Currency Transactions

Income & expenses in foreign currencies are converted at the exchange rate prevailing on the date of transactions. Foreign currency monetary assets & liabilities are translated at the exchange rate prevailing on the balance sheet date. Exchange differences arising at the time of settlement of transactions, are recognized in the Profit & Loss account.

(v) Fixed Assets:

Tangible Assets

Tangible fixed Assets are stated at cost less accumulated depreciation / impairment losses, if any.

Intangible Assets

Intangible assets are stated at cost less accumulated amortization / impairment losses, if any.



(vi) Depreciation:

- a) Depreciation is provided on a pro rata basis on the straight line method over the useful lives of the assets in the manner prescribed by Schedule II of the Companies Act, 2013.
- b) Depreciation on addition/deletion to fixed assets have been provided on pro-rata basis with reference to the date of addition/deletion.

(vii) Investments:

Long term investments are stated at cost after deducting provision, if any, made for permanent diminution in the values. Current Investment, if any, are stated at lower of cost and net realizable value

(viii) Accounting for Taxes on Income:

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

The deferred tax for timing differences between the book profits and tax profits for the year is accounted for, using the tax rates and laws that have been enacted or substantively enacted as of the balance sheet date. Deferred tax assets arising from timing differences are recognized to the extent there is reasonable certainty that these would be realized in future and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

In case the company is liable to pay tax U/s. 115JB of the Income Tax Act, 1961 (i.e. MAT), the amount of tax paid in excess of normal income tax is recognized as an asset (MAT Credit Entitlement) only if there is convincing evidence for realisation of such asset during the specified period. MAT credit entitlement is reviewed at each Balance Sheet date.

(ix) Leases

Lease rentals on operating lease arrangements are charged to the profit and loss account, in accordance with Accounting Standard 19 on Leases issued by the Institute of Chartered Accountants of India (ICAI).

(x) Borrowing Costs:

Borrowing costs attributable to the acquisition and construction of assets are capitalized as part of the cost of respective assets upto the date when such asset is ready for its intended use. Other borrowing costs are charged to the revenue.





(xi) Retirement Benefits:

- a) Contributions are made under the relevant rules/statute to the Provident and Employee Pension Fund. All such contributions are charged to the Profit and Loss Account for the year on accrual basis.
- b) Contribution to the Gratuity Fund is made on the basis of actuarial valuation as at the close of the year.
- c) Leave encashment liability is provided for on the basis of actuarial valuation as at the close of the year.

(xii) Provisions and Contingent liabilities:

- a) Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if
  - i the company has a present obligation as a result of a past event.
  - ii a probable outflow of resources is expected to settle the obligation and
  - iii the amount of the obligation can be reliably estimated.
- b) Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, such reimbursement is recognized to the extent of provision or contingent liability as the case may be, only when it is virtually certain that the reimbursement will be received.
- c) Contingent Liability, if material, is disclosed in the case of
  - i a present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation.
  - ii a possible obligation, unless the probability of outflow of resources is remote



**CENTRUM BROKING LIMITED**

**NOTES TO THE ACCOUNTS**

**NOTE 2 : SHARE CAPITAL**

	31.3.2018 Rs.	31.3.2017 Rs.
Authorised shares : 5,00,00,000 Equity Shares of Rs. 10 each	50,00,00,000	50,00,00,000
1,00,00,000 Cumulative Redeemable Preference Shares of Rs. 10 each	10,00,00,000	10,00,00,000
	<b>60,00,00,000</b>	<b>60,00,00,000</b>
Issued, subscribed and fully paid up shares : 1,94,34,002 Equity Shares of Rs. 10 each	19,43,40,020	19,43,40,020
25,00,000 10% Cumulative Redeemable Preference Shares of Rs. 10 each	2,50,00,000	2,50,00,000
	<b>21,93,40,020</b>	<b>21,93,40,020</b>

**a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**

	31.3.2018		31.3.2017	
	No.	Rs.	No.	Rs.
<b>Equity Shares</b>				
At the beginning of the period	1,94,34,002	19,43,40,020	1,94,34,002	19,43,40,020
Issued during the period	-	-	-	-
<b>Outstanding at the end of the period</b>	<b>1,94,34,002</b>	<b>19,43,40,020</b>	<b>1,94,34,002</b>	<b>19,43,40,020</b>
	31.3.2018		31.03.2017	
	No.	Rs.	No.	Rs.
<b>Preference Shares</b>				
At the beginning of the period	25,00,000	2,50,00,000	25,00,000	2,50,00,000
Add : Issued during the period	-	-	-	-
<b>Outstanding at the end of the period</b>	<b>25,00,000</b>	<b>2,50,00,000</b>	<b>25,00,000</b>	<b>2,50,00,000</b>

**b. Terms / rights attached to equity shares**

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

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

- c. The Company has only one class of preference shares having a par value of Rs. 10 per share. The preference shares are redeemable after 20 years from the date of issue or earlier as decided by the board of directors. The shares carry a right to receive 10% dividend till redemption.

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



**CENTRUM BROKING LIMITED**

**NOTES TO THE ACCOUNTS**

d. Details of shareholders holding more than 5% shares in the company

**Equity**

	31.3.2018		31.03.2017	
	No.	% holding	No.	% holding
M/s Centrum Capital Ltd.	1,92,90,666	99.26	1,92,90,666	99.26

**Preference**

	31.3.2018		31.03.2017	
	No.	% holding	No.	% holding
M/s Centrum Capital Ltd.	25,00,000	100.00	25,00,000	100.00

As per records of the company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

**NOTE 3 : RESERVES AND SURPLUS**

	31.3.2018 Rs.	31.3.2017 Rs.
<u>Securities Premium Reserve :</u>		
Opening Balance	63,54,07,000	63,54,07,000
<b>Surplus / (Deficit) in the statement of profit and loss account</b>		
Opening Balance	(54,14,92,900)	(55,80,43,125)
Add : Profit / (Loss) for the year	13,06,71,590	1,65,50,225
	<b>(41,08,21,310)</b>	<b>(54,14,92,900)</b>
	<b>22,45,85,690</b>	<b>9,39,14,100</b>

**NOTE 4 : OTHER LONG TERM LIABILITIES**

	31.3.2018 Rs.	31.3.2017 Rs.
Deposits	4,55,000	2,80,000
	<b>4,55,000</b>	<b>2,80,000</b>

**NOTE 5 : LONG TERM PROVISIONS**

	31.3.2018 Rs.	31.3.2017 Rs.
Provision for Leave Encashment	49,89,001	28,78,827
	<b>49,89,001</b>	<b>28,78,827</b>



**CENTRUM BROKING LIMITED**

**NOTES TO THE ACCOUNTS**

**NOTE 6 : SHORT TERM BORROWINGS**

	31.3.2018 Rs.	31.3.2017 Rs.
<b>From Bank</b>		
Bank overdraft	-	1,90,88,730
<b>From Others - Unsecured</b>		
Short Term Loans from Holding Company	28,26,56,911	22,01,56,911
Short Term Loans from Related Parties	-	4,15,50,000
Short Term Loans from Others	13,95,00,000	-
	<b>42,21,56,911</b>	<b>28,07,95,641</b>

**NOTE 7 : TRADE PAYABLES**

	31.3.2018 Rs.	31.3.2017 Rs.
<b>Sundry Creditors</b>		
Due to Micro, Small & Medium Enterprises	-	-
Due to Others	83,03,25,921	45,01,42,517
	<b>83,03,25,921</b>	<b>45,01,42,517</b>

**NOTE 8 : OTHER CURRENT LIABILITIES**

	31.3.2018 Rs.	31.3.2017 Rs.
Book Overdraft From Bank	-	43,58,060
Other Payables	7,97,60,407	7,96,86,410
	<b>7,97,60,407</b>	<b>8,40,44,470</b>

**NOTE 9 : SHORT TERM PROVISIONS**

	31.3.2018 Rs.	31.3.2017 Rs.
Provision for Leave Encashment	12,39,717	3,67,570
Provision for Gratuity	58,32,964	7,23,452
	<b>70,72,681</b>	<b>10,91,022</b>



CENTRUM BROKING LIMITED

NOTES TO THE ACCOUNTS

**NOTE 10 : TANGIBLE ASSETS**

FIXED ASSETS	GROSS BLOCK AT COST			TOTAL DEPRECIATION			NET BLOCK	
	As at 01.4.2017	Additions / Adjustments	Deductions / Adjustments	As at 1.4.2017	For the year 2017-18	Upto 31.03.2018	As at 31.03.2018	As at 31.3.2017
1. Furniture & Fixtures	3,97,846	1,74,598	-	1,21,457	46,584	1,68,041	4,04,403	2,76,389
2. Vehicles	63,39,012	-	-	57,33,064	2,88,998	60,22,062	3,16,950	6,05,948
3. Office Equipment	4,25,32,478	41,89,925	-	3,71,24,745	22,65,874	3,93,90,619	73,31,784	54,07,733
	<b>4,92,69,336</b>	<b>43,64,523</b>	-	<b>4,29,79,266</b>	<b>26,01,456</b>	<b>4,55,80,722</b>	<b>80,53,137</b>	<b>62,90,070</b>
<i>Previous Year</i>	4,63,68,227	29,01,109	-	4,11,15,568	18,63,698	4,29,79,266	62,90,070	52,52,659



**CENTRUM BROKING LIMITED**

**NOTES TO THE ACCOUNTS**

**NOTE 11 : DEFERRED TAX ASSETS (NET)**

	31.3.2018 Rs.	31.3.2017 Rs.
<b>Deferred Tax Asset</b>		
on account of Loss Carried Forward	11,33,13,509	11,33,13,509
<b>Deferred Tax Asset</b>	<b>11,33,13,509</b>	<b>11,33,13,509</b>

**NOTE 12 : LONG TERM LOANS AND ADVANCES**

	31.3.2018 Rs.	31.3.2017 Rs.
<b>Security Deposits</b> (Unsecured, considered good)		
Deposits with Stock Exchanges	16,26,15,000	4,62,75,000
Other Deposits	34,23,051	17,69,651
<b>Other loans and advances</b>		
Employee Benefit Trust	37,70,000	37,70,000
Loans to Employees	1,91,00,000	1,91,00,000
MAT Credit Entitlement	2,82,76,629	-
Advance Income Tax (net of provision for taxation)	1,11,86,220	1,53,37,469
Advance Fringe Benefit Tax (net of provision for taxation)	1,05,485	1,05,485
	<b>22,84,76,385</b>	<b>8,63,57,605</b>

**NOTE 13 : CURRENT INVESTMENTS**

	31.3.2018 Rs.	31.3.2017 Rs.
<b>Trade - Quoted</b>		
NIL( PY 180) Debentures of CFSL NIFTY 50 200417	-	1,99,01,641
	-	<b>1,99,01,641</b>

**NOTE 14 : TRADE RECEIVABLES**

	31.3.2018 Rs.	31.3.2017 Rs.
<b>Unsecured, considered good unless stated otherwise</b>		
Outstanding for a period of six months from the date they are due for payment		
Secured, considered good	-	-
Unsecured, considered good	1,24,52,770	1,21,23,342
	1,24,52,770	1,21,23,342
<b>Other receivables</b>		
Secured, considered good	-	-
Unsecured, considered good	81,67,73,974	49,78,31,174
	81,67,73,974	49,78,31,174
	<b>82,92,26,744</b>	<b>50,99,54,516</b>



**CENTRUM BROKING LIMITED**

**NOTES TO THE ACCOUNTS**

**NOTE 15 : CASH AND BANK BALANCES**

	31.3.2018 Rs.	31.3.2017 Rs.
<b>Cash and cash equivalents</b>		
Balances with banks :		
On current accounts	24,98,06,709	8,56,60,514
Cash on hand	1,27,358	1,29,776
Cheques in hand	7,35,972	-
Other bank balances		
Deposits with original maturity of more than 3 months but less than 12 months	29,94,99,225	21,89,00,000
	<b>55,01,69,264</b>	<b>30,46,90,290</b>

**NOTE 16 : SHORT TERM LOANS AND ADVANCES**

	31.3.2018 Rs.	31.3.2017 Rs.
<b>Unsecured, considered good unless stated otherwise</b>		
Advances recoverable in cash or kind or for value to be received	5,87,63,299	7,41,98,981
Service Tax Credit	-	1,70,96,692
	<b>5,87,63,299</b>	<b>9,12,95,673</b>

**NOTE 17 : OTHER CURRENT ASSETS**

	31.3.2018 Rs.	31.3.2017 Rs.
<b>Unsecured, considered good unless stated otherwise</b>		
Other receivables	6,83,293	6,83,293
	<b>6,83,293</b>	<b>6,83,293</b>

**NOTE 18 : REVENUE FROM OPERATIONS**

	31.3.2018 Rs.	31.3.2017 Rs.
Brokerage Income	42,26,21,035	24,54,33,674
Depository Charges	37,17,934	25,52,157
Consultancy Fees	17,83,57,911	12,02,64,648
	<b>60,46,96,880</b>	<b>36,82,50,479</b>



**CENTRUM BROKING LIMITED**

**NOTES TO THE ACCOUNTS**

**NOTE 19 : OTHER INCOME**

	<b>31.3.2018</b>	<b>31.3.2017</b>
	<b>Rs.</b>	<b>Rs.</b>
Interest	2,11,86,907	1,86,11,792
Dividend	-	2,82,776
Miscellaneous Income	10,92,183	24,378
Long Term Capital Gain	-	2,14,14,844
	<b>2,22,79,090</b>	<b>4,03,33,790</b>

**NOTE 20 : EMPLOYEE BENEFIT EXPENSE**

	<b>31.3.2018</b>	<b>31.3.2017</b>
	<b>Rs.</b>	<b>Rs.</b>
Salaries, Bonus & Gratuity	24,93,90,721	20,15,70,591
Contribution to Provident and other funds	1,58,59,582	1,06,45,468
Staff Welfare Expenses	34,83,170	29,14,348
	<b>26,87,33,473</b>	<b>21,51,30,407</b>

**NOTE 21 : OTHER EXPENSES**

	<b>31.3.2018</b>	<b>31.3.2017</b>
	<b>Rs.</b>	<b>Rs.</b>
Rent, Rates & Taxes	3,84,92,617	4,33,95,363
Printing & Stationery	20,73,422	17,28,682
Travelling & Conveyance	71,56,601	63,51,911
Payment to Auditor	2,05,000	2,05,000
Repairs & Maintenance	4,32,860	4,18,456
Professional & Consultancy Charges	7,48,42,374	6,72,73,299
Membership & Subscription	12,62,422	11,15,043
Books & Periodicals	64,550	46,681
Telephone & Lease Line Expenses	33,25,826	27,51,083
Depository Charges - CDSL	10,78,080	10,59,000
Insurance	2,51,516	1,98,861
Electricity Charges	19,02,055	14,19,355
Postage & Courier Charges	12,93,240	8,35,172
Entertainment	94,42,978	34,13,851
Franking Charges	10,91,239	2,73,450
Conference Expenses	47,20,930	13,66,650
Net Loss due to Dealing Error	76,25,576	16,02,476
Computer / Software Expenses	51,95,114	47,82,664
Exchange / Clearing House Expenses / Transaction Charges	92,87,461	48,48,278
Loss on Sale of Investments	19,01,641	-
Loss on Foreign Exchange	37,884	33,351
Miscellaneous Expenses	55,18,926	45,47,305
	<b>17,72,02,312</b>	<b>14,76,65,931</b>





CENTRUM BROKING LIMITED

NOTES TO THE ACCOUNTS

Payment to Auditor

	31.3.2018 Rs.	31.3.2017 Rs.
Audit Fees	1,50,000	1,50,000
Fees of Other Services	55,000	55,000
	<b>2,05,000</b>	<b>2,05,000</b>

NOTE 22 : FINANCE COSTS

	31.3.2018 Rs.	31.3.2017 Rs.
Interest	4,21,93,688	2,16,45,311
Finance Charges	55,73,451	57,28,697
	<b>4,77,67,139</b>	<b>2,73,74,008</b>



**NOTE 23: CONTINGENT LIABILITIES AND COMMITMENTS**

- For the year – Nil (Previous Year: Nil)

**NOTE 24: EARNINGS / EXPENDITURE IN FOREIGN CURRENCY**

Particulars	1.04.2017 to 31.03.2018 Rs.	1.04.2016 to 31.03.2017 Rs.
<b>Earning</b>		
Consultancy income	5,96,783	18,90,180
<b>Expenditures</b>		
Traveling & Conveyance	--	56,723
Computer Expenses	11,89,862	19,26,118
<b>TOTAL EXPENDITURE</b>	<b>11,89,862</b>	<b>19,82,841</b>

**NOTE 25: GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS**

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on leaving the services of the Company at 15 days salary (last drawn basic salary) for each completed year of service. The scheme is funded with one insurance company in the form of a qualifying insurance policy.

The following tables summaries the components of net benefit expense recognized in the profit and loss account, the funding status and amounts recognized in the balance sheet for gratuity plan.

**Profit and Loss account****Net employee benefit expense (recognized in Employee Cost)**

Expenses Recognized in the Income Statement	March 31, 2018 Rs..	March 31, 2017 Rs.
Current Service Cost	16,74,284	13,46,823
Interest Cost	558,809	4,68,154
Expected Return on Plan Assets	(504,044)	(4,64,379)
Recognition of Transition Liability	NIL	NIL
Actuarial (Gain) or Loss	24,49,294	7,57,656
Past Service Cost-Vested Benefit Recognized During the Period	12,17,198	NIL
Expense Recognized in Profit and Loss Account	53,95,541	21,08,254



**Details of Provision for gratuity**

<b>Amount Recognized in the Balance Sheet</b>	<b>March 31, 2018 Rs.</b>	<b>March 31, 2017 Rs.</b>
Liability at the end of the year	(125,58,598)	(73,81,891)
Fair Value of Plan Assets at the end of the year	67,25,634	66,58,439
Amount Recognized in the Balance Sheet	(58,32,964)	(7,23,452)

**Changes in the present value of defined benefit obligation are as follows:**

<b>Changes in Benefit Obligation</b>	<b>March 31, 2018 Rs.</b>	<b>March 31, 2017 Rs.</b>
Liability at the beginning of the Period	73,81,891	58,44,614
Interest Cost	5,58,809	4,68,154
Current Service Cost	16,74,284	13,46,823
Past Service Cost-Vested Benefit Recognized During the Period	12,17,198	NIL
Settlement	NIL	NIL
Liability Transfer In	NIL	NIL
Benefit Paid	(691,697)	(10,24,383)
Actuarial (gain)/loss on obligations	24,18,113	7,46,683
Liability at the end of the year	125,58,598	73,81,891

**Changes in the fair value of plan assets are as follows:**

<b>Changes in Fair Value of Plan Assets</b>	<b>March 31, 2018 Rs.</b>	<b>March 31, 2017 Rs.</b>
Opening fair value of plan assets	66,58,439	57,97,491
Contributions	2,86,029	14,31,925
Benefit Paid	(6,91,697)	(10,24,383)
Actuarial gain/(loss) to be recognized	(31,181)	(10,973)
Expected Return on Plan Assets	5,04,044	4,64,379
Fair Value of Plan Assets at the end of the year	67,25,634	66,58,439

<b>Balance Sheet Reconciliation</b>	<b>March 31, 2018 Rs.</b>	<b>March 31, 2017 Rs.</b>
Opening Net Liability	723,452	47,123
Expense as above	53,95,541	21,08,254
Transfer from other company	NIL	NIL
Transfer to other company	NIL	NIL
Employers Contribution	-2,86,029	(14,31,925)
Amount Recognized in Balance Sheet	58,32,964	7,23,452

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

<b>Particulars</b>	<b>March 31, 2018</b>	<b>March 31, 2017</b>
Invested with Insurer	100%	100%

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.



The principal assumptions used in determining gratuity obligations for the Company's plan are shown below:

Actuarial Assumptions	March 31, 2018	March 31, 2017
Retirement Age	60	60
Attrition Rate	For service 4 years and below 15.00% p.a. For service 5 years and above 10.00% p.a.	2.00%
Future Salary Rise	5.00%	4.00%
Rate of Discounting	7.68%	7.57%
Rate of Return on Plan Assets	7.68%	7.57%
Mortality Table	India Assured Lives Mortality (2006-08)	India Assured Lives Mortality (2006-08)

The estimates for future salary increase, considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Amounts for the current and previous year are as follows:

Particulars	March 31, 2018 Rs.	March 31, 2017 Rs.
Defined benefit obligation	(1,25,58,598)	(73,81,891)
Plan assets	67,25,634	66,58,439
Surplus / (deficit)	(58,32,964)	(7,23,452)
Experience adjustments on plan liabilities	(3,12,067)	3,51,600
Experience adjustments on plan assets	(31,181)	(10,973)

#### NOTE 26: EARNINGS PER SHARE

In terms of Accounting Standard 20 'Earnings per Share (EPS)' notified by the Companies (Accounting Standards) Rules, 2006, the EPS has been calculated as under:

No.	Particulars	1.04.2017 to 31.03.2018 Rs.	1.04.2016 to 31.03.2017 Rs.
(a)	Net Profit / (Loss) as per Profit & Loss Account	13,06,71,590	1,65,50,225
(c)	Net Profit / (Loss) for the year attributable to equity shareholders	13,06,71,590	1,65,50,225
(d)	Weighted Average number of equity shares used as denominator for calculating EPS	1,94,34,002	1,94,34,002
(e)	Earnings per share of Rs.10 each (Basic & Diluted)	6.72	0.85



**NOTE 27: RELATED PARTY DISCLOSURES**

**A) List of Related Parties:**

**Associates with whom transactions have been entered into in the ordinary course of business:**

Centrum Capital Limited  
 Centrum Financial Services Limited  
 Centrum Wealth Management Limited  
 Centrum Direct Limited  
 Centrum Retail Services Limited  
 Centrum ESPS Trust

**Key Management Personnel:**

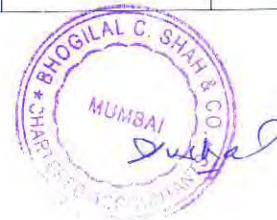
Mr. K. Sandeep Nayak  
 Mr. V. Sriram  
 Mr. Rajesh Nanavaty

**Relatives of Key Management Personnel/ Having Controlling Interest where transactions have taken place:**

Mrs. Priya Sandeep Nayak

**B) Transaction with related parties:**

Nature of Transactions	Associates	Key Managerial Personnel	Total
	Rs.	Rs.	Rs.
	2017 -2018	2017 -2018	2017 -2018
<b>Loans and advances taken</b>			
-Centrum Capital Limited	1,745,000,000	-	1,745,000,000
<b>Repayment of Loans and advances taken</b>			
-Centrum Capital Limited	1,682,500,000	-	1,682,500,000
-Centrum Financials Services Limited	41,550,000	-	41,550,000
<b>MLD Redemption Proceed</b>			
- Centrum Financial Services Limited	1,80,00,000	-	1,80,00,000
<b>Commission and Professional fees Received</b>			
-Centrum Capital Limited	42,372	-	42,372
<b>Brokerage &amp; Commission Received</b>			
-Key Managerial Personal and Relatives	-	15,569	15,569
-Centrum Capital Limited Brokerage	1,361,100	-	1,361,100
-Centrum Capital Limited Delayed Charges	49,885	-	49,885
-Centrum Direct Limited Brokerage	197,160	-	197,160
-Centrum Direct Limited Delayed Charges	386	-	386
- Centrum Wealth Management Limited	316,456	-	316,456



-Centrum ESPS Trust	2,722,000	-	2,722,000
-Centrum ESPS Trust - Delayed Charges	2,129	-	2,129
-Centrum Financials Services Limited	1,731,002	-	1,731,002
-Centrum Retail Services Ltd.-Brokerage	24,31,079	-	2,431,079
<b>- Expenses Recovered</b>			
- Centrum Investments Advisors Ltd.	804,118	-	804,118
<b>- Interest Received</b>			
- Centrum Financial Services Limited	20,70,000	-	20,70,000
<b>Centrum Wealth Management Ltd</b>			
- Brokerage & Commission paid	12,439,854	-	12,439,854
- Consultancy Expense	43,178,445	-	43,178,445
<b>Rent Paid</b>			
-Centrum Capital Limited	13,592,674	-	13,592,674
<b>Remuneration paid</b>			
-K Sandeep Nayak	-	9,216,460	9,216,460
-V. Sriram	-	5,645,004	5,645,004
<b>Interest Expense</b>			
-Centrum Capital Limited	32,146,091	-	32,146,091
<b>Travel expenses including Foreign Exchange</b>			
-Centrum Direct Limited	56,723	-	56,723
<b>- Expenses Reimbursed</b>			
-Centrum Retail Services Ltd(Support Staff)	7,158,042	-	7,158,042
<b>Corporate Guarantees Received</b>			
-Centrum Capital Limited	707,500,000	-	707,500,000
<b>Rent Payable</b>			
-Centrum Capital Limited	7,340,043	-	7,340,043
<b>Receivables</b>			
Centrum Financial Services Limited	30,472	-	30,472
<b>Closing Balances:</b>			
<b>Payables</b>			
-Centrum Capital Limited	282,656,911	-	282,656,911
-Centrum Capital Limited - Interest Payable	28,931,482	-	28,931,482
-Centrum Retail Services Ltd.	597,465	-	597,465

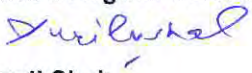
Note: No amounts in respect of related parties have been written off / written back during the year, nor has any provision been made for doubtful debts / receivables.



**NOTE 28 PREVIOUS YEAR COMPARATIVES**

The figures for the previous year have been regrouped / rearranged wherever necessary to confirm current year's classification.

**M/s. Bhogilal C. Shah & Co.**  
**Chartered Accountants**  
**Firm's Registration No. 101424W**

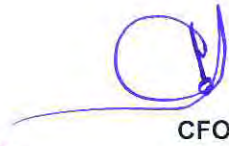
  
**Suril Shah**  
**Partner**  
**Membership No.42710**

**Mumbai, May 25, 2018**

**For and on behalf of the Board**

  
**Tanveer Nayak**  
**Director**

  
**Director**

  
**CFO**



**Company Secretary**

**Mumbai, May 25, 2018**

