



Centrum Financial Services Limited

Annual Report 2022-23

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Board of Directors

Mr. Rishad Byramjee
Executive Director

Mr. Jaspal Bindra
Non – Executive Director

Mr. Ranjan Ghosh
Non – Executive Director

Ms. Deepa Poncha
Non- Executive Director

Mr. Subhash Kutte
Independent Director

Mr. Siddhartha Sengupta
Independent Director

Key Managerial Personnel

Mr. Rishad Byramjee
Executive Director

Mr. Abhishek Baxi
Chief Financial Officer

Ms. Archana Goyal
Company Secretary

Corporate Information

Registered Office:

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

Tel – 022 – 42159000

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

Website – www.centrum.co.in

Corporate Identification Number:

U65910MH1993PLC192085

Statutory Auditors:

M/s. Shah & Taparia.

Registrar & Share Transfer Agents:

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

Directors Report

DIRECTORS' REPORT

To
The Members,
Centrum Financial Services Limited,

Your Directors are pleased to present the Annual Report along with the Audited Financial Statements for the financial year ended March 31, 2023.

FINANCIAL HIGHLIGHTS

The summary of Company's financial performance for the F.Y. 2022-23 vis a vis F.Y. 2021-22 is given below:

(Amt. in Lakhs.)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022 *
Total Revenue	779.14	-
Total Expenses	879.34	332.91
Profit/ (Loss) before exceptional items	(100.20)	(332.91)
Exceptional Items	-	-
Profit/ (Loss) after exceptional items from Discontinued Operations (refer table below)	-	653.18
Less: Taxation Expenses	-	407.33
Profit /(Loss) after tax	(100.20)	(87.06)
Other Comprehensive Income	-	(12.20)
Total Income post considering other Comprehensive income	(100.20)	(99.27)
Balance of profit/ (loss) for earlier years	25.54	(1,406.01)
Add: Profit for the year	(100.20)	(99.27)
Less: Transfers to reserve/profit or loss for the year	-	1,808.02 (277.21)
Balance carried forward	(74.66)	25.54

Discontinued Profit and Loss Statement:

(Amt. in Lakhs.)

Particulars	Period ended October 31, 2021 (Seven Months)
Total Revenue	7,928.81
Total Expenses	7,869.89
Profit/ (Loss) before exceptional items	58.93
Exceptional Items	594.26
Profit/ (Loss) after exceptional items from Discontinued Operations	653.18
Less: Taxation Expenses	407.33
Profit /(Loss) after tax	245.85
Other Comprehensive Income	(17.21)
Total Income post considering other Comprehensive income	228.64

During the previous year (FY 2021-22) your Company had transferred its Business Undertaking to Unity Small Finance Bank Limited w.e.f November 01 2021. Thus, the FY 2021-22 is split into two reporting periods, viz Discontinued operations for the period April 1, 2021 to October 31, 2021 and Continued operations for the period November 1, 2021 to March 31, 2022.

PERFORMANCE OF BUSINESS AND SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Operations during FY 2022-23: During the year under review, your Company which was registered as a Systemically Important- Non Deposit Accepting- Non Banking Financial Company - Investment and Credit Company (NBFC-ICC), applied for conversion to a Non-Banking Financial Company- Core Investment Company (NBFC-CIC). The Reserve Bank of India has granted a Certificate of Registration to NBFC CIC vide letter dated September 09, 2022.

The Gross income of your Company during the period under review is Rs. 779.14 Lakhs as against Rs. NIL for the FY 2021-22(excluding Discontinued Operations in FY 2021-22). There have been no NBFC-ICC business operations in the Company post the transfer of its business undertaking to Unity Small Finance Bank Limited ('Unity SFB') w.e.f. November 01, 2021. The Gross income from continued operations of the Company - for the period November 1, 2021 to March 31, 2022 for 5 (five) months in FY 2021-22 was NIL.

The net loss for the year under review is Rs. (100.20) Lakhs for the FY 2022-23 as against Rs. (99.27) Lakhs for the FY 2021-22 (including Discontinued Operations in FY 2021-22).

TRANSFER TO RESERVES

The Company has not transferred any amount to statutory reserves during the period under review.

SHARE CAPITAL

During the year under review, there was no change in the Authorised Share Capital and Paid up Share Capital of the Bank. As on March 31, 2023, the Authorised Share Capital of your Company was Rs. 1,50,00,00,000 and Paid up Equity Capital of your Company was Rs. 98,95,69,420/-.

Debt Securities

The outstanding Compulsorily Convertible Debentures (CCD) as on March 31, 2023 was amounting to Rs. 15,09,14,300/-. The same are due for conversion on June 14, 2023.

The Company does not have any other debt securities outstanding.

DIVIDEND

Considering the accumulated losses of your Company, the Board have decided not to recommend any dividend for the financial year 2022-23.

SUBSIDIARIES, JOINT VENTURE AND ASSOCIATE COMPANIES

Your Company has only one subsidiary company, viz. Unity Small Finance Bank Limited. A Report on the performance and financial position of the subsidiary company and the salient features of the financial statements in the prescribed form AOC-1 is annexed as **Annexure-A**.

The Company did not have any associate and/ or Joint Venture Company, during the year under review.

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

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

AUDITORS AND AUDITORS' REPORT

M/s. Shah & Taparia, Chartered Accountants, Mumbai having firm registration No. FRN 109463W were appointed as the Statutory Auditors of the Company for the period of three years to hold office until the conclusion of the Annual General meeting of the Company to be held for the year 2024. Pursuant to Section 141 of the Act, the Auditors have represented that they are not disqualified and continue to be eligible to act as the Auditor of the Company.

The Financial Statements along with the Statutory Auditor Report form part of the Annual Report. There are no qualifications, reservations, adverse remarks or disclaimer made by the Statutory Auditors in their report for the FY 2022-23.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company had appointed M/s. Alwyn Jay & Co., Company Secretaries, Mumbai, to undertake the Secretarial Audit of the Company for FY 2022-23. Their Report is appended herewith as **Annexure – B**.

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

INTERNAL AUDITORS & THEIR REPORT

During the financial year, the Internal Audit of the Company was conducted by M/s F. K Mody & Co., Chartered Accounts. The reports of these internal auditors were duly deliberated, considered, reviewed or noted by the Audit Committee and the Board meetings of the Company.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

The composition of the Board of Directors of the Company ("Board") is governed by the provisions of the Companies Act, 2013, RBI Regulations, any other applicable laws and the Articles of Association of the Company.

As on March 31, 2023, the Company has the following Directors and Key Managerial Personnels:

Sr. no.	Name	Designation
1	Rishad Khushrooh Byramjee	Executive Director
2	Subhash Gundappa Kutte	Independent Director
3	Siddhartha Sengupta	Independent Director
4	Ranjan Ghosh	Non-Executive Director
5	Jaspal Singh Bindra	Non-Executive Director
6	Deepa Poncha	Non-Executive Director
7	Abhishek Baxi	Chief Financial Officer
8	Archana Goyal	Company Secretary

There were following changes in the Board, during the financial year under review:

1. Mr. Subhash Kutte (DIN: 00233322) was appointed as an Independent Director on the Board of the Company w.e.f. August 09, 2022.

2. Ms. Dipali Sheth (DIN: 07556685) resigned as an Independent Director of the Company with effect from September 05, 2022. The Board placed on record its sincere appreciation for valuable services rendered by Ms. Sheth as an Independent Director of the Company.
3. Mr. Rishad Byramjee (DIN: 00164123), Non-Executive Director, was appointed as Executive Director of the Company with effect from September 16, 2022, and his period of office is liable to retirement by rotation.
4. Mr. Ranjan Ghosh (DIN: 07592235) was re-appointed as Managing Director & CEO of the Company w.e.f. August 23, 2022. He resigned as the Managing Director & CEO of the Company and his designation was changed to Non – Executive Director w.e.f. October 21, 2022.
5. Mr. G. S. Sundararajan (DIN: 00361030) who was re-appointed as Independent Director on September 26, 2022, resigned as an Independent Director of the Company w.e.f. October 21, 2022. The Board placed on record its sincere appreciation for valuable services rendered by Mr. Sundararajan as an Independent Director of the Company.
6. Mr. Shailendra Kishor Apte (DIN: 00233322) resigned as Non – Executive Director of the Company with effect from February 09, 2023. The Board placed on record its sincere appreciation for valuable services rendered by Mr. Apte as the Non-Executive Director of the Company.
7. Mr. Jaspal Bindra (DIN: 00128320) and Ms. Deepa Poncha (DIN: 01916512) were appointed as Additional Director in the capacity of Non – Executive Non Independent Director on the Board of the Company w.e.f March 21, 2023. They are liable to retire by rotation. Their appointment shall be regularised by Members at the ensuing Annual General Meeting of the Company.

The Independent Directors appointed on the Board of the Company have the highest standard of integrity, expertise, experience and proficiency.

Director liable to retire by rotation

Mr. Ranjan Ghosh (DIN: 07592235), Non-Executive Director being longest in the office shall be liable to retire by rotation at the ensuing Annual General Meeting, and being eligible, offers himself for re-appointment. The Board of Directors have, at their meeting held on May 11, 2023, recommended his re-appointment at 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:

Particulars	Board	Audit Committee	Nomination & Remuneration Committee	Finance Committee
Number of Meetings	7	4	0	3
Dates of Meetings	23.05.2022 30.05.2022 09.08.2022 16.09.2022 21.10.2022 08.02.2023 20.03.2023	30.05.2022 09.08.2022 21.10.2022 08.02.2023	-	30.05.2022 18.11.2022 09.02.2023

	Attendance of Directors/Committee Members			
	Board	Audit Committee*	Nomination & Remuneration Committee#	Finance Committee**
Mr. Rishad Byramjee	3	NA	-	1
Mr. Subhash Gundappa Kutte	4	1	-	NA
Mr. Siddhartha Sengupta	5	4	-	NA
Mr. Ranjan Ghosh	7	1	-	3
Mr. Shailendra Apte	6	3	-	2
Mr. G. S. Sundararajan	4	3	-	NA
Ms. Dipali Sheth	3	NA	-	NA
Mr. Jaspal Singh Bindra	NA	NA	-	NA
Ms. Deepa Poncha	NA	NA	-	NA

**Audit Committee was re-constituted on October 21, 2022, wherein Mr. Subhash Kutte, and Mr. Ranjan Ghosh, were inducted as members in the Committee and G S Sundararajan, Chairperson and Mr. Shailendra Apte, ceased to be the members.*

#Nomination and Remuneration Committee was re-constituted on October 21, 2022, wherein Mr. Subhash Kutte, Mr. Siddhartha Sengupta and Mr. Ranjan Ghosh were inducted as members and Mr. Mr. G S Sundararajan and Mr. Shailendra Apte ceased to be members of the Committee.

***Finance Committee was re-constituted on February 08, 2023, wherein Mr. Rishad Byramjee was inducted in the Committee as member and Mr. Shailendra Apte ceased to be member of the Committee.*

Further, the Company has at its Board meeting held on February 08, 2023, empowered the Board to discharge the functions of the following committees, till they are constituted/reconstituted:

1. Group Risk Management Committee
2. Asset Liability Committee
3. IT Governance and Strategy Committee
4. Credit Committee
5. Investment Committee
6. Risk Management Committee

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

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

INDEPENDENT DIRECTORS' MEETING

A meetings of Independent Directors was held on March 20, 2023 as per schedule IV of the Companies Act, 2013.

RISK MANAGEMENT FRAMEWORK

During the year under review, your Company was in the process of obtaining the licence of NBFC - CIC and was having minimum operations. Thus the Risk Management function was discharged by Board of the Company. Further, the separate Risk Management Committee will be constituted in due course for managing and mitigating the risks encountered in the operations of the Company.

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

In terms of Section 186(11) of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014, loans made, guarantees given or securities provided by the Company are exempted from compliance with the requirements of Section 186 of the Companies Act, 2013. Hence, there is no disclosure being made herein in this regard.

RELATED PARTY TRANSACTIONS

All transactions with related parties were reviewed and approved by the Audit Committee and are in accordance with the Related Party Transactions Policy. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

All Related Party Transactions are placed before the Audit Committee for prior approval/ratification. Prior omnibus approval of the Audit Committee is obtained for the transactions which are repetitive in nature or when the need for them cannot be foreseen in advance. During FY 2022-23, there were no transactions which requires reporting under Section 188(1) of the Act in Form AOC-2.

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

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

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

PARTICULARS OF DEPOSITS

The Company being a 'Non-Deposit taking Systemically Important Non-Banking Financial Company-Core Investment Company' has not accepted public deposits during the year under review and shall not accept any deposits from the public without obtaining prior approval of the RBI. Accordingly, the disclosure requirements under Rule 8(5)(v) and (vi) of the Companies (Accounts) Rules, 2014 are not applicable to the Company.

DISCLOSURES BY DIRECTORS

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

DECLARATION BY INDEPENDENT DIRECTORS

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

AUDIT COMMITTEE

The constitution of the Audit Committee as on March 31, 2023, is as follows:

Sr. No	Name	Category	Designation in the Committee
1	Mr. Siddhartha Sengupta	Independent Director	Chairman
2	Mr. Subhash Kutte	Independent Director	Member
3	Mr. Ranjan Ghosh	Non-Executive Director	Member

NOMINATION & REMUNERATION COMMITTEE

The constitution of the Nomination & Remuneration Committee as on March 31, 2023, is as follows:

Sr. No	Name	Designation	Designation in the Committee
1	Mr. Subhash Kutte	Independent Director	Chairperson
2	Mr. Siddhartha Sengupta	Independent Director	Member
3	Mr. Ranjan Ghosh	Non-Executive Director	Member

DIRECTORS' RESPONSIBILITY STATEMENT

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 along with proper explanation relating to material departures;
- (b) such accounting policies have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2023 and of the profit and loss of the Company for that period;
- (c) proper and sufficient care has been taken 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) annual accounts have been prepared on a going concern basis;
- (f) proper systems to ensure compliance with the provisions of all applicable laws was in place and the same were adequate and operating effectively.

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

Pursuant to the provision of section 178 of the Companies Act, 2013, the Company follows its policy on Director's Appointment and Remuneration for Directors, Key Managerial Personnel and other Employees. The Nomination and Remuneration Policy is uploaded on the website of the Company, viz. www.centrum.co.in

PERFORMANCE EVALUATION

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

The evaluation was done after taking into consideration the inputs received from Directors, setting out parameters for evaluation. Evaluation parameters of the Board and Committees were based on Disclosure of Information, Key functions of the Board and Committees, responsibilities of the Board and Committees, etc. Evaluation parameters of individual Directors, the Board and Independent Directors were based on knowledge to perform the role, time and level of participation, performance of duties and level of oversight and professional conduct, etc. The Directors provided their responses on the questionnaire based on the said parameters. The results of the said evaluation were discussed at a Board meeting.

Independent Directors in their separate meeting also evaluated the performance of Non-Independent Directors, Chairman of the Board and the Board as a whole and appropriate action, if any, required was noted.

CORPORATE SOCIAL RESPONSIBILITY

Pursuant to the provision of Section 135 of the Companies Act, 2013, your Company was not required to spend any money towards Corporate Social Responsibility ("CSR") for the financial year 2022-23. A certificate confirming the same was obtained from M/s. Mithun Girish & Associates, Chartered Accountants. Accordingly, no CSR expenditure was incurred by the Bank during the F.Y. 2022-23. The CSR Policy is uploaded on the website of the Company viz. www.centrum.co.in

Thus as on March 31, 2023, your Company does not have any unspent amount towards CSR.

VIGIL MECHANISM

The Company has a vigil mechanism through its Whistle Blower Policy approved and adopted by Board of Directors of the Company in compliance with the provisions of Section 177 (10) of the Companies Act, 2013. During the year under review, no instances were reported under the Whistle Blower mechanism of the Company.

REPORTING OF FRAUDS

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

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

In view of the nature of activities, which are being carried out by the Company, Rule 8(5) of the Companies (Accounts) Rules, 2014, concerning conservation of energy and technology absorption respectively are not applicable to the Company.

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year ended March 31, 2023, there were no foreign exchange earnings and foreign exchange outgo of the Company.

HUMAN RESOURCE AND EMPLOYEE RELATIONSHIP

During the year under review, there were only 2 employees on pay roll of the Company. The Company is in process of recruiting employees and shall initiate employee engagement activities soon. Few employees who are also associated with the Group Companies are assisting in Company's operations and there were employee engagement activities carried out at Group level.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

As the number of employees in the Company does not exceed 10, the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 is not applicable to the Company.

MATERIAL ORDERS PASSED BY REGULATORS OR COURTS OR TRIBUNALS

During the period under review, no material orders have been passed by the Regulators/Courts/Tribunals which would impact the going concern status of the Company and its future operations.

THE DETAILS OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016

There was no proceeding initiated / pending under the Insolvency and Bankruptcy Code, 2016 during the year under review.

THE DETAILS OF ONE TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS

There was no instance of one-time settlement and valuation done while taking loan from the Bank or financial institution, during the year under review.

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

The Annual Return of the Company as on March 31, 2023, in Form MGT-7 in accordance with Section 92(3) of the Companies Act, 2013 ("the Act") read with the Companies (Management and Administration) Rules, 2014, shall be available on the website of the Company at www.centrum.co.in

EMPLOYEES STOCK OPTION

During the year under review, the Company did not have any employee stock options scheme.

DEPOSITORY SYSTEM

The Company's Equity Shares are tradable in electronic form. As on March 31, 2023, entire Equity Paid up share Capital of the Company were in electronic form.

COST RECORDS

The provisions for maintenance of cost records as specified by the Central Government under section 148(1) of the Companies Act, 2013 are not applicable to the Company.

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

DEBENTURE HOLDERS RELATED INFORMATION:

a. Registrar and Transfer Agents

: Link Intime India Private Limited

C-101, 247 park L B Marg, Vikhroli West,
Mumbai 400 083

Tel. No. 022 -49186000

Fax No.: 022 - 49186060

Email: mumbai@linkintime.co.in

b. Address for Correspondence:

Centrum Financial Services Limited, Centrum House, C.S.T. Road, Vidyanagari Marg, Kalina, Santacruz (East), Mumbai – 400098, Tel No.: 022 – 42159000; Fax No.: – 022 42159940 Email: info@centrum.co.in; cs@centrum.co.in

CORPORATE GOVERNANCE

The relevant disclosure as required pursuant to Disclosures in Financial Statements- Notes to Accounts of NBFCs dated April 19, 2022 forms part of the notes to financial statements.

GENERAL

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

1. Details relating to Deposits covered under Chapter V of the Act.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.

ACKNOWLEDGEMENTS

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

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

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

Rishad Byramjee
Executive Director
DIN: 00164123

Ranjan Ghosh
Non-Executive Director
DIN: 07592235

Place: Mumbai
Date: May 11, 2023

Note: Annexures C does not form a part of printed version of this report.

**ANNEXURE A
FORM AOC-1**

(Pursuant to Section 129(3) of the Companies Act 2013 read with rules 5 of the of the Companies (Accounts) Rules , 2014.)

PART A - Summary of Financial Information of Subsidiary Company

Name of the subsidiary Company	Unity Small Finance Bank Limited
Date since when subsidiary was acquired	August 25, 2021
Reporting Currency	Rupees (in Lacs)
Reporting Period for the subsidiary concerned, if different from the holding company's reporting period	01/04/2022 to 31/03/2023 (Same as Holding Company)
Exchange Rate	-
Paid up Equity Share Capital	70,490
Paid up Preference Share Capital	15,603
Reserves of the Subsidiary	35,179
Total Assets of the subsidiary	8,76,133
Total Liabilities of the subsidiary	7,01,710
Investments	2,43,580
Total Turnover	80,331
Profit/ (Loss) before Taxation	1,251
Provision for taxation	(2,211)
Other Comprehensive income (Net of Taxes)	-
Profit/ (Loss) after Taxation	3,462
Proposed Dividend	-
% of Holding (Note1)	51.00%

Note: 1. %age of holding is of immediate Holding Company.
2. The Paid up Preference Share Capital includes 2,24,84,97,076 Perpetual Non- Cumulative Preference shares amounting to Rs. 10 each issued in line with the Punjab and Maharashtra Co-operative Bank Limited(Amalgamation with Unity Small Finance Bank Limited) Scheme, 2022. The PNCPS have been valued on present value basis.

BY ORDER OF THE BOARD
For Centrum Financial Services Limited

Rishad Byramjee
Executive Director
DIN: 00164123

Ranjan Ghosh
Non-Executive Director
DIN: 07592235

Place: Mumbai
Date: May 11, 2023

Annexure B
FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2023

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

To,
The Members,
Centrum Financial Services Limited

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

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

Based on our verification of the Company's statutory registers, books, papers, minute books, forms and returns filed and other records maintained by the Company and the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31st March, 2023**, complied with the statutory provisions listed hereunder and also that the Company has followed proper Board-processes and has required compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minutes books, forms and returns filed and other records maintained by the Company for the financial year ended on **31st March, 2023** in accordance with the provisions of:

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

- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder for compliance to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, **as applicable**;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), **as amended from time to time - As applicable to the Company with respect to its listed debentures -**
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 - **Not Applicable to the Company**;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 - **Not applicable to the Company**;
 - d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 - **Not applicable to the Company**;
 - e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - **Not applicable to the Company**;
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 - **Not applicable to the Company**;
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 - **Not applicable to the Company**;

- i) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.
- (vi) Other specific business/industry related laws applicable to the Company - The Company has complied with the Reserve Company of India Act, 1934, Non-Companying Financial Company Systematically Important Non-Deposit taking Company (Reserve Company) Directions, 2016, Non-Companying Financial Companies Auditor's Report (Reserve Company) Directions, 2016, Non-Companying Financial Company Returns (Reserve Company) Directions, 2016 and the other applicable general laws, rules, regulations and guidelines.

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

- i. Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India; and
- ii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 - **to the extent applicable to Listed Non-convertible Debentures.**

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Director, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

The minutes of the Board meetings and Committee Meetings have not identified any

dissent by members of the Board /Committee of the Board respectively hence we have no reason to believe that the decisions by the Board were not approved by all the directors/members present. The Minutes of the Board meetings and Committee meetings were duly approved at the meeting by the Chairman of the meeting.

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

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

1. Approval of the Board of Directors of the Company was obtained at the Meeting held on 30th May, 2022 for investment in an Alternate Investment Fund of an amount upto Rs. 2.5 Crores in one or more tranches.
2. Approval of the Board of Directors of the Company was obtained at the Meeting held on 9th August, 2022 for:
 - (a) the sale of Series 1 and Series 2 Warrants held in Unity Small Finance Company Limited of an amount upto Rs. 25 Crores each in whole or in tranches to JBCG Advisory Service Private Limited (Promoter Group Company of Centrum Capital Limited).
 - (b) the borrowing upto limit of Rs. 35 Crores from Centrum Capital Limited/ Centrum Retail Services Limited.
3. The Reserve Company of India had granted a Certificate of Registration as a Core Investment Company (CIC) to the Company on 9th September, 2022 for Conversion of the Company from NBFC - Non-Deposit taking Systemically Important to Core Investment Company Non-Deposit taking Systemically Important Institution.

4. Approval of the Shareholders was obtained at the Extra Ordinary General Meeting held on 6th March, 2023 to amend the Object Clause of the Memorandum of Association of the Company.

Place : Mumbai

Date : 11th May, 2023

ALWYN JAY & Co.
Company Secretaries

Office Address :

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

[Jay D'Souza FCS.3058]
(Partner)
[Certificate of Practice No.6915]
[UDIN : F003058E000289542]

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

Annexure A

To
The Members,
Centrum Financial Services Limited

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

1. The compliance of provisions of all laws, rules, regulations, standards applicable to **Centrum Financial Services Limited** (hereinafter called 'the Company') is the responsibility of the management of the Company. Our examination was limited to the verification of records and procedures on test check basis for the purpose of issue of the Secretarial Audit Report.
2. Maintenance of secretarial and other records of applicable laws is the responsibility of the management of the Company. Our responsibility is to issue Secretarial Audit Report, based on the audit of the relevant records maintained and furnished to us by the Company, along with explanations where so required.
3. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial and other legal records, legal compliance mechanism and corporate conduct. Further part of the verification was done on the basis of electronic data provided to us by the Company and on test check basis to ensure that correct facts as reflected in secretarial and other records produced to us. We believe that the processes and practices we followed, provides a reasonable basis for our opinion for the purpose of issue of the Secretarial Audit Report.
4. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
5. Wherever required, we have obtained the management representation about list of applicable laws, compliance of laws, rules and regulations and major events during the audit period.

6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place : Mumbai

Date : 11th May, 2023

ALWYN JAY & Co.

Company Secretaries

Office Address :

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

[Jay D'Souza FCS.3058]

(Partner)

[Certificate of Practice No.6915]

[UDIN : F003058E000289542]

Financial Statements

Centrum Financial Services Limited**Balance Sheet as at March 31, 2023**

(Currency : Indian Rupees in lakhs)

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
ASSETS			
(I) Financial Assets			
(a) Cash and cash equivalents	3	80.27	87.31
(b) Bank balances other than cash and cash equivalents	4	2,758.32	3,658.94
(c) Investments	5	47,090.00	36,140.00
(d) Other financial assets	6	0.04	127.44
		49,928.63	40,013.69
(II) Non Financial Assets			
(a) Other non financial assets	7	32.58	0.41
		32.58	0.41
		49,961.21	40,014.10
LIABILITIES AND EQUITY			
LIABILITIES			
(I) Financial Liabilities			
(a) Payables			
i) Trade payables			
total outstanding dues of micro enterprises and small enterprises	8	-	-
total outstanding dues of creditors other than micro enterprises and small enterprises	8	29.05	64.41
(b) Debt securities	9	1,509.14	1,509.14
(c) Deposits	10	15,975.00	4,869.00
(d) Other financial liabilities	11	2,758.32	3,786.38
		20,271.51	10,228.93
(II) Non-Financial Liabilities			
(a) Other non-financial liabilities	12	31.12	26.39
		31.12	26.39
EQUITY			
(a) Equity share capital	13	9,895.69	9,895.69
(b) Other equity	14	19,762.89	19,863.09
		29,658.58	29,758.78
		49,961.21	40,014.10
Total Liabilities and Equity			

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

1 & 2

As per our report of even date

For SHAH & TAPARIA

Chartered Accountants

ICAI Firm Registration No.109463W

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

Partner

MembershipNo.106355

Rishad Byramjee

Executive Director

DIN : 00164123

Ranjan Ghosh

Non - Executive Director

DIN : 07592235

Mumbai

Date : May 11, 2023

Abhishek Baxi

Chief Financial Officer

Archana Goyal

Company Secretary

Centrum Financial Services Limited

Statement of Profit and Loss for the year ended 31 March 2023

(Currency : Indian Rupees in lakhs)

Particulars	Note No.	For the year ended March 31, 2023	For the year ended March 31, 2022
Other income	15	779.14	-
Total income		779.14	-
Expenses			
Finance costs	16	812.24	310.55
Employee benefits expenses	17	8.56	-
Other expenses	18	58.54	22.37
Total expenses		879.34	332.91
Profit/(loss) before tax before exceptional items		(100.20)	(332.91)
Exceptional items		-	-
Profit/(loss) before tax		(100.20)	(332.91)
Tax expense:			
- Current tax	19	-	-
- Deferred tax		-	-
- (Excess)/Short provision of earlier years		-	-
Total tax expense		-	-
Net Profit for the year from Continuing Operations		(100.20)	(332.91)
Profit before tax for the year from Discontinued Operations	20	-	653.18
Tax expense/ (credit) of Discontinued Operations			
- Current tax		-	-
- Deferred tax	19	-	407.33
- (Excess)/Short provision of earlier years		-	-
Total tax expense/ (credit) of Discontinued Operations		-	407.33
Net Profit for the year from Discontinued Operations	20	-	245.85
Net Profit/ (Loss) for the year		(100.20)	(87.06)
Other Comprehensive Income/ (expenses) - Continuing Operations			
- Items that will not be reclassified to profit or loss		-	-
- Items that will be reclassified to profit or loss		-	-
Other Comprehensive Income/ (expenses) - Discontinued Operations			
Items that will not be reclassified to profit or loss			
- Remeasurements of post-employment benefit obligations		-	(17.21)
- Income tax relating to these items		-	-
Items that will be reclassified to profit or loss		-	5.01
Other comprehensive income/(loss) for the year		-	(12.20)
Total comprehensive income for the year		(100.20)	(99.27)
Paid-up equity share capital (face value Rs. 10 each)		9,895.69	9,895.69
Earnings per equity share	21		
Face value of ₹10 per share			
- Basic (₹)*			
- From Continuing Operations		(0.10)	(0.34)
- From Discontinued Operations		-	0.25
- Diluted (₹)*			
- From Continuing Operations		(0.10)	(0.34)
- From Discontinued Operations		-	0.25
* Not annualised			
Total EPS (Continuing and Discontinued operations)			
- Basic (₹)		(0.10)	(0.09)
- Diluted (₹)		(0.10)	(0.09)

Statement of significant accounting policies and other explanatory notes

1 & 2

As per our report of even date

For SHAH & TAPARIA
Chartered Accountants

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

Narottam Shah
Partner
Membership No 106355

Rishad Byramjee
Executive Director
DIN : 00164123

Ranjan Ghosh
Non - Executive Director
DIN : 07592235

Mumbai
Date : May 11, 2023

Abhishek Baxi
Chief Financial Officer

Archana Goyal
Company Secretary

Centrum Financial Services Limited
Statement of Cash flows for the year ended March 31, 2023

(Currency : Indian Rupees in lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
A Cash flow from operating activities		
Profit / (Loss) before tax from Continuing Operations	(100.20)	(332.91)
Profit / (Loss) before tax from Discontinued Operations	-	653.18
<i>Adjustments for</i>		
Depreciation and amortisation	-	87.75
Interest income	-	(6,661.53)
Finance cost	812.24	5,647.49
Profit on sale of share warrant	(750.00)	
Impairment on financial instruments	-	24.92
Net gain on fair value change	-	(159.97)
Net gain on derecognition of financial instruments under amortised cost category	-	(327.36)
Proceeds from Sale of Net Assets under BTA	-	31,600.00
Employees stock option provision	-	(587.39)
Gain on slump sale through BTA	-	(594.26)
Unrealised gain on option	-	(1,033.22)
Cash inflow from interest on loans	-	6,754.84
Cash outflow towards finance costs	(812.24)	(2,889.33)
Operating cash flow before working capital changes	(850.20)	32,182.21
<i>Add / (Less): Adjustments for working capital changes</i>		
Trade receivables	-	430.95
Loans	-	4,400.37
Other financial assets	127.40	(610.28)
Other non financial assets	(32.17)	(48.61)
Other bank balances	(127.44)	(1,034.56)
Derivative financial instrument	-	2,842.70
Trade and other payables	(35.36)	484.55
Other financial liability	-	2,512.97
Interest accrued on borrowings	-	-
Non financial liabilities and provisions	4.73	(153.97)
Cash used in operations	(913.04)	41,006.33
Income taxes paid (For current year under consideration taxes paid includes DTA transferred by way of slump sale)	-	109.77
Net cash used in operating activities -A	(913.04)	41,116.10
B Cash flow from investing activities		
Purchase of property, plant and equipment, intangible assets and goodwill	-	(3,904.24)
Payment as capital advance	-	250.00
Purchase of investments	(11,000.00)	(33,401.56)
Proceeds from sale of investments	800.00	3,146.79
Net cash generated from / (used in) investing activities - B	(10,200.00)	(33,909.01)
C Cash flow from financing activities		
Proceeds from issue of debt securities		(13.39)
Repayment of debt securities		(3,654.74)
Proceeds from deposits & borrowings (other than debt securities)	16,598.00	6,931.14
Repayment of deposits & borrowings (other than debt securities)	(5,492.00)	(1,467.75)
Payment of lease liabilities	-	(9.24)
Net cash generated from financing activities - C	11,106.00	1,786.02
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(7.04)	8,993.09
Cash and cash equivalent as at the beginning of the year	87.31	8,203.15
Less : Balance transferred through slump sale		(17,108.86)
Cash and cash equivalent as at the end of the year	80.27	87.31

Centrum Financial Services Limited
Statement of Cash flows for the year ended March 31, 2023

(Currency : Indian Rupees in lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Notes:		
i) <u>Components of Cash and Cash Equivalents included above</u>		
Particulars	As at March 31, 2023	As at March 31, 2022
Cash and cash equivalents (refer note 3)	80.27	87.31
Less: Bank overdraft	-	
Total	80.27	87.31

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

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

As per our report of even date

For SHAH & TAPARIA
Chartered Accountants
ICAI Firm Registration No.109463W

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

Narottam Shah
Partner
Membership No 106355

Rishad Byramjee
Executive Director
DIN : 00164123

Ranjan Ghosh
Non - Executive Director
DIN : 07592235

Date : May 11, 2023
Mumbai

Abhishek Baxi
Chief Financial Officer

Archana Goyal
Company Secretary

Centrum Financial Services Limited
Statement of changes in Equity as at March 31, 2023
(Currency : Indian Rupees in lakhs)

A. Equity Share Capital

As at 31 March 2023

Particulars	Number of shares	Amount
As at April 01, 2022	9,89,56,942	9,895.69
Changes in Equity Share Capital due to prior period errors	-	-
Restated balance As at 1st April, 2022	9,89,56,942	9,895.69
Changes in equity share capital during the current year	-	-
Balance As at 31st March, 2023	9,89,56,942	9,895.69

As at 31 March 2022

Particulars	Number of shares	Amount
As at April 01, 2021	9,89,56,942	9,895.69
Changes in Equity Share Capital due to prior period errors	-	-
Restated balance As at 1st April, 2021	9,89,56,942	9,895.69
Changes in equity share capital during the current year	-	-
Balance As at 31st March, 2022	9,89,56,942	9,895.69

B. Other Equity

Particulars	Other Equity						Total Other Equity
	Securities premium	Statutory reserve	Employee stock options	Impairment Reserve	Retained Earnings	Capital contribution	
Balance at April 1, 2021	18,639.96	502.99	471.78	1,530.81	(1,406.01)	689.75	20,429.28
Profit for the year	-	-	-	-	(87.06)	-	(87.06)
Other comprehensive income for the year - Remeasurement gains and (losses) on defined benefit obligations (net)	-	-	-	-	(12.20)	-	(12.20)
Issue of equity shares	-	-	-	-	-	-	-
Transfer (from) / to (Refer Note : 22 other equity)	-	-	-	277.21	(277.21)	-	-
Transfer (from) / to	-	-	-	(1,808.02)	1,808.02	-	-
Employee share options	-	-	115.61	-	-	-	115.61
Employee share options - Forefeiture of ESOP	-	-	(587.39)	-	-	-	(587.39)
Capital Contribution during the year	-	-	-	-	-	4.85	4.85
Balance at March 31, 2022	18,639.96	502.99	-	-	25.54	694.60	19,863.09
Profit for the year	-	-	-	-	(100.20)	-	(100.20)
Other comprehensive income for the year - Remeasurement gains and (losses) on defined benefit obligations (net)	-	-	-	-	-	-	-
Issue of equity shares	-	-	-	-	-	-	-
Transfer (from) / to (Refer Note : 22 other equity)	-	-	-	-	-	-	-
Transfer (from) / to	-	-	-	-	-	-	-
Employee share options	-	-	-	-	-	-	-
Employee share options - Forefeiture of ESOP	-	-	-	-	-	-	-
Capital Contribution during the year	-	-	-	-	-	-	-
Balance at March 31, 2023	18,639.96	502.99	-	-	(74.66)	694.60	19,762.89

* During the financial year ended March 31, 2022, the loans and advances held by the Company were transferred to Unity Small Finance Bank Limited ("USFB"), as required by the RBI License issued on October 12, 2021.

As on the date of transfer, the Company held INR 1,808.02 Lakhs in impairment reserve as required by RBI notification RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020. As on March 31, 2022, the Company does not hold any loans and advances.

The Company has grouped it under retained earnings for financial year ended March 31, 2022. The Management has also sought ratification of the same from RBI vide a communication dated March 30, 2022 and subsequently company has received the permission from RBI vide letter dated 21 July 22. This amount shall not be available for appropriation pending ratification by RBI.

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

For SHAH & TAPARIA
Chartered Accountants
ICAI Firm Registration No.103523W/W100048

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

Narottam Shah
Partner
Membership No 106355

Rishad Byramjee
Executive Director
DIN : 00164123

Ranjan Ghosh
Non - Executive Director
DIN : 07592235

Mumbai
Date : May 11, 2023

Abhishek Baxi
Chief Financial Officer

Archana Goyal
Company Secretary

Centrum Financial Services Limited

Notes to the financial statements as at and for the year ended March 31, 2023

(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 entire business of this Company (Defined as a Business Undertaking) was sold on an "as is where is basis" as a going concern to Unity Small Finance Bank Ltd. (Unity Bank) on and with effect from 1 November 2021 vide a Business Transfer Agreement (BTA) dated 26 October 2021. Pursuant to this, all the assets and liabilities relating to the Lending business as on the date of BTA along with all the associated risk and rewards were transferred to the Unity Bank against their shares. As per the RBI - licence condition, the Company would be registered as a NBFC - Core Investment Company after the transfer of its business to Unity Bank. Consequently, post the BTA, the Company has applied to RBI for conversion of the registration as Systemically Important- Non Deposit Accepting- Non Banking Financial Company - Investment and Credit Company, into a Core Investment Company. Consequent to the request for conversion, RBI has cancelled the earlier COR & has issued a new COR dated 9th September 2022 permitting the company to carry on the business Non-Deposit taking systemically Important Core Investment Company(CIC ND-SI)

The Company 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, 2023 were approved for issue in accordance with the resolution of the Board of Directors on May 11, 2023.

2.1 Significant accounting policies

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

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

2.1.b Basis of preparation

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

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

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

2.1.c Presentation of financial statements

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

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.

As mentioned in Note 1 above, Pursuant to the BTA all the PPE has been transferred to Unity small finance bank limited on 1 November 2021, the company currently holds no PPE.

Centrum Financial Services Limited
Notes to the financial statements as at and for the year ended March 31, 2023

(Currency : Indian Rupees in lakhs)

2.1.e Intangible assets

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

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

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

Goodwill represents excess of the cost of portfolio acquisition over the net fair value of the identifiable assets and liabilities. Goodwill paid on acquisition of portfolio is included in intangible assets. Goodwill recognized is tested for impairment annually and when there are indications that the carrying amount may exceed the recoverable amount.

As mentioned in Note 1 above, Pursuant to the BTA all the Intangible Assets has been transferred to Unity small finance bank limited on 1 November 2021, the company currently holds no Intangible Assets.

2.1.f Intangible assets under development

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

2.1.g Investment property

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

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

Though the company measures the investment property using cost based measurement, the fair value of the investment property is disclosed in the notes. Fair values are determined based on an annual evaluation.

Investment properties are derecognized either when they have been disposed off or when they are permanently withdrawn from their use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

2.1.h Impairment of non-financial assets

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

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

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

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.

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Fees and commission income

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

Rental income

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

Net Gain/Loss on fair value changes

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

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

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

Other operational revenue

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

Other income and expenses

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

2.1.j Leases

The Company as a lessee

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

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

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

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

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

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

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

The Company as a lessor

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

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

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

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2.1.k Financial instruments

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

Initial recognition and measurement

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

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

Financial assets

Classification and subsequent measurement

Financial assets are classified into three categories:

- fair value through profit or loss (FVTPL);
- fair value through Other comprehensive income (FVOCI); or
- amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms including contractual cash flows.

For debt instruments, classification will depend on the business model in which the debt is held.

For equity instruments, classification will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The classification requirements of financial assets are described below:

Debt instruments

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

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

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

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

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

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

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

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

Equity instruments

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

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(Currency : Indian Rupees in lakhs)

Impairment of financial assets

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

The measurement of ECL reflects:

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

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

Write-off policy

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

Financial liabilities

Classification and subsequent measurement

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

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

Derecognition of financial liabilities

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

Reclassification of financial instrument

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

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

Derivatives

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

Embedded derivatives

The embedded derivatives are treated as separate derivatives when:

- their economic characteristics and risks are not closely related to those of the host contract;
- a separate instrument with the same terms would meet the definition of a derivative;

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

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

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

Debt securities and other borrowed funds

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

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(Currency : Indian Rupees in lakhs)

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.

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.

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.

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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, 1961 adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current tax

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

Deferred tax

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

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

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

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

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

Goods and services tax paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the goods and services tax paid, except:

- i. When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- ii. When receivables and payables are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.1.q Provisions, contingent liabilities and contingent assets

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

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

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

2.1.r Earnings per share

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

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

2.1.s Employee stock option scheme (ESOP)

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

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

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(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 42A.

• **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 42B.

• **Business model assessment**

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

• **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 28.

• **Provisions and contingencies**

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

• **Employee stock option scheme (ESOP)**

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

2.2.c Assumptions and estimates

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

• **Retirement and other employee benefits**

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

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

Further details about gratuity and long term employee benefits obligations are provided in note 40.

• **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, 2023

(Currency : Indian Rupees in lakhs)

2.3 Recent accounting pronouncements

Ministry of Corporate Affairs (“MCA”) notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

Ind AS 12 - Income Taxes - This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its financial statement.

Ind AS 1 - Presentation of Financial Statements - This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and the impact of the amendment is insignificant in the financial statements.

Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors - This amendment has introduced a definition of ‘accounting estimates’ and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its financial statements.

Centrum Financial Services Limited**Notes to the financial statements as at and for the year ended March 31, 2023**

(Currency : Indian Rupees in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
3. Cash and cash equivalents		
a) Cash on hand	-	-
b) Balances with Banks	-	
i) in current accounts	80.27	87.31
Total	<u>80.27</u>	<u>87.31</u>

Note :**4. Bank balances other than cash and cash equivalents**

Other Bank balances

a) Earmarked balance held with bank's	*	2,758.32	3,658.94
Total		<u>2,758.32</u>	<u>3,658.94</u>

*Earmarked balance held with bank includes Cash & Bank Balances maintained on behalf of UNITY Small Finance Bank Ltd

Centrum Financial Services Limited**Notes to the financial statements as at and for the year ended March 31, 2023**

(Currency : Indian Rupees in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
5. Investments		
Equity Investments in "Subsidiary Company	36,090.00	36,140.00
Equity instruments - Others	11,000.00	-
	<u>47,090.00</u>	<u>36,140.00</u>
(Less): Impairment loss allowance	-	-
	<u>47,090.00</u>	<u>36,140.00</u>
I Investments at fair value through profit or loss		
A. Investment in equity instruments, Unquoted		
i) 20,00,000 equity shares of Rs. 10 each fully paid of Centrum wealth Limited	11,000.00	-
Method of Fair valuations - Discounted Cash flow method		
Total	<u>11,000.00</u>	<u>-</u>
II Investments at Cost		
A. Investment in Subsidiary Company, unquoted		
i) 35,95,00,000 equity shares of Rs. 10 each fully paid of Unity Small Finance Bank Limited#	35,950.00	35,950.00
(A)	<u>35,950.00</u>	<u>35,950.00</u>
B. Investment in Share Warrants		
i) 140 Crore share Warrant issued of Rs 0.01 paise each (Previous year 190 Crore share warrant of RS 0.01 paise each) #	140.00	190.00
(B)	<u>140.00</u>	<u>190.00</u>
II = (A + B)	<u>36,090.00</u>	<u>36,140.00</u>
# (During the year company has sold the 50Cr share warrants)		
Total Gross Investments (I + II)	<u>47,090.00</u>	<u>36,140.00</u>
IV (Less) : Impairment loss allowance		
	-	-
Of the Above		
a) Investments outside India	-	-
b) Investment in India	47,090.00	36,140.00
Total Gross	<u>47,090.00</u>	<u>36,140.00</u>
(Less): Impairment loss allowance	-	-
Total Net	<u>47,090.00</u>	<u>36,140.00</u>
6. Other financial assets		
Unsecured Considered good at amortised cost		
a) Other financial assets	0.04	127.44
Total	<u>0.04</u>	<u>127.44</u>

Centrum Financial Services Limited

Notes to the financial statements as at and for the year ended March 31, 2023

(Currency : Indian Rupees in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
7. Other non financial assets		
Unsecured Considered good at amortised cost		
a) Prepaid expenses	19.89	-
b) Advance for expenses	8.78	-
c) Balances with statutory authorities	3.91	0.41
	<u>32.58</u>	<u>0.41</u>
Less: Impairment allowance	-	-
Total	<u>32.58</u>	<u>0.41</u>
8. Trade payables		
a) Micro and small enterprises (Refer note below)	-	-
b) Due to related parties (Refer note : 39)	-	9.72
c) Due to others	29.05	54.69
	<u>29.05</u>	<u>54.69</u>
Total	<u>29.05</u>	<u>64.41</u>

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.29

As at March 31, 2023	Less than 1 year	1 to 3 years	More than 3 years	Total
Due to				-
i) to Micro and small enterprises	-	-		-
ii) to Others				-
a) Related parties	-	-		-
b) Others	29.05	-		29.05
iii) Disputed dues to	-	-		-
iv) Disputed dues (Others)	-	-		-
Total	<u>29.05</u>	<u>-</u>	<u>-</u>	<u>29.05</u>
As at March 31, 2022	Less than 1 year	1 to 3 years	More than 3 years	Total
Due to				-
i) to Micro and small enterprises	-	-		-
ii) to Others				-
a) Related parties	9.72	-		9.72
b) Others	54.69	-		54.69
iii) Disputed dues to	-	-	-	-
iv) Disputed dues (Others)	-	-	-	-
Total	<u>64.41</u>	<u>-</u>	<u>-</u>	<u>64.41</u>

Centrum Financial Services Limited

Notes to the financial statements as at and for the year ended March 31, 2023

(Currency : Indian Rupees in lakhs)

	As at March 31, 2023	As at March 31, 2022
9. Debt securities		
9.1 At amortised cost		
A. Secured		
a) Secured Non Convertible Debentures - privately placed	-	-
(A)	<u>-</u>	<u>-</u>
B. Unsecured		
a) Non Convertible Debentures - privately placed	-	-
a) Compulsorily Convertible Debentures - privately placed	1,509.14	1,509.14
(B)	<u>1,509.14</u>	<u>1,509.14</u>
Total (A + B)	<u><u>1,509.14</u></u>	<u><u>1,509.14</u></u>
Of the Above		
i) Debt securities in India	1,509.14	1,509.14
ii) Debt securities outside India	-	-
Total	<u><u>1,509.14</u></u>	<u><u>1,509.14</u></u>
9.2 Terms of Repayments of Compulsory Convertible Debentures (CCD)		
i) The above CCD's are unrated unlisted unsecured debentures carrying 10% coupon rate to be paid annually over the tenure of 5 years.		
ii) Conversion Event: The earlier of:		
a) Expiry of the tenor (i.e. 14th Jun 2023) of Compulsorily Convertible Debentures; or		
b) At the option of the holder of the Compulsorily Convertible Debentures by issuing a notice of 7(seven) working days to the Company.		
iii) Terms of Repayment		
	As at March 31, 2023	As at March 31, 2022
Repayment Details		
More than 12 months		1,509.14
Upto 12 months	1,509.14	
	<u>1,509.14</u>	<u>1,509.14</u>
10. Deposits - At amortised cost		
From Others:		
Intercompany deposits (unsecured)#	15,975.00	4,869.00
	<u>15,975.00</u>	<u>4,869.00</u>
# (Tenor: 360days @ 13%)		
11. Other financial liabilities		
a) Other financial liabilities ^	2,758.32	3,786.38
Total	<u>2,758.32</u>	<u>3,786.38</u>
^ Other Financial Liabilities includes bank balances maintained on behalf of Unity Small finance Bank Limited		
12. Other non-financial liabilities		
a) Statutory dues payable	31.12	26.39
Total	<u>31.12</u>	<u>26.39</u>

Centrum Financial Services Limited
Notes to the financial statements as at and for the year ended March 31, 2023

(Currency : Indian Rupees in lakhs)

13. Equity share capital

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

Particulars	As at March 31, 2023		As at March 31, 2022	
	No. of shares	Amount	No. of shares	Amount
Authorised:				
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	15,00,00,000	15,000.00
Issued, Subscribed & paid up:				
Equity Shares of Rs. 10/each	9,89,56,942	9,895.69	9,89,56,942	9,895.69
	9,89,56,942	9,895.69	9,89,56,942	9,895.69

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

Particulars	As at March 31, 2023		As at March 31, 2022	
	No. of shares	Amount	No. of shares	Amount
Issued, Subscribed & paid up:				
Outstanding at the beginning of the year	9,89,56,942	9,895.69	9,89,56,942	9,895.69
Add: Shares issued during the year	-	-	-	-
Outstanding at the end of the year	9,89,56,942	9,895.69	9,89,56,942	9,895.69

c) Terms/rights attached to equity shares:

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

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

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

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

Name of Shareholders	As at March 31, 2023		As at March 31, 2022	
	No. of shares	% Holding	No. of shares	% Holding
Centrum Capital Limited, Holding Company*	9,89,56,942	100.00%	9,89,56,942	100.00%

*During the Previous year Centrum Retail Services Limited transferred Shareholding in the Company to Centrum Capital Limited on August 23, 2021

e) Details of shares held by Promoters

Shares held by Promoters at the end of the year (Equity Shares in nos. of Rs. 100 each)

Promoters name	As at 31st March 2023		
	No of Shares	% holding of equity shares	% Change during the year
Fully paid Equity share Centrum Capital Limited	9,89,56,942	100%	0%

Promoters name	As at 31st March 2022		
	No of Shares	% holding of equity shares	% Change during the year
Fully paid Equity share Centrum Capital Limited	9,89,56,942	100%	100%

Centrum Financial Services Limited
Notes to the financial statements as at and for the year ended March 31, 2023

(Currency : Indian Rupees in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
14. Other equity		
a) Securities premium	18,639.96	18,639.96
b) Statutory reserve	502.99	502.99
c) Employee stock options	-	-
d) Retained earnings	(74.66)	25.54
e) Impairment reserve	-	-
f) Capital contribution	694.60	694.60
g) Other comprehensive income	-	-
Total	<u>19,762.89</u>	<u>19,863.09</u>

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 provisioning as per Income Recognition, Asset Classification and Provisioning norms (IRACP norms) as compared to the provisioning as per the ECL model adopted by the Company.

f. Capital contribution

Capital contribution represents the indirect equity contribution by the Parent.

Centrum Financial Services Limited
Notes to the financial statements as at and for the year ended March 31, 2023

(Currency : Indian Rupees in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
B. Movement in Other equity		
a) Securities premium		
Opening balance	18,639.96	18,639.96
Add : Premium Received on issue of securities	-	-
Closing Balance	(a) 18,639.96	18,639.96
b) Statutory reserve		
Opening balance	502.99	502.99
Add : Transfer from retained earnings	-	-
Closing Balance	(b) 502.99	502.99
c) Employee stock options		
Opening balance	-	471.78
Add : Additions during the year	-	115.61
Less : Termination of Services	-	(587.39)
Closing Balance	(c) -	-
d) Retained Earnings		
Opening balance	25.54	(1,406.01)
Add: Profit for the year	(100.20)	(87.06)
Add: Other comprehensive income	-	(12.20)
Transferred from impairment reserve**	-	1,808.02
Amount available for appropriation	(74.66)	302.75
Appropriations:		
Transfer to impairment reserve	-	277.21
Closing Balance	(d) (74.66)	25.54
e) Impairment reserve		
Opening balance	-	1,530.81
Add : Transfer from retained earnings	-	277.21
Less : Transfer to Retained Earning	-	(1,808.02)
Closing Balance *	-	-
f) Capital contribution		
Opening balance	694.60	689.75
Add : Addition during the year	-	4.85
Closing Balance	(e) 694.60	694.60
(a+b+c+d+e)	19,762.89	19,863.09

*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

**The Company has discontinued impairment reserve created in earlier period in terms of Circular issued by RBI dated 13th March, 2020 towards loans which were then existing, which since have been sold to third parties without recourse and hence ceased to exist as on March 31, 2021. The company has sought dispensation from RBI on carrying the impairment reserve to that extent and subsequently company has received the permission from RBI vide letter dated 21 July 22. In the opinion of management, such discontinuance /withdrawal from impairment reserve, for which approval of RBI has also been sought, is appropriate in as much as the loan accounts against which impairment reserve was created have ceased to exist as on March 31, 2021. The Statutory Auditors have relied on the management representation in this regard.

* During the financial year ended March 31, 2022, the loans and advances held by the Company were transferred to Unity Small Finance Bank Limited ("USFB"), as required by the RBI License issued on October 12, 2021.

As on the date of transfer, the Company held INR 1,808.02 Lakhs in impairment reserve as required by RBI notification RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020. As on March 31, 2022, the Company does not hold any loans and advances.

The Company has grouped it under retained earnings for financial year ended March 31, 2022. The Management has also sought ratification of the same from RBI vide a communication dated March 30, 2022. This amount shall not be available for appropriation pending ratification by RBI.

Centrum Financial Services Limited

Notes to the financial statements as at and for the year ended March 31, 2023

(Currency : Indian Rupees in lakhs)

Particulars	For the Period ended March 31, 2023	For the year ended March 31, 2022
15. Other income		
a) Other income#	779.14	-
Total	779.14	-
# Other income includes Profit on the Sale of Share Warrants		
16. Finance costs		
On Financial liabilities measured at amortised cost		
a) Interest on Debt instruments	150.91	62.43
b) Interest on Inter corporate Deposits	660.29	248.12
c) Interest - Others	1.04	-
Total	812.24	310.55
17. Employee benefits expenses		
a) Salaries, allowances and bonus	8.50	-
b) Contribution to provident fund & other funds	0.06	-
Total	8.56	-
18. Other expenses		
a) Auditor's fees and expenses (Refer note 18.1 below).	7.00	7.50
e) Director's sitting fees	9.48	8.51
h) Fees and subscription	1.63	-
i) Insurance charges	1.15	-
j) Legal and professional fees	36.45	1.00
l) Office expenses	0.25	-
n) Rates, duties and taxes	0.06	-
s) Travelling expenses	0.07	-
u) Other Expenditure	2.45	5.38
Total	58.54	22.38
18.1 Auditors Fees & Expenses		
As Auditor		
Statutory Audit Fees	7.00	7.50
Other Certification fees	1.60	-
Total	8.60	7.50

*Legal & professional Fees includes other certifications fees

Centrum Financial Services Limited**Notes to the financial statements as at and for the year ended March 31, 2023**

(Currency : Indian Rupees in lakhs)

19. Disclosure pursuant to Ind AS 12 “Income Taxes”**19.1 Major components of tax expense/(income):**

Particulars	Year Ended March 31,	
	2023	2022
I. Income Tax Expense charged to Statement of Profit and Loss:		
(i) Current income tax:		
Current income tax expense	-	-
(ii) Deferred tax:		
Tax expense on origination and reversal of temporary differences	-	407.33
Income tax expense reported in Profit or Loss (i + ii)	-	407.33
II. Income Tax Expense charged to Other Comprehensive Income :		
(i) Income tax expense / (gain) relating to items that will not be reclassified to profit or loss	-	(5.01)
Income tax expense reported in the OCI (i + ii)	-	(5.01)

19.2 Reconciliation of tax expense and the accounting profit - (On combined profits)

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

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

Particulars	Year Ended March 31,	
	2023	2022
(a) Profit before tax	(100.20)	320.26
(b) Corporate tax rate as per Income tax Act, 1961	25.168%	25.168%
(c) Tax on Accounting profit (c) = (a) * (b)	-	80.60
(d) Tax impact due to		
(i) Tax expense of earlier years	-	-
(ii) Disallowances on account of permanent difference	-	-
(iii) (Benefit)/ Expense due to change in tax rates on the opening timing differences	-	-
(iv) Other items	-	327.02
Total effect of tax adjustments [(i) to (iv)]	-	327.02
(e) Tax expense recognised during the year (e)=(c)+(d)	-	407.62
(f) Effective tax rate (f)=(e)/(a)	0.00%	127.28%

* Post the BTA, there being no virtual certainty supported by convincing evidence that there shall be future taxable profits against which the unabsorbed losses / accumulated losses would be utilised, the deferred tax assets as appearing in the books have been reversed resulting in high effective tax rate for the year ended March 31, 2022.

During the year, the company has made a profit on the sale of share warrants of Rs. 7.5 crores and it is adjusted against current year business losses. Hence there is no tax liability for the year.

Centrum Financial Services Limited

Notes to the financial statements as at and for the year ended March 31, 2023

(Currency : Indian Rupees in lakhs)

19.3 Movement in Deferred Taxes

19.3.A Movement in deferred tax balances for the year ended March 31, 2023

Particulars	As at March 31, 2022	Recognised in profit or loss	Recognised in OCI	Transferred under BTA Recognised in Profit or Loss	As at March 31, 2023
Deferred tax asset/ (liabilities)					
i) Depreciation on property, plant and equipment	-	-	-	-	-
ii) Lease liabilities	-	-	-	-	-
Total	-	-	-	-	-

Movement in deferred tax balances for the year ended March 31, 2022

Particulars	As at March 31, 2021	Recognised in profit or loss	Recognised in OCI	Transferred under BTA Recognised in Profit or Loss	As at March 31, 2022
Deferred tax asset/ (liabilities)					
i) Depreciation on property, plant and equipment	(238.04)	238.04	-	(276.93)	-
ii) Lease liabilities	(0.07)	0.07	-	-	-
iii) EIR impact of financial assets	69.16	(69.16)	-	-	-
iv) EIR impact of financial liabilities	(222.12)	222.12	-	-	-
v) Unrealised gain on derivatives	(386.54)	386.54	-	-	-
vi) Goodwill	33.44	(33.44)	-	-	-
vii) Impairment loss on investments	(84.94)	84.94	-	-	-
viii) Expected Credit loss on loans and other assets	247.12	(247.12)	-	-	-
ix) Provision for employee benefits	20.78	(20.78)	-	-	-
x) Disallowance under Section u/s 40a(ia)	-	-	-	-	-
xi) DTA on business loss	681.64	(681.64)	-	-	-
xii) Others	10.23	(10.23)	-	0.27	-
Total	130.66	(130.65)	-	(276.66)	-

19.3.B 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, 2023

As at
March 31, 2022

-

-

19.4 Tax losses

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

(2,562.06)

(3,508.81)

Centrum Financial Services Limited
Notes to the financial statements as at and for the year ended March 31, 2023
(Currency : Indian Rupees in lakhs)

20 Discontinued Profit and Loss Statement

Centrum Financial Services Limited (“CFSL”) has transferred its business to Unity Small Finance Bank Limited (“USFB”) as a going concern by way of slump sale. Accordingly, CFSL has discontinued its NBFC business with effect from November 1, 2021. To that extent, it has made the disclosure to the stock exchange.

Reserve Bank of India (“RBI”) vide its letter dated October 12, 2021 has issued banking licence to USFB to carry on the business of small finance bank. The letter issued along with the licence specifies certain conditions, wherein it is specified that CFSL has to register itself as Core Investment Company (CIC) with RBI.

In compliance of the same, CFSL, vide its letters dated November 10, 2021 and January 13, 2022 has applied for conversion of CFSL, registered as a Systemically Important- Non Deposit Accepting- Non Banking Financial Company - Investment and Credit Company, into a Core Investment Company.

Consequent to the request for conversion, RBI has cancelled the earlier COR & has issued a new COR dated 9th September 2022 permitting the company to carry on the business Non-Deposit taking systemically Important Core Investment Company(CIC ND-SI)

Particulars	(Amount)	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Revenue from operations		
Interest income	-	6,924.01
Rental income	-	13.03
Fee and commission income	-	394.25
Net gain on fair value change	-	159.97
Net gain on derecognition of financial instruments under amortised cost category	-	327.36
Other operating revenue	-	55.57
Total revenue from operations	-	7,874.19
Other income	-	54.62
Total income	-	7,928.81
Expenses		
Finance costs	-	5,336.94
Impairment on financial instruments	-	24.92
Employee benefits expenses	-	1,814.68
Depreciation, amortisation and impairment	-	87.75
Other expenses	-	605.59
Total expenses	-	7,869.89
Profit/(loss) before tax before exceptional items from discontinued operations	-	58.93
Exceptional items - Gain on BTA (refer note)	-	594.26
Profit/(loss) before tax from discontinued operations	-	653.18
Tax expense:		
- Current tax	-	-
- Deferred tax	-	407.33
- (Excess)/Short provision of earlier years	-	-
Total tax expense	-	407.33
Net Profit for the year	-	245.85
Items that will not be reclassified to profit or loss		
- Remeasurements of post-employment benefit obligations	-	(17.21)
- Income tax relating to these items	-	-
Items that will be reclassified to profit or loss		
Other comprehensive income/(loss) for the year	-	(17.21)
Total comprehensive income for the year	-	228.64
Earnings per equity share		
Face value of ₹10 per share		
- Basic (₹)*		
- From Continuing Operations	-	(0.34)
- From Discontinued Operations	-	0.25
- Diluted (₹)*		
- From Continuing Operations	-	(0.34)
- From Discontinued Operations	-	0.25
* Not annualised		

Note : The exceptional item amounting to ₹ 186.92 lakh represents the gain arising on account of slump sale transaction of ₹ 594.25 lakh (net of deferred tax asset transferred) and deferred tax expense arising in October 31, 2021 of ₹ 407.33 lakh which has been added to the gain as the corresponding net assets were transferred under the Business Transfer Agreement.

Net cash flows attributable to the Discontinued Operations are as follows:

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Net Cash flows from/(used) in operating activities	-	41,116.10
Net Cash flows from/(used) in investing activities	-	(33,909.01)
Net Cash flows from/(used) in financing activities	-	1,799.44
Net Increase/(decrease) in cash and cash equivalent	-	9,006.50
Cash and cash equivalents as at 1 April (opening balance)	-	8,203.15
Less : Balance transferred through slump sale	-	-
Cash and cash equivalents as at 31 March (closing balance)	-	87.31

Centrum Financial Services Limited

Notes to the financial statements as at and for the year ended March 31, 2023

(Currency : Indian Rupees in lakhs)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to all onward lending is as follows:

Particulars	Stage 1	Stage 2	Stage 3
Gross carrying amount as at April 1, 2021	73,931.28	8,060.75	1,280.15
Assets originated*	60,517.49		
Net transfer between stages			
Transfer to stage 1	4,333.03	(4,333.03)	
Transfer to stage 2	-		
Transfer to stage 3	(73.43)	(9.16)	82.59
Assets derecognised or collected (including death cases/preclosure cases)	(64,597.78)	(68.91)	(17.18)
Amounts written-off	-		(644.17)
Assets transferred through slump sale	(74,110.58)	(3,649.65)	(701.39)
Gross carrying amount as at 31st March, 2022	-	-	-

* Assets originated represents the disbursements made during the year.

Reconciliation of ECL balance is given below:

Particulars	31 March 2022			
	Stage 1	Stage 2	Stage 3	Total
ECL provision at the beginning of the year	169.76	43.17	746.48	959.41
Add: ECL provision during the year	2.69	(23.07)	49.29	28.91
Less: Write-offs during the year			(644.18)	(644.18)
Less: Amounts transferred through slump sale	(172.45)	(20.10)	(151.59)	(344.14)
ECL provision at the end of the year	-	-	-	-

Notes to the financial statements for the year ended 31 March 2023

(Currency : Indian Rupees in lakhs)

21 Earnings per equity share

(Face value of ₹ 10 per share)

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

EPS - Continuing operations

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Net profit after tax available for equity shareholders for basic EPS (₹ in lakh)	(100.20)	(332.91)
Net profit after tax available for equity shareholders for diluted EPS (₹ in lakh)	(100.20)	(332.91)
Weighted average number of equity shares for basic EPS (Nos.in lakh)	990	990
Weighted average number of equity shares for diluted EPS (Nos.in lakh)	990	990
Basic earnings per share (₹)	(0.10)	(0.34)
Diluted earnings per share (₹)	(0.10)	(0.34)

EPS - Discontinuing operations

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Net profit after tax available for equity shareholders for basic EPS (₹ in lakh)	-	245.85
Net profit after tax available for equity shareholders for diluted EPS (₹ in lakh)	-	245.85
Weighted average number of equity shares for basic EPS (Nos.in lakh)	-	989.57
Weighted average number of equity shares for diluted EPS (Nos.in lakh)	-	989.57
Basic earnings per share (₹)	-	0.25
Diluted earnings per share (₹)	-	0.25

EPS - Continued and Discontinuing operations

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Net profit after tax available for equity shareholders for basic EPS (₹ in lakh)	(100.20)	(87.06)
Net profit after tax available for equity shareholders for diluted EPS (₹ in lakh)	(100.20)	(87.06)
Weighted average number of equity shares for basic EPS (Nos.in lakh)	989.57	989.57
Weighted average number of equity shares for diluted EPS (Nos.in lakh)	989.57	989.57
Basic earnings per share (₹)	(0.10)	(0.09)
Diluted earnings per share (₹)	(0.10)	(0.09)

22 Effects of share options on diluted earnings per share

(For the year ended 31st March, 2022)

Particulars	Nos.
Net profit for the year ended 31st March, 2022 (₹ in lakh) - Continuing operations	(332.91)
Net profit for the year ended 31st March, 2022 (₹ in lakh) - Discontinued operations	245.85
Net profit for the year ended 31st March, 2022 (₹ in lakh) - Continuing and Discontinued operations	(87.06)
Weighted average number of equity shares outstanding during the year ended 31st March, 2022 (Nos.)	990
Average fair value of one option during the year ended 2022 (₹)	Nil
Weighted average number of shares under Employee stock option during the year ended 31st March, 2022 (Nos.)	Nil
Weighted average number of shares under Conversion with respect to Compound Financial Instrument during the year ended 31st March 2022	-
Exercise price for shares under option during the year ended 31st March, 2022 (₹)	Nil

Computation of Earnings per share - Continuing operations

Particulars	Earnings (₹ in lakh)	Shares (Nos.)	Earnings per share (₹)
Net profit for the year ended 31st March, 2023	(100.20)		
Weighted average number of shares outstanding during year ended 31st March, 2023		9,89,56,942	
Basic earnings per share			(0.10)
Impact of employee stock options	-	-	
Impact of Compound Financial Instrument	-	-	
Number of shares under employee stock options	-	-	
Number of shares under conversion	-	-	
Diluted earnings per share	(100.20)	9,89,56,942	(0.10)

Particulars	Earnings (₹ in lakh)	Shares (Nos.)	Earnings per share (₹)
Net profit for the year ended 31st March, 2022	(332.91)		
Weighted average number of shares outstanding during year ended 31st March, 2022		9,89,56,942	
Basic earnings per share			(0.34)
Impact of Compound Financial Instrument	-	-	
Number of shares under conversion	-	-	
Diluted earnings per share	(332.91)	9,89,56,942	(0.34)

Computation of Earnings per share - Discontinued operations

Particulars	Earnings (₹ in lakh)	Shares (Nos.)	Earnings per share (₹)
Net profit for the year ended 31st March, 2023	-		
Weighted average number of shares outstanding during year ended 31st March, 2023		9,89,56,942	
Basic earnings per share			-
Impact of employee stock options	-	-	
Impact of Compound Financial Instrument	-	-	
Number of shares under employee stock options	-	-	
Number of shares under conversion	-	-	
Diluted earnings per share	-	9,89,56,942	-

Particulars	Earnings (₹ in lakh)	Shares (Nos.)	Earnings per share (₹)
Net profit for the year ended 31st March, 2022	245.85		
Weighted average number of shares outstanding during year ended 31st March, 2022		9,89,56,942	
Basic earnings per share			0.25
Impact of employee stock options	-	-	
Impact of Compound Financial Instrument	-	-	
Number of shares under employee stock options	-	Nil	
Number of shares under conversion	-	-	
Diluted earnings per share	245.85	9,89,56,942	0.25

Computation of Earnings per share - Continuing & Discontinued operations

Particulars	Earnings (₹ in lakh)	Shares (Nos.)	Earnings per share (₹)
Net profit for the year ended 31st March, 2023	(100.20)		
Weighted average number of shares outstanding during year ended 31st March, 2023		9,89,56,942	
Basic earnings per share			(0.10)
Impact of employee stock options	-	-	
Impact of Compound Financial Instrument	-	-	
Number of shares under employee stock options	-	-	
Number of shares under conversion	-	-	
Diluted earnings per share	(100.20)	9,89,56,942	(0.10)

Particulars	Earnings (₹ in lakh)	Shares (Nos.)	Earnings per share (₹)
Net profit for the year ended 31st March, 2022	(87.06)		
Weighted average number of shares outstanding during year ended 31st March, 2022		9,89,56,942	
Basic earnings per share			(0.09)
Impact of employee stock options	-	-	
Impact of Compound Financial Instrument	-	-	
Number of shares under employee stock options	-	Nil	
Number of shares under conversion	-	-	
Diluted earnings per share	(87.06)	9,89,56,942	(0.09)

Note

1. Since the rate of conversion of the compulsorily convertible debentures can be ascertained only on the date of conversion, the same have not been considered while calculating the diluted earnings per share except for the compound financial instrument which are issued with fixed conversion terms.

Centrum Financial Services Limited

Notes to the financial statements for the year ended 31 March 2023

23 Note on Business Transfer Agreement

RBI vide its letter dated 12 October 2021, granted a licence to Centrum Financial Services Limited, an associate company of the Company to establish a small finance bank (SFB).

One of the licensing conditions was that the Company shall transfer its business under slump sale before the date of commencement of business by Unity Small Finance Bank Limited (USFB). Therefore, the Company sold its business to USFB vide a Business Transfer Agreement (by way of slump sale) ("BTA") dated October 26, 2021.

USFB commenced its operations on November 1, 2021. Pursuant to the BTA, the entire business undertaking of CFSL was transferred to USFB, via slump sale as a going concern, on 'as-is-where-is' basis, effective from November 01, 2021 for a total consideration of INR 31,600 Lakh. The Company had received the consideration in cash.

Accordingly, the Company has derecognised the assets and liabilities at book value in its books of accounts pertaining to the NBFC-NDSI undertaking. The excess of consideration received over the value of assets and liabilities transferred was recognised as gain on slump sale and credited to the Profit and Loss Account. Since the transfer of the undertaking constitutes discontinued operations, the financial statement for the year ended and as at 31 March 2021 have been drawn in accordance with Ind AS 105 - Non-current Assets Held for Sale and Discontinued Operations. Therefore, the same are not comparable with the current year's financial statement. The summary of assets and liabilities derecognised pursuant to the BTA is as under:

Particulars	INR in Lakh
Assets	
Cash and cash equivalents	17,108.86
Bank balances other than cash and cash equivalents above	1,472.45
Derivative Financial Instruments	3,864.53
Loans	78,117.51
Receivables	-
Investments	2,738.44
Other financial assets	1,066.48
Current tax assets (net)	1,732.37
Property, plant and equipment	3,780.99
Intangible assets under development	8.61
Intangible assets	141.05
Right of Use - Premises	24.03
Goodwill	4,981.52
Other non-financial assets	477.60
Total assets transferred	1,15,514.42
Liabilities	
Derivative Financial Liabilities	8,332.30
Trade payables	654.42
Debt securities	65,373.47
Borrowings (other than debt securities)	8,820.89
Lease Liabilities	24.48
Deferred tax liabilities (net)	276.66
Other financial liabilities	270.06
Provisions	173.04
Other non-financial liabilities	583.49
Total liabilities transferred	84,508.80
Total Net assets transferred	31,005.62
Purchase consideration received	31,600.00
Gain on slump sale	594.38

24 Note on Amalgamation

RBI vide its letter dated 12 October 2021, granted a license to Centrum Financial Services Limited, an associate company to establish a small finance bank (SFB) as a part of revival/ reconstruction of Punjab and Maharashtra Co-operative Bank Limited (PMC Bank). One of the licensing conditions was that the Company shall cease its Lending business and surrender its NBFC license on the date of commencement of business by Unity Small Finance Bank Limited.

Pursuant to the above, the Company transferred its lending business to Unity Small Finance Bank Limited as a going concern by way of a slump sale on 1 November 2021. Unity Small Finance Bank Limited has commenced its business w.e.f. 1 November 2021. Pursuant to the aforesaid, the Company has discontinued its lending business with effect from 1 November 2021. The Company has also applied to RBI for conversion of Company, registered as a Systemically Important-Non Deposit Accepting-Non Banking Financial Company- Investment and Credit Company, into a Core Investment Company.

Consequent to the request for conversion, RBI has canceled the earlier COR & has issued a new COR dated 9th September 2022 permitting the company to carry on the business Non-Deposit taking systematically Important Core Investment Company(CIC ND-SI)

Centrum Financial Services Limited
Notes to the financial statements for the year ended 31 March 2023

(Currency : Indian Rupees in lakhs)

25. Lease liabilities

A) The following is the movement in lease liabilities:

Particulars	As at 31-Mar-23	As at 31-Mar-22
Balance as at beginning	-	32.04
Additions	-	-
Finance cost accrued during the period	-	1.68
Deletions	-	0.46
Payment of lease liabilities	-	9.24
Transfer under slump sale	-	(24.02)
Balance as at end*	-	-

*Previous year Company has transferred Assets and Liabilities under BTA to USFB as of Nov 1, 2021 under Slump Sale

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

Particulars	As at 31-Mar-23	As at 31-Mar-22
Less than one year	-	-
One to five years	-	-
More than five years	-	-
Total	-	-

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 31-Mar-23	As at 31-Mar-22
Depreciation on Right of use assets	-	8.32
Interest expense on lease liability	-	1.68
Total cash outflow for leases (rental payments)	-	(9.24)
Additions/ transfer to Right of use assets	-	0.46
Carrying value Right of use assets*	-	32.80

*Previous year Company has transferred Assets and Liabilities under BTA to USFB as of Nov 1, 2021

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.

Centrum Financial Services Limited

Notes to the financial statements for the year ended 31 March 2023

(Currency : Indian Rupees in lakhs)

26. Commitments and contingencies

Particulars	As at 31 March,	
	2023	2022
Contingent liabilities		
i) Corporate guarantee	-	-
ii) Income tax demands on account of dispute	283.77	283.77
iii) Intercompany borrowings written back	164.34	164.34

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.

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

28. Corporate Social Responsibility (CSR)

During the year ended March 31, 2023, the Bank is not required to contribute to Corporate Social Responsibility under section 135 of the Companies Act, 2013 (Previous Year : Nil)

29. Dues to Micro, Small Enterprises

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments. (Previous Year : Nil)

30. Segment Reporting

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

Centrum Financial Services Limited

Notes to the financial statements for the year ended 31 March 2023

(Currency : Indian Rupees in lakhs)

31. 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,	
	2023	2022
Provident fund	-	71.05

* During the year company has obtained deceleration from employee for non deduction of PF.

B. Defined Benefit Plan

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

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

	For the year ended 31 March,	
	2023	2022
Change in defined benefit obligations:		
Defined benefit obligation, beginning of the year	-	111.76
Current service cost	-	17.42
Past service cost		
Interest cost	-	4.28
Remeasurements (gains) / losses		
Actuarial (gains) / losses		
arising from changes in demographic assumptions	-	(0.05)
arising from changes in financial assumptions	-	15.74
arising from changes in experience adjustments	-	1.08
Transfer in/(out) of liability	-	34.43
Benefits paid from plan assets	-	(12.72)
Less : Balance transferred through slump sale	-	(171.94)
Defined benefit obligation, end of the year	<u>-</u>	<u>-</u>

Change in plan assets:

Fair value of plan assets, beginning of the year	-	46.01
Interest income	-	1.76
Return on plan assets, (excluding amount included in net Interest expense)	-	(0.44)
Employer's contributions	-	48.50
Benefits paid	-	(12.72)
Less : Balance transferred through slump sale	-	(83.11)
Fair value of plan assets, end of the year	<u>-</u>	<u>-</u>

- b) Amount recognized in the balance sheet consists of:

	As at March 31, 2023	As at March 31, 2022
Present value of defined benefit obligation	-	171.94
Fair value of plan assets	-	83.11
Less : Balance transferred through slump sale	-	(88.83)
Net liability	<u>-</u>	<u>-</u>

- c) The amounts recognised in the Statement of Profit and Loss are as follows:

	For the year ended 31 March,	
	2023	2022
Service Cost		
Current service cost	-	17.42
Past service cost	-	-
Total Service cost (i)	<u>-</u>	<u>17.42</u>
Net interest cost		
Interest expense on DBO	-	2.52
Interest expense / (income) on plan assets		
Interest expense / (income) on reimbursement rights		
Interest expense on effect of (asset celling)/onerous liability		
Total Interest cost (ii)	<u>-</u>	<u>2.52</u>
Remeasurements of Other Long term benefits (iii)		
Defined benefit cost included in Statement of Profit & Loss (iv) = (i+ii+iii)	<u>-</u>	<u>19.94</u>

Since Company has received declaration from employee for non deduction of PF hence gratuity valuation not applicable

	For the year ended 31 March,	
	2023	2022
Remeasurements recognised in other comprehensive income (OCI)		
Due to changes in demographic assumptions	-	(0.05)
Due to changes in financial assumptions	-	15.74
Due to changes in experience adjustments	-	1.08
Return on plan assets (excl. interest income)	-	0.44
Total remeasurement in other comprehensive income (OCI) (v)	<u>-</u>	<u>17.21</u>
Total Defined benefit cost included in Statement of Profit & Loss and OCI (vi) = (iv + v)	<u>-</u>	<u>37.15</u>

Centrum Financial Services Limited
Notes to the financial statements for the year ended 31 March 2023

(Currency : Indian Rupees in lakhs)

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

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

	As at March 31, 2023	As at March 31, 2022
Discount rate	0.00%	6.43%
Salary escalation rate*	N.A.	0.00% p.a. for the next 1 years, 6.26% p.a. for the next 1 years, starting from the 2nd year & 5.00% p.a. thereafter, starting from the 3rd year
Expected return on plan assets	0.00%	6.43%
Rate of employee turnover	0.00%	10.00%
Mortality rate during employment	N.A.	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, 2023	As at 31 March, 2022
a) Insurer managed funds	-	34.61
b) Cash	-	-

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

	For the year ended 31 March,			
	2023 % Rate	2023 Amount	2022 % Rate	2022 Amount
Increase by 100 basis points				
i) Impact of change in discount rate	0.00%	-	7.43%	(10.71)
ii) Impact of change in salary growth rate	0.00%	-	7.60%	11.02
iii) Impact of change in employee attrition rate	0.00%	-	11.00%	(1.23)
Decrease by 100 basis points				
i) Impact of change in discount rate	0.00%	-	5.43%	12.09
ii) Impact of change in salary growth rate	0.00%	-	5.60%	10.30
iii) Impact of change in employee attrition rate	0.00%	-	9.00%	(1.24)

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

g) **Maturity**

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

	As at 31 March, 2023	As at 31 March, 2022
Particulars		
i) 1st Following Year	-	11.63
ii) 2nd Following Year	-	13.93
iii) 3rd Following Year	-	26.93
iv) 4th Following Year	-	19.86
v) 5th Following Year	-	14.28
vi) Sum of Years 6 to 10	-	68.96
vii) Sum of Years 11 and above	-	131.82

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

Centrum Financial Services Limited

Notes to the financial statements for the year ended 31 March 2023

(Currency : Indian Rupees in lakhs)

32. Employee Stock Option Plan**Employees' Stock Options Scheme (ESOS) :**

The activity in the Scheme-I, Scheme-II and Centrum Capital Ltd. Scheme during the previous year ended 31 March 2022 is set below:

Particulars	Number of options	
	For the year ended March 31,	
	2023	2022
Scheme-I : Face value of Rs. 10 each		
Exercise price Rs. 10 each		
Options outstanding as at beginning of the year	-	35,15,387
Add: Granted		
Less: Exercised		
Less: Forfeited	-	(35,15,387)
Less: Lapsed		
Option outstanding end of the year	-	-
Exercisable at the end of the year	-	-
Scheme-II : Face value of Rs. 10 each		
Exercise price Rs. 10 each		
Option outstanding as at beginning of the year	-	10,79,500
Add Granted		
Less : Exercised		
Less: Forfeited	-	(10,79,500)
Less: Lapsed		
Option outstanding as at end of the year	-	-
Exercisable at the end of the year	-	-
Centrum Capital Ltd. Scheme*		
Exercise price Rs. 10 each		
Option outstanding as at beginning of the year	-	2,50,000
Add Granted		
Less : Exercised		
Less: Forfeited		
Less: Transferred	-	(2,50,000)
Less: Lapsed		-
Option outstanding as at end of the year	-	-
Exercisable at the end of the year	-	-

Other Information regarding employee share based payment plan is as below

Particulars	For the year ended March 31,	
	2023	2022
Expense arising from employee share based payment plans	-	120.52
Expense arising from share and stock option Plan	-	-
Closing balance of liability for cash share appreciation plan	-	-
Expense reversal on Forefeiture of ESOP Scheme	-	(587.39)
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	-	-
Total carrying amount at the end of the year in Capital contribution under Other Equity*	42.70	42.70

During the year company has not introduced any ESOP scheme.

* 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 for the year ended 31 March 2023

(Currency : Indian Rupees in lakhs)

33. Fair Value Measurement

33.A Carrying value and fair value of financial instruments

33.A.1 The carrying value and fair value of financial instruments by categories as at March 31, 2023 are as follows.

	At Amortised cost	At Fair value through Profit or Loss	At Fair value through OCI	Total carrying Value	Fair value Hierarchy
Financial Assets					
1 Cash and cash equivalents*	80.27	-	-	80.27	Level 3
2 Other Bank balances*	2,758.32	-	-	2,758.32	Level 3
3 Investments					Level 3
- Equity Shares	35,950.00	11,000.00	-	46,950.00	For fair value-Level 2/ For Amortised Cost - Level 3
- Share Warrant	140.00	-	-	140.00	Level 3
4 Other financial assets*					
- Others	0.04	-	-	0.04	Level 3
Total	38,928.63	11,000.00	-	49,928.63	
Financial Liabilities					
1) Trade payables*	29.05	-	-	29.05	Level 3
2) Debt securities (Unquoted)**	1,509.14	-	-	1,509.14	Level 3
3) Deposits	15,975.00	-	-	15,975.00	Level 3
4) Other financial liabilities*	2,758.32	-	-	2,758.32	Level 3
Total	20,271.51	-	-	20,271.51	

* For Cash & Cash equivalents, Other bank balances, Other financial assets, trade payables, and other financial liabilities maturing within one year from the balance sheet date, the carrying amounts approximate the fair value date to the short maturity of these instruments.

** including accrued interest

33.A.2 The carrying value and fair value of financial instruments by categories as at March 31, 2022 are as follows.

	At Amortised cost	At Fair value through Profit or Loss	At Fair value through OCI	Total carrying Value	Fair value Hierarchy
Financial Assets					
1) Cash and cash equivalents*	87.31	-	-	87.31	Level 3
2) Other Bank balances*	3,658.94	-	-	3,658.94	Level 3
3) Investments					Level 3
- Equity Shares	35,950.00	-	-	35,950.00	Level 3
- Share Warrant	190.00	-	-	190.00	Level 3
4) Other financial assets*					
- Others	127.44	-	-	127.44	Level 3
Total	40,013.69	-	-	40,013.69	
Financial Liabilities					
1) Trade payables*	64.41	-	-	64.41	Level 3
2) Debt securities (Unquoted)**	1,509.14	-	-	1,509.14	Level 3
3) Deposits	4,869.00	-	-	4,869.00	Level 3
4) Other financial liabilities*	3,786.38	-	-	3,786.38	Level 3
Total	10,228.93	-	-	10,228.93	

* For Cash & Cash equivalents, Other bank balances, Other financial assets, trade payables, and other financial liabilities maturing within one year from the balance sheet date, the carrying amounts approximate the fair value date to the short maturity of these instruments.

** including accrued interest

Centrum Financial Services Limited

Notes to the financial statements for the year ended 31 March 2023

(Currency : Indian Rupees in lakhs)

33. Fair Value Measurement (Continued)

33.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, 2023 and March 31, 2022

33.B.1 Financial instruments measured at fair value - recurring fair value measurements as at March 31, 2023 is as follows.

	Level 1	Level 2	Level 3	Total
Financial Assets				
1 Derivative assets	-	-	-	-
2 Investments				
- Listed equity shares	-	-	-	-
- Perpetual Subordinated Tier I bonds	-	-	-	-
- Share Warrant	-	-	-	-
- Equity Shares	-	11,000.00	-	11,000.00
Total	-	11,000.00	-	11,000.00

33.B.2 Financial instruments measured at fair value - recurring fair value measurements as at March 31, 2022 is as follows.

	Level 1	Level 2	Level 3	Total
1 Derivative assets	-	-	-	-
2 Investments				
- Listed equity shares	-	-	-	-
- Perpetual Subordinated Tier I bonds	-	-	-	-
- Share Warrant	-	-	190.00	190.00
- Equity Shares	-	-	35,950.00	35,950.00
Total	-	-	36,140.00	36,140.00

Centrum Financial Services Limited

Notes to the financial statements for the year ended 31 March 2023

(Currency : Indian Rupees in lakhs)

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

The carrying amounts of cash and cash equivalents, bank balances other than cash and cash equivalents, Pass through certificate, deposits, Trade receivables, other 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.

(a) Investment in Equity Shares

Investment in unquoted Equity shares is based on valuation report obtained from an external valuer

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

Notes to the financial statements for the year ended 31 March 2023

(Currency : Indian Rupees in lakhs)

34. Maturity analysis of assets and liabilities

34.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, 2023			As at March 31, 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
I Assets						
A. Financial assets						
a) Cash and cash equivalents	80.27	-	80.27	87.31	-	87.31
b) Other Bank balances	2,758.32	-	2,758.32	3,658.94	-	3,658.94
c) Derivative assets	-	-	-	-	-	-
d) Trade receivables	-	-	-	-	-	-
e) Loans	-	-	-	-	-	-
f) Investments	-	47,090.00	47,090.00	-	36,140.00	36,140.00
g) Other financial assets	0.04	-	0.04	127.44	-	127.44
B. Non-financial assets						
a) Current tax assets (net)	-	-	-	-	-	-
b) Deferred tax assets (Net)	-	-	-	-	-	-
c) Investment properties	-	-	-	-	-	-
d) Property, plant and equipment	-	-	-	-	-	-
e) Right of use asset	-	-	-	-	-	-
f) Goodwill	-	-	-	-	-	-
g) Other intangible assets	-	-	-	-	-	-
h) Other non-financial assets	28.67	3.91	32.58	-	0.41	0.41
Total Assets	2,867.30	47,093.91	49,961.21	3,873.69	36,140.41	40,014.10
II Liabilities						
A. Financial liabilities						
a) Derivative liabilities	-	-	-	-	-	-
b) Trade payables	29.05	-	29.05	64.41	-	64.41
c) Debt securities	1,509.14	-	1,509.14	-	1,509.14	1,509.14
d) Borrowings (other than debt securities)	-	-	-	-	-	-
e) Deposits	15,975.00	-	15,975.00	4,869.00	-	4,869.00
f) Lease liabilities	-	-	-	-	-	-
g) Other financial liabilities	2,758.32	-	2,758.32	3,786.38	-	3,786.38
B. Non-financial Liabilities						
a) Current tax liabilities (Net)	-	-	-	-	-	-
b) Provisions	-	-	-	-	-	-
c) Other non-financial liabilities	31.12	-	31.12	26.39	-	26.39
Total Liabilities	20,302.63	-	20,302.63	8,746.18	1,509.14	10,255.32

Centrum Financial Services Limited
Notes to the financial statements for the year ended 31 March 2023

(Currency : Indian Rupees in lakhs)

34. Risk Management

34.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	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.

34.B.2 a) Credit risk management

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

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

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

i) Credit risk management

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

Definition of Default

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

ii) Provision for expected credit losses

The Company provides for expected credit loss based on following:

- Low risk : Risk associated with financial assets classified under Stage 1 for the purpose of ECL calculation.
- Medium risk : Risk associated with financial assets classified under Stage 2 for the purpose of ECL calculation
- High risk : Risk associated with financial assets classified under Stage 3 for the purpose of ECL calculation

Particulars	Risk category	Asset group	As at March 31, 2023		As at March 31, 2022	
			Estimated exposure carrying amount at default	Expected credit losses (as per Ind-AS)	Estimated exposure carrying amount at default	Expected credit losses (as per Ind-AS)
Loss allowance measured at 12 month expected credit losses	Low Risk	Loans	-	-	-	-
Loss allowance measured at life-time expected credit losses	Medium Risk	Loans	-	-	-	-
Credit Loss is recognized on full exposure/ Asset is written off	High Risk	Loans	-	-	-	-
Provision kept			-	-	-	-

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(Currency : Indian Rupees in lakhs)

Collateral held

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

All borrowers must meet the Company's internal credit assessment procedures, regardless of the nature of the loan.

Based on the nature of product and the Company's assessment of the customer's credit risk, a loan may be offered with suitable collateral.

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

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

Cash and cash equivalents

Cash and cash equivalents include balance of INR 80.27 Lakhs at March 31, 2023 (As at March 31, 2022: INR 87.31 Lakhs) is maintained as cash in hand and Balances with Company in current accounts.

Loans and advances/ Investments at amortised cost

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

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

Measurement of Expected Credit Losses

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

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

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

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

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

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

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

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

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 - NA

* for detailed reconciliation refer note 7B

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(Currency : Indian Rupees in lakhs)

Write-offs still under enforcement

Financial assets are written-off when the Company has no reasonable prospects of recovering any further cash flows from the financial assets. In the case of assets that are assessed collectively for impairment. There has been no contractual amount outstanding on financial assets written-off during the year ended March 31, 2021 and still subject to enforcement activity.

Significant increase in credit risk

Based on business environment in which the Company operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. The Company assesses and manages credit risk based on movement of borrowers between stages as defined, historical data of the borrowers and forward looking information. The Company has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties.

Forward looking information

Management has assessed the impact of COVID-19 on significant increase in credit risk, impairment loss allowance and impairment on other assets. Refer note 52 for detailed disclosure regarding the same.

34.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:

As at March 31

Particulars

2023

2022

Undrawn borrowing facilities

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, 2023

Particulars	Total	Contractual cash flows					
		Gross nominal inflow / (outflow)	upto 3 months	3 to 6 months	6 to 12 months	1 year to 3 year	Over 3 year
Financial liabilities							
Derivative Financial Instruments	-	-	-	-	-	-	-
Payables	29.05	-	29.05	-	-	-	-
Debt securities	1,509.14	-	1,509.14	-	-	-	-
Deposits	15,975.00	-	-	-	15,975.00	-	-
Other financial liabilities	2,758.32	-	2,758.32	-	-	-	-
Total	20,271.51	-	4,296.51	-	15,975.00	-	-

Particulars	Total	Contractual cash flows					
		Gross nominal inflow / (outflow)	upto 3 months	3 to 6 months	6 to 12 months	1 year to 3 year	Over 3 year
Financial assets							
Cash and cash equivalents	80.27	-	80.27	-	-	-	-
Bank balance other than cash and cash equivalents above	2,758.32	-	2,758.32	-	-	-	-
Derivative Financial Instruments	-	-	-	-	-	-	-
Trade Receivable	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-
Investments	47,090.00	-	-	-	-	-	47,090.00
Other Financial Assets	0.04	-	-	0.04	-	-	-
Total	49,928.63	-	2,838.59	0.04	-	-	47,090.01

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(Currency : Indian Rupees in lakhs)

As at March 31, 2022

Particulars	Total	Contractual cash flows					
		Gross nominal inflow / (outflow)	upto 3 months	3 to 6 months	6 to 12 months	1 year to 3 year	Over 3 year
Financial liabilities							
Derivative Financial Instruments	-	-	-	-	-	-	-
Payables	64.41	-	64.41	-	-	-	-
Debt securities	1,509.14	-	-	-	-	-	1,509.14
Deposits	4,869.00	-	-	-	4,869.00	-	-
Other financial liabilities	3,786.38	-	3,786.38	-	-	-	-
Total	10,228.93	-	3,850.79	-	4,869.00	-	1,509.14

Particulars	Total	Contractual cash flows					
		Gross nominal inflow / (outflow)	upto 3 months	3 to 6 months	6 to 12 months	1 year to 3 year	Over 3 year
Financial assets							
Cash and cash equivalents	87.31	-	87.31	-	-	-	-
Bank balance other than cash and cash equivalents above	3,658.94	-	3,658.94	-	-	-	-
Derivative Financial Instruments	-	-	-	-	-	-	-
Trade Receivable	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-
Investments	36,140.00	-	-	-	-	-	36,140.00
Other Financial Assets	127.44	-	-	127.44	-	-	-
Total	40,013.69	-	3,746.25	127.44	-	-	36,140.01

Centrum Financial Services Limited
Notes to the financial statements for the year ended 31 March 2023

(Currency : Indian Rupees in lakhs)

34.B.4 c. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

i) Price risk

The Company's investments carry a risk of change in prices. To manage its price risk arising from investments, the Company periodically monitors the sectors it has invested in, performance of the investee companies, measures mark-to-market gains/losses and reviews the same.

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, 2023 and March 31, 2022

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, 2023	As at March 31, 2022
Variable-rate instruments		
Borrowing	-	-

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, 2023	Year ended March 31, 2022
Interest rates – increase by 100 basis points (100 basis points)*	-	-
Interest rates – decrease by 100 basis points (100 basis points)*	-	-

* 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.

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35. Capital Management

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements from its regulators and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The pillars of its policy are as follows:

- a) Maintain diversity of sources of financing and spreading the maturity across tenure buckets in order to minimize liquidity risk.
- b) Maintain investment grade ratings for all its liability issuances domestically and internationally by ensuring that the financial strength of the balance sheets is preserved.
- c) Manage financial market risks arising from Interest rate, equity prices and minimise the impact of market volatility on earnings.
- d) Leverage optimally in order to maximise shareholder returns while maintaining strength and flexibility of balance sheet.

This framework is adjusted based on underlying macro-economic factors affecting business environment, financial market conditions and interest rates environment.

No changes have been made to the objectives, policies and processes from the previous years except those incorporated on account of regulatory amendments. However, they are under constant review by the Board

Regulatory capital

As an CIC, the RBI requires us to maintain a minimum Adjusted Net Worth shall at no point of time be less than 30% of its aggregate risk weighted assets on balance sheet and risk adjusted value of off-balance sheet items as on 31 March 23 and as on 31 March 22. The capital management process of the Company ensures to maintain a healthy ANW 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 39.6- "Adjusted Net Worth" additional disclosures related to RBI for the detail of the same

36. Changes in liabilities arising from financing activities

Changes in liabilities arising from financing activities for the year ended March 31, 2023

Particulars	As at March 31, 2022	Cash Flows (net)	Changes in Fair value	Others (net)	As at March 31, 2023
i) Debt securities	1,509.14	-	-	-	1,509.14
ii) Borrowings other than debt securities	-	-	-	-	-
iii) Deposits	4,869.00	11,106.00	-	-	15,975.00
Total	6,378.14	11,106.00	-	-	17,484.14

Changes in liabilities arising from financing activities for the year ended March 31, 2022

Particulars	As at March 31, 2021	Cash Flows (net)	Changes in Fair value	Others (net)*	As at March 31, 2022
i) Debt securities	68,694.68	(1,812.08)	-	(65,373.46)	1,509.14
ii) Borrowings other than debt securities	6,557.99	2,115.31	-	(8,673.30)	-
iii) Deposits	-	4,869.00	-	-	4,869.00
Total	75,252.67	5,172.24	-	(74,046.77)	6,378.14

*Transferred Liabilities under BTA to Unity Small Finance Bank Limited on November 1 2021

37. Transferred financial assets

37.1 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.

38. Foreign exchange earnings/outflow

The foreign exchange earnings and outflow is Rs. Nil during the year ended March 31, 2023 (March 31, 2022: Rs. Nil)

Centrum Financial Services Limited
Notes to the financial statements for the year ended 31 March 2023

(Currency : Indian Rupees in lakhs)

39 Disclosures to be made in the Annual Financial Statements:

39.1 Additional Information as required by Reserve Bank of India, Master Direction - Core Investment Companies (Reserve Bank) Directions, RBI/DNBR/2016-17/39, Master Direction DNBR. PD. 003/03.10.119/2016-17, August 25, 2016, DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020, DoR (NBFC) (PD) CC. No. 117/03.10.001/2020-21 dated August 13, 2020 & RBI/2022-23/26, DOR.ACC.REC.No.20/21.04.018/2022-23.
These disclosures have been prepared based on standalone Ind AS financial statements in line with the Reserve Bank of India notification dated March 13, 2020.

Particulars	As at March 31, 2023		As at March 31, 2022	
	Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
Liabilities:				
Loans and advances availed by the CIC inclusive of interest accrued thereon but not paid:				
(a) Debentures				
- Secured	-	-	-	-
- Unsecured	-	-	-	-
(other than falling within the meaning of public deposits *)				
(b) Deferred Credits	-	-	-	-
(c) Term Loans	-	-	-	-
(d) Debt Securities	1,509.14	-	1509.14	-
(e) Inter-Corporate Loans and Borrowings	15,975.00	-	4,869.00	-
(f) Commercial Paper	-	-	-	-
(g) Other Loans	-	-	-	-
Assets:				
Break-up of Loans and Advances including Bills Receivables [other than those included in (4) below]:				
a) Secured	-	-	-	-
b) Unsecured	-	-	-	-
Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities				
(i) Lease assets including lease rentals under Sundry Debtors:				
(a) Financing lease	-	-	-	-
(b) Operating lease	-	-	-	-
(ii) Stock on hire including hire charges under Sundry Debtors:				
(a) Assets on hire	-	-	-	-
(b) Repossessed assets	-	-	-	-
(iii) Other loans counting towards asset financing activities				
(a) Loans where assets have been repossessed	-	-	-	-
(b) Loans other than (a) above	-	-	-	-

39.2 Break-up of Investments:

Particulars	As at March 31, 2023	As at March 31, 2022
	Amount outstanding	Amount outstanding
Break-up of Investments:		
Current Investments:		
1. Quoted:		
(i) Shares:		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others	-	-
2. Unquoted:		
(i) Shares:		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others	-	-
Long-term Investments:		
1. Quoted:		
(i) Shares:		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others	-	-
2. Unquoted:		
(i) Shares:		
(a) Equity	46,950.00	35,950.00
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others	-	-
	140.00	190.00

39.3 Borrower group-wise classification of assets financed as in (2) and (3) above:

Category	As at March 31, 2023			As at March 31, 2022		
	Amount net of provisions			Amount net of provisions		
	Secured	Unsecured	Total	Secured	Unsecured	Total
1. Related parties						
(a) Subsidiaries	-	-	-	-	-	-
(b) Companies in the same group	-	17,484.14	17,484.14	-	6,378.14	6,378.14
(c) Other related parties	-	-	-	-	-	-
2. Other than related parties	-	-	-	-	-	-
Total	-	17,484.14	17,484.14	-	6,378.14	6,378.14

(Currency : Indian Rupees in lakhs)

39.4 Investor group-wise classification of all investments (current and long-term) in shares and securities (both quoted and unquoted):

#	Category	As at March 31, 2023		As at March 31, 2022	
		Market value / Break up or fair value or NAV	Book value (net of provisions)	Market value / Break up or fair value or NAV	Book value (net of provisions)
1	Related Party				
	Subsidiaries	79,303	36,090.00	77,617.95	36,140.00
	Companies in the same group	11,000.00	11,000.00	-	-
	Other related parties	-	-	-	-
2	Other than related parties	-	-	-	-

39.5 Other information

Particulars	As at March 31, 2023	As at March 31, 2022
(i) Gross Non-Performing Assets		
(a) Related parties	-	-
(b) Other than related parties	-	-
(ii) Net Non-Performing Assets		
(a) Related parties	-	-
(b) Other than related parties	-	-
(iii) Assets acquired in satisfaction of debt	-	-

39.6 Components of ANW and other related information

#	Particulars	As at March 31, 2023	As at March 31, 2022
i)	ANW as a % of Risk Weighted Assets	62.94%	82.05%
ii)	unrealized appreciation in the book value of quoted investments	-	-
iii)	diminution in the aggregate book value of quoted investments	-	-
vi)	Leverage Ratio	0.65	0.31

39.7 Investment in Other CICs

#	Particulars	As at March 31, 2023	As at March 31, 2022
a.	Total amount representing any direct or indirect capital contribution made by one CIC in another CIC (including name of CICs)	-	-
b.	Number of CICs with their names wherein the direct or indirect capital contribution exceeds 10% of Owned Funds	-	-
c.	Number of CICs with their names wherein the direct or indirect capital contribution is less than 10% of Owned Funds	-	-

39.8 Off-Balance Sheet Exposure

#	Particulars	As at March 31, 2023	As at March 31, 2022
i.	Off balance sheet exposure	-	-
ii.	Financial Guarantee as a % of total off balance sheet exposure	-	-
iii.	Non-Financial Guarantee as a% of total off balance sheet exposure	-	-
iv.	Off balance sheet exposure to overseas subsidiaries	-	-
v.	Letter of Comfort issued to any subsidiary	-	-

39.9 Investments

No.	Particulars	As at March 31, 2023	As at March 31, 2022
(1)	Value of Investments		
	(i) Gross Value of Investments		
	(a) In India	47,090.00	36,140.00
	(b) Outside India	-	-
	(ii) Provision for Depreciation		
	(a) In India	-	-
	(b) Outside India	-	-
	(iii) Net Value of Investments		
	(a) In India	47,090.00	36,140.00
	(b) Outside India	-	-
(2)	Movement of provisions held towards depreciation on investments		
	(i) Opening balance	-	-
	(ii) Add : Provisions made during the year	-	-
	(iii) Less : Write-off / write-back of excess provisions during the year	-	-
	(iv) Closing balance	-	-

(Currency : Indian Rupees in lakhs)

39 Disclosures to be made in the Annual Financial Statements:

39.10 ALM - Maturity pattern of Assets and Liabilities

as on 31 March 2023

Particulars	1 to 7 days	8-14 days	15 to 30/31 days	1-2 months	2-3 months	3-6 months	6months- 1 year	1-3 years	3 -5 years	Over 5 years	Total
Advances	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	47,090	47,090
Borrowings	-	-	-	-	1,509.14	-	15,975	-	-	-	17,484
Foreign Currency assets	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-	-	-

as on 31 March 2022

Particulars	1 to 7 days	8-14 days	15 to 30/31 days	1-2 months	2-3 months	3-6 months	6months- 1 year	1-3 years	3 -5 years	Over 5 years	Total
Advances	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	36,140	36,140
Borrowings	-	-	-	-	-	-	4,869	1,509	-	-	6,378
Foreign Currency assets	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-	-	-

39.11 Business Ratios

No.	Particular	As at March 31, 2023	As at March 31, 2022
1	Return on Equity (RoE) (PAT/Total Equity)	-0.34%	-0.29%
2	Return on Assets (RoA)(PAT/Total Assets)	-0.20%	-0.22%
3	Net profit per employee (in crs) (PAT / No. of employees)	-5010.00%	0.00%

39.12 Provisions and Contingencies

Break up of 'Provisions and Contingencies' shown under the Profit and Loss Account	As at March 31, 2023	As at March 31, 2022
Provisions for depreciation on Investment	-	-
Provision towards NPA	-	-
Provision made towards Income tax	-	-
Other Provision and Contingencies (with details)	-	-
Provision for Standard Assets	-	-

39.13 Concentration of NPAs

Particulars	As at March 31, 2023	As at March 31, 2022
Total Exposure to top five NPA accounts	-	-

39.14 Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)

Name of the Joint Venture/Subsidiary	Other Partner in the JV	Country	Total Assets
None	Not Applicable	Not Applicable	Not Applicable

Notes:

- 1 Quoted investments are at market value and unquoted investments are at break up/fair value/NAV irrespective of whether they are classified as long term or current in (6) above
- 2 Maturity pattern of assets and liabilities are disclosed in Note 34 and analysis of Financial Assets and Financial Liabilities by remaining contractual maturities are disclosed in Note 34B

Centrum Financial Services Limited
Notes to the financial statements for the year ended 31 March 2023

(Currency : Indian Rupees in lakhs)

39.16 Disclosure of complaints

1) Summary information on complaints received by the NBFCs from customers and from the Offices of Ombudsman

Sr. No	Customer complaints	For the year ended March 31, 2023	For the year ended March 31, 2022
	Complaints received by the NBFC from its customers		
1	No. of complaints pending at the beginning of the year	Nil	Nil
2	No. of complaints received during the year	Nil*	Nil
3	No. of complaints redressed during the year	Nil	Nil
	3.1 Of which, number of complaints rejected by the NBFC		
4	No. of complaints pending at the end of the year	Nil	Nil
	Maintainable complaints received by the NBFC from Office of Ombudsman		
5.*	Number of maintainable complaints received by the NBFC from Office of Ombudsman		
	5.1 Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	Nil	Nil
	5.2 Of 5, number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	Nil	Nil
	5.3 Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	Nil	Nil
6.*	Number of Awards unimplemented within the stipulated time (other than those appealed)		

Note: Maintainable complaints refer to complaints on the grounds specifically mentioned in Integrated Ombudsman Scheme, 2021 (Previously The Ombudsman Scheme for Non-Banking Financial Companies, 2018) and covered within the ambit of the Scheme.

* It shall only be applicable to NBFCs which are included under The Reserve Bank - Integrated Ombudsman Scheme, 2021

*CFSL is in receipt of few complaints on its RBI-CMS portal which were pertaining to Unity Small Finance Bank Limited (subsidiary of CFSL), Centrum Housing Finance Limited (a Centrum group entity) and Resilient Innovations Private Limited (Shareholder of Unity Small Finance Bank Limited. Since, none of the complaints received on the portal were pertaining to CFSL, NIL complaints are being reported under this section.

2) Top five grounds of complaints received by the NBFCs from customers

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
	Current Year				
Ground - 1	NIL	NIL	-	NIL	NIL
Ground - 2	NIL	NIL	-	NIL	NIL
Ground - 3	NIL	NIL	-	NIL	NIL
Ground - 4	NIL	NIL	-	NIL	NIL
Ground - 5	NIL	NIL	-	NIL	NIL
Others	NIL	NIL	-	NIL	NIL
Total	NIL	NIL	-	NIL	NIL
	Previous Year				
Ground - 1	NIL	NIL	-	NIL	NIL
Ground - 2	NIL	NIL	-	NIL	NIL
Ground - 3	NIL	NIL	-	NIL	NIL
Ground - 4	NIL	NIL	-	NIL	NIL
Ground - 5	NIL	NIL	-	NIL	NIL
Others	NIL	NIL	-	NIL	NIL
Total	NIL	NIL	-	NIL	NIL

(Currency : Indian Rupees in lakhs)

39.17 A) Disclosures on Corporate governance

1) Composition of the Board

Sr. No	Name of Director	Director since	Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	DIN	Number of Board Meetings		No. of other Directorships #	Remuneration			No. of shares held in and convertible instruments held in the NBFC	Remark
					Held*	Attended		Salary and other compensation	Sitting Fee	Commission		
1	Rishad Khushrooh Byranjee	24-12-2002	Executive Director	00164123	7	3	15	6.5	0	0	NIL	
2	Subhash Gundappa Kutte	09-08-2022	Independent Director	00233322	4	4	6	0	2.7	0	NIL	
3	Siddhartha Sengupta	14-05-2020	Independent Director	08467648	7	5	6	0	4.2	0	NIL	
4	Ranjan Ghosh	17-08-2016	Non-Executive Director	07592235	7	7	3	0	0	0	NIL	
5	Jaspal Singh Bindra	21-03-2023	Non-Executive Director	00128320	NIL	NIL	7	0	0	0	NIL	
6	Deepa Poncha	21-03-2023	Non-Executive Director	01916512	NIL	NIL	3	0	0	0	NIL	
7	Dipali Seth	16-05-2018	Independent Director	07556685	3	3	6	0	1.8	0	NIL	Resigned wef Sep 05. 2022
8	G. S. Sundararajan	12-10-2017	Independent Director	00361030	5	4	4	0	3.3	0	NIL	Resigned wef Oct 21. 2022
9	Shailendra Apte	29-09-2015	Non-Executive Director	00017814	6	6	6	0	0	0	1 (Nominee of Centrum Capital Limited)	Resigned wef Feb 09. 2023

* 7 Board meetings was held during the year ended March 31, 2023. The no of meetings held for each director denotes the no. of meetings the director is entitled to attend.

The no of other Directorship denotes directorship as on March 31, 2023 for present directors and no. of directorship held till the date of their resignation for past directors.

Details of change in composition of the Board during the current and previous financial year.

Sl. No.	Name of Director	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Nature of change (resignation, appointment)	Effective date
1	Ranjan Ghosh	Non-Executive Director	Change in designation from Managing Director & CEO to Non-Executive Director	21-10-2022
2	Rishad Byranjee	Executive Director	Change in designation from Non-Executive Director to Executive Director	16-09-2022
3	Dipali Seth	Independent Director	Resigned from services of Company as she has accepted a full time role elsewhere and the time commitments and demands of the new role is not permitting her to do justice to the Board position in the Company	05-09-2022
4	G. S. Sundararajan	Independent Director	Resigned due to his preoccupation	21-10-2022
5	Jaspal Singh Bindra	Non-Executive Director	Appointment	21-03-2023
6	Deepa Poncha	Non-Executive Director	Appointment	21-03-2023
7	Subhash Kutte	Independent Director	Appointment	09-08-2022
8	Shailendra Apte	Non-Executive Director	Resignation due to pre-occupation	09-02-2023

39.17 A) Disclosures on Corporate governance

AUDIT COMMITTEE

Sl. No.	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held*	Attended	
1.	Siddhartha Sengupta	14-05-2020	Independent Director, Chairperson of Committee	4	4	NIL
2.	Subhash Kutte	21-10-2022	Independent Director, Member of Committee	1	1	NIL
3.	Ranjan Ghosh	21-10-2022	Non-Executive Director, Member of Committee	1	1	NIL

* 4 meetings of the Audit Committee were held during the year ended March 31, 2023. The no of meetings held for each member denotes the no. of meetings held post their appointment in the Committee.

NOMINATION & REMUNERATION COMMITTEE

Sl. No.	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held*	Attended	
1.	Subhash Kutte	21-10-2022	Independent Director, Chairperson of Committee	NIL	NA	NIL
2.	Siddharth Sengupta	21-10-2022	Independent Director, Member of Committee	NIL	NA	NIL
3.	Ranjan Ghosh	21-10-2022	Non-Executive Director, Member of Committee	NIL	NA	NIL

* No meeting of the Nomination & Remuneration Committee was held during the year ended March 31, 2023

FINANCE COMMITTEE

Sl. No.	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held*	Attended	
1.	Ranjan Ghosh	23-08-2019	Non-Executive Director, Chairperson of Committee	3	3	NIL
2.	Rishad Byramjee	08-02-2022	Executive Director, Member of Committee	1	1	NIL

* 3 meetings of the Finance Committee were held during the year ended March 31, 2023. The no of meetings held for each member denotes the no. of meetings held post their appointment in the Committee.

3) General Body Meetings :

Sl. No.	Type of Meeting (Annual/ Extra-Ordinary)	Date and Place	Special resolutions passed
1	Annual General meeting	08-08-2022 at CENTRUM HOUSE, C.S.T. ROAD, VIDYANAGARI MARG, KALINA, SANTACRUZ (EAST), MUMBAI – 400 098	Approving re-appointment of Mr. Ranjan Ghosh (DIN: 07592235) as Managing Director & CEO of the Company
2	Extra-Ordinary General meeting	06-03-2023 at CENTRUM HOUSE, C.S.T. ROAD, VIDYANAGARI MARG, KALINA, SANTACRUZ (EAST), MUMBAI – 400 098	Change in Object clause of the Memorandum of Association of the Company

4) Details of non-compliance with requirements of Companies Act, 2013

Give details and reasons of any default in compliance with the requirements of Companies Act, 2013, including with respect to compliance accounting and secretarial standards.- **NIL**

5) Details of penalties and strictures

NBFCs should disclose details of penalties or stricture imposed on it by the Reserve Bank or any other statutory authority.: **NIL**

Centrum Financial Services Limited

Notes to the financial statements as at and for the year ended March 31, 2023

(Currency : Indian Rupees)

40. 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 :

40.1 List of related parties

Nature of relationship	Name of the party
Holding company	Centrum Capital Limited
List of Subsidiary/ holding/ Associate/ subsidiary of a holding company as per 2(76)(viii)	Centrum Capital Limited IGNIS Capital Advisors Limited Unity Small Finance Bank Limited Centrum Retail Services Limited Centrum Wealth Limited Centrum Insurance Brokers Limited Centrum Investment Advisory Limited Centrum Broking Limited CCIL Investment Management Limited Centrum Capital International Limited CCAL Investment Managers Limited Centrum Alternatives LLP Centrum Capital Advisors Limited Centrum International Services PTE Limited Modulus Alternatives Investment Managers Limited Centrum Housing Finance Limited
Key management personnel (KMP)	Rishad K. Byramjee (Executive Director) Abhishek Baxi (CFO) Archana Goyal (CS)

40.2 Transactions with Related parties during the year

No.	Nature of Transaction	Name of Party	For the year ended 31 March,	
			2023	2022
1	Loans given	Centrum Retail Services Limited	-	1,860.00
		Centrum Capital Limited(Including erstwhile-Centrum Microcredit Ltd)	-	4,300.00
		Centrum Wealth Limited	-	25.00
2	Loan repayment	Centrum Capital Limited(Including erstwhile-Centrum Microcredit Ltd)	-	4,300.00
		Centrum Retail Services Limited	-	1,860.00
		Centrum Wealth Limited	-	3,125.00
3	Loan taken	Centrum Capital Limited(Including erstwhile-Centrum Microcredit Ltd)	16,598.00	4,869.00
4	Loan repayment	Centrum Capital Limited(Including erstwhile-Centrum Microcredit Ltd)	5,492.00	-
5	Debenture sold	Centrum Credit Opportunities Trust	-	1,528.61
6	Debenture purchased	Centrum Credit Opportunities Trust	-	1,500.00
7	Consideration received for sale of portfolio on Direct Assignment	Centrum Microcredit Limited	-	126.32
8	MLD repaid including accrued interest*	Centrum Wealth Limited	-	3,143.44
*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.				
9	Insurance premium Reimbursement	Centrum Capital Limited	0.98	-
10	Rent income	Centrum Capital Limited (Erstwhile-Centrum Microcredit Ltd)	-	0.05
		Centrum Retail Services Limited	-	12.98
		Centrum Wealth Limited	-	0.86

No.	Nature of Transaction	Name of Party	As at March 31,	
			2023	2022
11	Service fees income	JBCG Advisory Services Private Limited	-	1.56
12	Advisory fees income	Centrum Capital Limited	-	215.63
13	Interest income	Centrum Capital Limited	-	1.53
		Centrum Retail Services Limited	-	92.92
		Club 7 Holidays Private Limited	-	16.19
		Centrum Wealth Limited	-	207.47
14	Interest expenses	Centrum Retail Services Limited	-	37.63
		Centrum Capital Limited (Erstwhile-Centrum Microcredit Ltd)	-	248.12
		Centrum Capital Limited	811.20	113.29
15	Payment of rent	Centrum Capital Limited	-	1.05
		Centrum Retail Services Limited	-	56.12
16	Electricity expenses paid on behalf of the Company	Centrum Retail Services Limited	-	9.38
17	Printing and stationery, postage and courier and telephone expense	Centrum Retail Services Limited	-	2.82
18	Brand fees	Centrum Capital Limited	-	5.00
19	Arrangers fees	Centrum Wealth Limited	-	451.10
20	Reimbursement of expenses	Centrum Wealth Limited	-	0.14
21	Commission and brokerage expenses	Centrum Broking Limited	0.13	0.21
22	Managerial remuneration	Mr. Ranjan Ghosh	-	410.57
		Mr. Abhishek Baxi	-	57.71
		Rishad Khushrooh Byramjee	6.50	-
23	IT Refund transeferred	Unity Small Finance Bank Limited	517.07	-
24	Professional Fees	Centrum International Services Pte Ltd	-	41.20
25	Fixed Asset	Centrum Retail Services Limited	-	330.48
26	Receivable	Centrum Capital Limited	-	2,355.00
		Unity Small Finance Bank Ltd	-	563.74
		Ignis Capital Advisors Ltd	-	7.41
27	Investment	Ignis Capital Advisors Limited	-	1.00
		Unity Small Finance bank Limited(Equity Shares)	-	31,601.00
		Unity Small Finance bank Limited(Equity Shares)	-	4,349.00
		Unity Small Finance bank Limited(Share Warrants)	-	190.00
		Centrum Retail Services Limited(CWL shares purchased)	11,000.00	-
28	Investment Sold	JBCG Advisory Services Private Limited	800.00	-

40.3 Balances with Related parties as at year end

No.	Nature of Transaction	Name of Party	As at March 31,	
			2023	2022
1	Margin balance with broker	Centrum Broking Limited	-	126.89
2	Other financial liability	Centrum Capital Limited (Erstwhile-Centrum Microcredit Ltd)	15,975.00	4,869.00
3	Debt Securities	Centrum Capital Limited	1,509.14	1,509.14
4	Trade payable	Centrum Wealth Limited	-	9.72
5	Deposit Received	Centrum Capital Limited (Erstwhile-Centrum Microcredit Ltd)	-	-
6	Investment	Unity Small Finance Bank Ltd (Equity Investment)	35,950.00	35,950.00
		Unity Small Finance Bank Ltd (Investment in Share Warrants)	140.00	190.00
		Centrum Wealth Limited	11,000.00	-
7	Margin balance with broker	Unity Small Finance Bank Limited (Payable Cash Balance)	-	126.89

Centrum Financial Services Limited

Notes to the financial statements for the year ended 31 March 2023

(Currency : Indian Rupees)

41 Relationship with struck off companies

During the year ended 31 March 2023 the Company did not have any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956. (During the year ended 31 March 2022 - Nil).

42 Registration of charges or satisfaction with Registrar of Companies

During FY 2022-23, all charge forms were duly filed with the time prescribed under the Companies Act, 2013.

43 Details of Benami Property held

There were no proceedings have been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder.

44 Title deeds of Immovable Properties not held in name of the Company

Sr No	Relevant line item in the Balance sheet	Description of item of property	Gross carrying value	Title deeds held in the name of	Whether title deed holder is promoter, director or relative # of promoter/director or employee of promoter/director	Property held since which date	Reason for not being held in the name of the company**
1	NA	NA	-			-	

- 45 The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall
- (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate beneficiaries)
- (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries. Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall
- a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- b. provided any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- 46 Company has not traded or invested in Crypto currency or Virtual Currency during the financial year ended March 31, 2023.

As per our report of even date
For SHAH & TAPARIA
Chartered Accountants
ICAI Firm Registration No.109463W

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

Narottam Shah
Partner
MembershipNo.106355

Rishad Byramjee
Executive Director
DIN : 00164123

Ranjan Ghosh
Non - Executive Director
DIN : 07592235

Mumbai
May 11, 2023

Abhishek Baxi
Chief Financial Officer

Archana Goyal
Company Secretary

Mumbai
May 11, 2023

Mumbai
May 11, 2023