



Centrum Micro Credit Limited

Annual Report 2018-19

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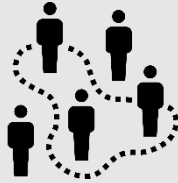
Key Highlights

As on 31st March 2019



3

States



17

Districts



111,194

Customers



50

Branches



46'

Employees



217.56

Portfolio in Rs. Crores

Our Value Proposition

Vision

To create a positive, social and economic impact in the lives of low-income households by providing Microcredit and other relevant financial services.

Mission

To positively impact 3 million low-income household's by 2025, across India by being their financial services provider of choice. To be a technology driven & sustainable institution, creating value for all stakeholders.

Values

Trust, Integrity, Innovation & Long-term Relationships.

DIRECTORS' REPORT

To,
The Members,
Centrum Microcredit Limited
(Formerly known as **Centrum Microcredit Private Limited & Nobita Trading Private Limited**)
Mumbai.

Your Directors have pleasure in presenting to you the Annual Report of your Company together with the Audited Accounts for the Financial Year ended on March 31, 2019.

FINANCIAL RESULTS

Your Company's financial performance during the year has been summarized below:

(in Rs.)

PARTICULARS	2017-18	2018-19
Income for the year	9,96,19,058	42,46,03,651
Expenditure for the year	11,74,73,909	40,49,85,194
Profit Before Tax	(1,78,54,851)	1,96,18,457
Less: Current Tax	-	-
Previous Year	-	-
Add/(Less)Deferred Tax	(41,68,410)	(1,23,48,592)
Profit or Loss After Tax	(2,20,23,261)	72,69,865

PERFORMANCE OF THE COMPANY

- FINANCIAL PERFORMANCE**

The Gross income from operations of the Company increased from Rs. 9.96 Crore in FY 2017-18 to Rs. 42.46, Crore in FY 2018-19. For the current year, the company has reported a PBT of Rs. 1.96 Crore and PAT of Rs. 0.73 Crore.

- PERFORMANCE OF BUSINESS AND SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

The Company was converted into a public limited company w.e.f November 22, 2018. Significant milestones were achieved during the year.

- The Company expanded its operations to 3 states across 17 districts and 50 branches.
- Total staff strength increased from 315 to 463 people.
- The management team strengthened with key hires in the Audit, Risk and treasury functions.
- The Company achieved 2 critical milestones, viz. it crossed Rs. 200 Crores of portfolio outstanding and serves over 100,000 active clients.
- The Company's lender base has diversified significantly to include new lenders and new products including Securitization and issue of Non Convertible Debentures.
- The software operating platform was changed during the current year. This enables the company to significantly digitalize large part of its operations.

- The company has been awarded a MFI Grading of MFI2 and a COCA assessment rating of C2. It has also successfully cleared a 3rd party evaluation by the SRO – MFIN on Fair Practices Code

- PERFORMANCE HIGHLIGHTS**

	Mar-18	Mar-19
Total Portfolio O/S(Rs. in Crores (including securitized portfolio)	117.64	217.56
PAR (1+ day overdue Value in Crores)	0.35	0.47
PAR(in %age)	0.30%	0.22%
No of Branches	33	50
No of Employees	315	463

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

RESOURCES

The Company raised funds through a mix of borrowings. During the year, the net borrowings have increased from Rs. 106 Crores as on March 2018 to Rs 215.18 Crores as on March 2019, on account of increased business operations.

TRANSFER TO RESERVES

The Board of Directors transferred Rs. 0.73 Crore to general reserves.

CHANGES IN SHARE CAPITAL

During the period under review, the authorized share capital of the company was raised to Rs. 55 crores.

The Company had made a rights issue to Centrum Capital Limited. The paid up equity share capital of the Company was raised to Rs. **49, 52,83,060/-** having a face value of Rs. 10 per share.

DIVIDEND

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

SUBSIDIARIES, JOINT VENTURE AND ASSOCIATE COMPANIES

Centrum Capital Limited (CCL) is the holding company of Centrum Microcredit Limited.

In order to simplify the holding structure and bring the Company directly under Centrum Capital Limited (CCL), the operating holding company of the group, the entire shareholding was transferred from Centrum Retail Services Limited (CRSL) to CCL post RBI approvals. Thus, with effect from March 31, 2018, CCL is the holding company of Centrum Microcredit Limited.

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 and commitments affecting the financial position of the Company between the end of financial year and date of the report.

AUDITORS AND AUDITORS' REPORT

Walker Chandiook & Co LLP, Chartered Accountants are the statutory auditors of the Company from F.Y. 2017-18 to F.Y. 2021-22.

There are no observations/ qualifications of the Auditors in their report for the FY 2018-19.

SECRETARIAL AUDIT

Secretarial Audit is not applicable to the Company for FY 2018-19

COST AUDITOR

The provisions of Section 148(3) of the Companies Act, 2013 are not applicable to the Company.

DIRECTORS & KMP

During the year under review, Ms. Jayshree Venkatesan (DIN: **06415512**) was appointed as an Independent Director of the Company with effect from June 12, 2018.

In accordance with the provisions of the Companies Act, 2013, and the Articles of Association of the Company, Mr. Ranjan Ghosh (DIN: **07592235**) retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

Mr. Praveen Saha was appointed as Manager of the Company w.e.f April 12, 2019. Mr. Hiren Vasa was appointed as CFO and Mr. Abhishek Damani was the Company Secretary as on March 31, 2019 and resigned w.e.f April 25, 2019. Ms. Bhumika Jani was appointed as Company Secretary w.e.f April 26, 2019.

NUMBER OF MEETINGS OF THE BOARD

Six meetings of the Board were held during the year. viz: 20.04.2018, 12.06.2018, 09.08.2018, 31.10. 2018, 01.02.2019 and 20.02.2019. The intervening gap between the meetings was within the period as prescribed under the Companies Act, 2013 (the "Act").

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

RISK MANAGEMENT FRAMEWORK

Key mechanisms to identify, assess, monitor and mitigate various risks associated with the business of the Company are in place. Major risks identified by the businesses and functions, if any, are systematically addressed through mitigating actions on a continuous basis. Key Risk items if any are escalated to the monthly Management Committee meetings and at the Board meetings as necessary.

The Management Committee of the Company has not identified any elements of risk, which in their opinion may threaten the existence of the Company and the Company's internal control systems are commensurate with the nature of its business, size and complexity of its operations.

An independent 3rd Party Internal and operational Audit, the Internal Financial Controls Audit and the Statutory audit have been conducted this year. Further, the company made key hires and strengthened its Audit and Risk management function. Key findings have been presented to the (ARC) and the board. Management has put in place a remedial action plan with timelines and responsibilities. This shall be regularly tracked at the management committee meetings.

A board approved Risk Management policy is now in place. This captures the various risks and recommends governance structures and processes for the management in to a unified enterprise-wide risk policy.

PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN, AND SECURITIES PROVIDED

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

LOAN TO PURCHASE SHARES OF THE COMPANY

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

RELATED PARTY TRANSACTIONS

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

Accordingly, particulars of contracts or arrangements with related party referred to in section 188(1) along with the justification for entering into such contract or arrangement in form AOC-2 is annexed as Annexure C to this report.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

There are no such employees for which information required pursuant to Section 197 of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is to be given.

PARTICULARS OF DEPOSITS

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

DISCLOSURES BY DIRECTORS

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

DECLARATION BY INDEPENDENT DIRECTORS

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

AUDIT COMMITTEE

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

Name	Category	Designation in Committee
Shailendra Apte	Director	Member
Rishad Byramjee	Director	Member
Suresh Krishna Kodihalli	Independent Director	Chairman
Jayshree Venkatesan	Independent Director	Member

NOMINATION & REMUNERATION COMMITTEE

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

Name	Category	Designation in Committee
Ranjan Ghosh	Director	Chairman
Rishad Byramjee	Director	Member
Suresh Krishna Kodihalli	Independent Director	Member
Jayshree Venkatesan	Independent Director	Member

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;
- (b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

- (c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) they have prepared the annual accounts on a going concern basis;
- (e) they have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively;
- (f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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

The Company has adopted Nomination and Remuneration Policy on Director's Appointment and Remuneration for Directors, Key Managerial Personnel and other Employees.

PERFORMANCE EVALUATION

The Board of Directors carried out an annual evaluation of the Board and individual Directors.

The evaluation was done after taking into consideration inputs received from the Directors, setting out parameters of evaluation. Evaluation parameters of the Board and Committees were mainly based on Disclosure of Information, Key functions of the Board, responsibilities of the Board 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.

CORPORATE SOCIAL RESPONSIBILITY

The provisions of Corporate Social Responsibility are not applicable to the Company for the period under review.

VIGIL MECHANISM

The Company follows the group policy on Vigil Mechanism.

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

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

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

HUMAN RESOURCE AND EMPLOYEE RELATIONSHIP

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

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

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

INTERNAL FINANCIAL CONTROL AND ADEQUACY

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

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

EXTRACT OF ANNUAL RETURN

An extract of annual return in Form MGT-9 is provided as an Annexure A to this report.

EMPLOYEES STOCK OPTIONS (ESOP)

The Nomination and Remuneration Committee and the Board of the Company has approved an ESOP Scheme and the same shall be placed before the members of the Company at the ensuing Annual General Meeting for their approval. Thus the Company had not issued any ESOP during the year under review.

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.

POLICIES AND DISCLOSURE REQUIREMENTS

Nomination and Remuneration Policy is appended as *Annexure D*.

GENERAL

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

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

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

ACKNOWLEDGEMENTS

The Directors express their sincere gratitude to the Reserve Bank of India, 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 Microcredit Limited**

**Ranjan Ghosh
Director
DIN:07592235**

**Shailendra Apte
Director
DIN: 00017814**

**Place: Mumbai
Date: April 26, 2019**

ANNEXURE A of Directors' Report**Extract of Annual Return as on the financial year ended on March 31, 2019****FORM No. MGT-9**

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

I. REGISTRATION AND OTHER DETAILS:

i.	CIN	U67100MH2016PTC285378
ii.	Registration Date	31/08/2016
iii.	Name of the Company	Centrum Microcredit Limited
iv.	Category / Sub-Category of the Company	Company limited by shares
v.	Address of the Registered office & Corporate Office and Contact details	Level 9-Unit-801, Centrum House, C.S.T. Road, Vidyanagari Marg, Kalina, Santacruz East, Mumbai-400098 Corporate Office :NeelKanth Corporate Park, Level 4 Office # 402, 4th Floor, Kirol Road, Vidyavihar (West),Mumbai 400 086
vi.	Whether listed company	No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited,C-101, 247 Park L.B.S. Marg, Vikhroli (W) Mumbai 400 083 Tel No: +91 22 49186000

II. Principal Business activities of the Company

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

Sr. No.	Name and Description of main products / Services	NIC Code of the Product/ service	% to total turnover of the Company
1	Microfinance	65999	98.26%

**III. Particulars of Holding, Subsidiary and Associate Companies as on
March 31, 2018**

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

IV) Share Holding Pattern (Equity Share Capital Breakup as percentage of Total Equity):							
A. Category-wise Shareholding							
Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year		
	31/03/2018				3/31/2019		
	Demat	Physic	Total	% of Total share	Demat	Physic	% of Total
A. Promoters							
(1) Indian							
(a) Individuals/ HUF	-	-	-	-	-	-	-
(b) Central Govt	-	-	-	-	-	-	-
(c) State Govt(s)	-	-	-	-	-	-	-
(d) Bodies Corp.	34,633,118	6	34,633,124	100	49,528,306	-	49,528,306
(e) Banks / FI							
(f) Any Other....							
Sub Total (A)(1):-	34,633,118	6	34,633,124	100	49,528,306	-	49,528,306
(2) Foreign	-	-	-	-	-	-	-
(a) NRI Individuals	-	-	-	-	-	-	-
(b) Other Individuals	-	-	-	-	-	-	-
(c) Bodies Corp.	-	-	-	-	-	-	-
(d) Banks / FI	-	-	-	-	-	-	-
(e) Any Other....	-	-	-	-	-	-	-
Sub Total (A)(2):-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	34,633,118	6	34,633,124	100	49,528,306	-	49,528,306
B. Public Shareholding							
(1) Institutions	-	-	-	-	-	-	-
(a) Mutual Funds	-	-	-	-	-	-	-
(b) Banks FI	-	-	-	-	-	-	-
(c) Central Govt	-	-	-	-	-	-	-
(d) State Govet(s)	-	-	-	-	-	-	-
(e) Venture Capital Funds	-	-	-	-	-	-	-
(f) Insurance Companies	-	-	-	-	-	-	-
(g) FIs	-	-	-	-	-	-	-
(h) Foreign Venture Capital Funds	-	-	-	-	-	-	-
(i) Others (specify)	-	-	-	-	-	-	-
* Financial Institutions	-	-	-	-	-	-	-
* Government Companies	-	-	-	-	-	-	-
* State Financial Corporation	-	-	-	-	-	-	-
* Market Makers	-	-	-	-	-	-	-
* Any Other	-	-	-	-	-	-	-
* Otc Dealers (Bodies Corporate)	-	-	-	-	-	-	-
* Private Sector Banks	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-
(2) Non-Institutions							
(a) Bodies Corp.							
(i) Indian	-	-	-	-	-	-	-
(ii) Overseas	-	-	-	-	-	-	-
(b) Individuals	-	-	-	-	-	-	-
(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-
(ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-
(c) Others (specify)	-	-	-	-	-	-	-
* N.R.I. (Non-Repat)	-	-	-	-	-	-	-
* N.R.I. (Repat)	-	-	-	-	-	-	-
* Trust	-	-	-	-	-	-	-
* Hindu Undivided Family	-	-	-	-	-	-	-
* Employee	-	-	-	-	-	-	-
* Clearing Members	-	-	-	-	-	-	-
* Depository Receipts	-	-	-	-	-	-	-
Sub-total (B)(2):-	-	-	-	-	-	-	-
Total Public Shareholding (B) = (B)(1)+(B)(2)	-	-	-	-	-	-	-
C. Total shares held by Custodian for GDRs & ADRs							
GrandTotal(A + B + C)	34,633,118	6	34,633,124	1	49,528,306	-	49,528,306

B) Shareholding of Promoters								
Sr No.	Shareholder's Name	Shareholding at the beginning of the			Shareholding at the end of the year			% change in shareholding during the year
		4/1/2018			3/31/2019			
		No. of Shares	% of Total Shares of the company	% of Shares Pledged / Encumbered to total shares	No. of Shares	% of Total Shares of the company	% of Shares Pledged / Encumbered to total shares #	
1	Centrum Capital Limited	34633124	100	0	49528306	100	-	-

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

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

D) Shareholding of Directors and Key Managerial Personnel: NIL

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

INDEBTEDNESS				
Particulars	Secured loans excluding deposits	Unsecured loans	Deposits	Total Indebtedness
	(Rs)	(Rs)	(Rs)	(Rs)
Indebtedness at the beginning of the financial year				
i) Principal Amount	1,000,000,000	60,000,000	-	1,060,000,000
ii) Interest due but not paid			-	-
iii) Interest accrued but not due	7,641,982	399,452	-	8,041,434
Total (i+ii+iii)	1,007,641,982	60,399,452	-	1,068,041,434
Addition (Net)	3,200,700,000	130,000,000		3,330,700,000
Reduction	2,238,823,675	-		2,238,823,675
Exchange difference				-
Net change	961,876,325	130,000,000		1,091,876,325
Indebtedness at the end of financial year 31/03/2018				
i) Principal Amount	1,961,876,325	190,000,000		2,151,876,325
ii) Interest due but not paid				-
iii) Interest accrued but not due	6,398,367	55,480		6,453,847
Total (i+ii+iii)	1,968,274,692	190,055,480	-	2,158,330,172

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

B. Remuneration to other directors: NIL

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

Remuneration of CFO

Rs. 16,50,000/-

Remuneration of CS

Nil

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

There were no penalties/punishments/compounding of offences for the year ended March 31, 2019

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

Annexure B

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A. Industry Structure and Developments

The Microfinance Industry continues to show strong recovery post demonetization. Industry bodies MFIN and Sadhan along with the RBI continue to keep a close watch on industry developments. A large number of NBFC MFIs that became Small Finance banks have now stabilised in their operations. Infrastructure support developments like Credit Bureaus, Cash Management and Payment Systems, Wholesale fund availability continues to improve. This year witnessed a slowdown in overall credit availability to NBFCs towards the 3rd and 4th quarters. Centrum Microcredit Limited (CML) was however able to gather adequate funding for its growth and has a comfortable liquidity position.

B. Opportunities and Threats

There continues to be a large gap in terms of credit towards financial inclusion in the country. This presents a large opportunity for growth as well as an opportunity for customizing products specifically towards meeting the needs of underserved sectors. The geographical penetration of Microfinance is now higher across states than it was 3 years ago. Further this sector is now seeing increased interest and a number of new MFIs have registered with RBI and MFIN. However, increased competition and a risk of deterioration in field level operations of the sector, could lead to worsening of credit quality. Political risks, while currently low, could pose a sudden threat given the elections in 4 states and the national election.

C. Outlook

The outlook for the sector continues to bright. In spite of the graduation of the SFB, Mid and Small size NBFCs, MFIs continue to grow the market. The MFI sector is also gaining from customer credit preference from unorganized to organized sector, taking the market share away from unlicensed moneylenders and pawn brokers. Regulatory environment is conducive for sustainable growth of the sector.

D. Segment wise or product wise performance

Disbursement of credit through group loans adopting the JLG methodology is the core product of CML. The performance of this has been reported in the financials. We also facilitate Credit Life Insurance for customers in partnership with Life Insurance Companies. This year we plan to pilot new products to meet client needs.

E. Risks and Concerns

Risk Identification and mitigation is a key function for the management. Competition Risk, Political Risk and Operational Risk are the key Risks that can have a direct impact on our operations. CML is now a member of both the industry SROs- MFIN and Sadhan who assess and report these risks on an ongoing basis, working together with all MFIs. Internally the key risk and concern areas are covered in the Internal and statutory audit reports presented to the board.

F. Internal control systems and their adequacy

Centrum Microcredit Limited has established thorough internal control systems to monitor and check if all financial statements are issued with complete integrity and reliability. The senior management team is fully involved in prudent lending and due diligence exercises to protect the Company's loan asset portfolio. The loan approval process involves origination and sourcing of business, credit appraisal and credit approval. There are maker-checker controls built in for all loan approval and disbursement and collection processes.

The Company has now appointed a VP & Head of Audit and Risk and built a Audit and Credit Risk function under him. M2i Consulting Limited, the internal auditor had conducted 2 audits this year and the latest Internal Audit has been conducted by the company's own Audit team. M2i will continue to work with the internal Audit team to set up Audit and Risk processes and conduct the quality assurance of the audit team.

The Company has adequate internal control systems and procedures covering all financial and operating functions commensurate with the size and nature of operations. Continuous efforts are being made to see that the controls are designed to provide a reasonable assurance with regard to maintaining accounting controls and protecting assets from unauthorized use or losses.

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

G. Discussion on financial performance with respect to operational performance**Financial Performance****(Rs.in Crs)**

	2018-19	2017-18	2016-17
Total Income	42.46	9.96	0.00
Profit Before tax	1.96	(1.79)	(0.002)
Profit after Tax	0.73	(2.20)	(0.002)
Net worth	48.05	32.43	0.008
Loan Book (inc Securitized book)	217.56	116.85	Nil
Borrowings	215.19	106.00	Nil

Total Income

The Total income registered a growth of 326% to reach Rs. 42.46 Crs in F.Y. 18-19 from Rs. 9.96 Crs income in FY 17-18.

Net Worth

The Company's net worth increased to Rs.48.05 Crs in FY 2018-19 from Rs. 32.43 Crs in F.Y 17-18. The increase is mainly on account of infusion for fresh capital for the growth of the business

Loan Book

The Loan Book stood at Rs. 217.56 Crs (including securitization) during the year under review registering a growth of 85%. The Company's loan portfolio comprises for Micro Finance Lending.

Borrowings

During the financial year, the Company has raised Rs 363.22 Crs from financial institutions and by way of issue of Compulsorily Convertible Debentures.

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

As on 31 March 2019, CML had a total head count of 463. Given our geographical expansion, we hired 342 people in the current financial year. Both the new joinees, as well as existing staff have been provided with adequate credit and customer relation training required to effectively fulfil their responsibilities. There have been no staff incidents indicative of any industrial actions in our company.

All branches are visited regularly by Business Head/HR representative to have regular connect with employees.

Cautionary Statement/Disclaimer (for this Report)

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

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

**Ranjan Ghosh
Director
DIN:07592235**

**Shailendra Apte
Director
DIN: 00017814**

**Place: Mumbai
Date: April 26, 2019**

Annexure C
FORM NO. AOC -2

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis. **NA**

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	NA
b)	Nature of contracts/arrangements/transaction	NA
c)	Duration of the contracts/arrangements/transaction	NA
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	NA
e)	Justification for entering into such contracts or arrangements or transactions'	NA
f)	Date of approval by the Board	NA
g)	Amount paid as advances, if any	NA
h)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	NA

2. Details of contracts or arrangements or transactions at Arm's length basis.

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	1. Centrum Wealth Management Limited (CWML) (Centrum Capital Limited is the holding company for both CWML & the Company) 2. Centrum Capital Limited (Holding Company)
b)	Nature of contracts/arrangements/transaction	Issue of Non-Convertible Debentures (NCD) of Rs.65 Crore on private

		placement basis with a put option from CCL.
c)	Duration of the contracts/arrangements/transaction	One time
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	At Face value and as per Offer Documents
e)	Date of approval by the Board	February 1, 2019
f)	Amount paid as advances, if any	Nil

By order of the Board**For Centrum Microcredit Limited****Ranjan Ghosh****Director****DIN:07592235****Shailendra Apte****Director****DIN: 00017814****Place: Mumbai****Date: April 26, 2019**

Annexure D**NOMINATION AND REMUNERATION POLICY****BACKGROUND**

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

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

1. OBJECTIVE & APPLICABILITY

The NRC and this Policy shall be in compliance with Section 178 of the Companies Act, 2013.

The Key Objectives of the NRC shall be:

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

1.8. Applicability:

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

2. DEFINITIONS

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

2.2. Board means Board of Directors of the Company.

2.3. The Company shall mean Centrum Microcredit Private Limited

2.4. Directors mean Directors of the Company.

2.5. Key Managerial Personnel means

2.4.1. Chief Executive Officer or the Managing Director or the Manager;

2.4.2. Whole-time director;

2.4.3. Chief Financial Officer;

2.4.4. Company Secretary; and

2.4.5. such other officer as may be prescribed.

2.6. Senior Management means officer's on e level below the Executive Directors on the Board.

3. ROLE OF NRC

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

The Committee shall:

3.1.1. Formulate the criteria for determining qualifications, positive attributes and independence of a Director.

3.1.2. Identify persons who are qualified to become Directors and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this Policy.

3.1.3. Recommend to the Board, appointment including the terms and removal of Directors, KMPs and Senior Management Personnel.

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

3.2.1. Appointment criteria and qualifications

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

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

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

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

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

c) The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years. No re-appointment of a Whole-time Director shall be made earlier than one year before the expiry of the current term.

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

3.2.2. Term / Tenure

a) Managing Director/Whole-time Director:

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

b) Independent Director:

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

- No Independent Director shall hold office for more than two consecutive terms, but such Independent Directors shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. However, if a person who has already served as an Independent Director for 5 years or more in the Company as on October 1, 2014 or such other date as may be determined by the Committee as per regulatory requirement; he/ she shall be eligible for appointment for one more term of 5 years only.

- At the time of appointment of Independent Director, it shall be ensured that the number of Boards on which such Independent Director serves as an Independent Director is restricted to seven listed companies and three listed companies in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

3.2.3. Evaluation

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

A. Non-Executive Directors/ Independent Directors:

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

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

B. Executive Directors

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

C. Senior Management/ KMPs/ Employees

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

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

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

3.2.4. Removal

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

3.2.5. Retirement

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

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

3.3.1. General:

a) NRC while determining the criteria for remuneration for Directors, KMPs/Senior Management and other employees ensures that:

- the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate personnel of the quality required to run the Company successfully;

- relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- remuneration to Directors, KMPs and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

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

c) The remuneration and commission to be paid to the Whole-time Directors shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company and as per the provisions of the Act.

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

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

a) Fixed pay:

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

b) Minimum Remuneration:

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

c) Provisions for excess remuneration:

If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction

of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

3.3.3. Remuneration to Non- Executive / Independent Director:

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

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

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

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

Overall remuneration practices shall be consistent with recognized best practices.

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

4. NOMINATION DUTIES

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

- 4.1 Ensuring that there is an appropriate induction in place for new Directors and reviewing its effectiveness;
- 4.2 Ensuring that on appointment to the Board, the Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;
- 4.3 Identifying and recommending Directors who are to be put forward for retirement by rotation.

- 4.4 Determining the appropriate size, diversity and composition of the Board;
- 4.5 Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;
- 4.6 Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- 4.6 Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- 4.7 Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.
- 4.8 Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- 4.9 Recommend any necessary changes in the Policy to the Board; and
- 4.10 Considering any other matters, as may be requested by the Board.

5. REMUNERATION DUTIES

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

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

6. MINUTES OF COMMITTEE MEETING

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

7. REVIEW AND AMMENDMENT

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

8. COMPLIANCE RESPONSIBILITY

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

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

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Independent Auditor's Report

To the Members of Centrum Microcredit Limited (formerly known as Centrum Microcredit Private Limited and Nobita Trading Private Limited)

Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of **Centrum Microcredit Limited** (formerly known as Centrum Microcredit Private Limited and Nobita Trading Private Limited) ('the Company'), which comprise the Balance Sheet as at 31 March 2019, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs (financial position) of the Company as at 31 March 2019, its profit (financial performance) and its cash flows for the year ended on that date.

Basis for Opinion

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

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

4. The Company's Board of Directors is responsible for the other information. Other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.



**Centrum Microcredit Limited
(formerly known as Centrum Microcredit Private Limited and Nobita Trading Private Limited)
Independent Auditor's Report on the Audit of the Financial Statements**

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. Reporting under this section is not applicable as no other information is obtained at the date of this auditor's report.

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

5. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance) and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
6. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
7. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

8. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
9. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for explaining our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.



Centrum Microcredit Limited
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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
10. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
11. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
12. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

13. The Company has not paid or provided for any managerial remuneration during the year. Accordingly, reporting under section 197(16) of the Act is not applicable.
14. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.
15. Further to our comments in Annexure I, as required by section 143(3) of the Act, we report that:
- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) the financial statements dealt with by this report are in agreement with the books of account;
 - d) in our opinion, the aforesaid financial statements comply with the Accounting Standard specified under section 133 of the Act;



Centrum Microcredit Limited
(formerly known as Centrum Microcredit Private Limited and Nobita Trading Private Limited)
Independent Auditor's Report on the Audit of the Financial Statements

- e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of section 164(2) of the Act;
- f) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 26 April 2019 as per Annexure II expressed unmodified and
- g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company does not have any pending litigation which would impact its financial position as at 31 March 2019;
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2019;
 - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 March 2019; and
 - iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these financial statements. Hence, reporting under this clause is not applicable.

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



Manish Gujral
Partner
Membership No.: 105117

Place: Mumbai
Date : 26 April 2019

**Centrum Microcredit Limited
(formerly known as Centrum Microcredit Private Limited and Nobita Trading Private Limited)
Independent Auditor's Report on the Audit of the Financial Statements**

Annexure I to the Independent Auditor's Report of even date to the members of Centrum Microcredit Limited (formerly known as Centrum Microcredit Private Limited and Nobita Trading Private Limited), on the financial statements for the year ended 31 March 2019

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (b) The Company has a regular program of physical verification of its fixed assets under which property, plant and equipment are verified in a phased manner over a period of two years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification.
- (c) The Company does not hold any immovable property (in the nature of 'property, plant and equipment'). Accordingly, the provisions of clause 3(i)(c) of the Order are not applicable.
- (ii) The Company is a non-banking finance company, primarily engaged in the business of leading and does not hold any inventories. Accordingly, the provisions of clause 3(ii) of the Order is not applicable.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's products/ services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- (vii)(a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, goods and service tax, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) There are no dues in respect of income-tax, sales-tax, good and service tax, service tax, duty of customs, duty of excise and value added tax that have not been deposited with the appropriate authorities on account of any dispute.



**Centrum Microcredit Limited
(formerly known as Centrum Microcredit Private Limited and Nobita Trading Private Limited)
Independent Auditor's Report on the Audit of the Financial Statements**

Annexure I (Contd)

- (viii) The Company has not defaulted in repayment of loans or borrowings to any financial institution or a bank or government or any dues to debenture-holders during the year.
- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the term loans were applied for the purpose for which the loans were obtained, though idle funds which were not required for immediate utilization were temporarily used for the purpose other than for which the loan was sanctioned but were ultimately utilized for the stated end use.
- (x) According to the information and explanations given to us, we report that no material fraud by the Company or by its employees or officers has been noticed or reported during the year except for instances of cash embezzlements by certain employees of the Company aggregating to an amount of Rs. 89,922 which has been fully recovered. The services of the concerned employees have been terminated.
- (xi) The Company has not paid or provided for any managerial remuneration during the year. Accordingly, reporting under section 197(16) of the Act is not applicable.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements, as required by the applicable accounting standards.
- (xiv) During the year, the Company has made private placement of shares/ fully convertible debentures. In respect of the same, in our opinion, the Company has complied with the requirement of Section 42 of the Act and the Rules framed thereunder. Further, the amounts raised as above have not been utilized by the Company. During the year, the Company did not make preferential allotment of partly convertible debentures.
- (xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and such registration has been obtained by the Company.

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



Manish Gujral
Partner
Membership No.: 105117

Place : Mumbai
Date : 26 April 2019

**Centrum Microcredit Limited
(formerly known as Centrum Microcredit Private Limited and Nobita Trading Private Limited)
Independent Auditor's Report on the Audit of the Financial Statements**

Annexure II to the Independent Auditor's Report of even date to the members of Centrum Microcredit Limited (formerly known as Centrum Microcredit Private Limited and Nobita Trading Private Limited) on the financial statements for the year ended 31 March 2019

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

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

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

Meaning of Internal Financial Controls over Financial Reporting

6. A Company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's IFCoFR include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in



**Centrum Microcredit Limited
(formerly known as Centrum Microcredit Private Limited and Nobita Trading Private Limited)
Independent Auditor's Report on the Audit of the Financial Statements**

Annexure II (Contd)

accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2019, based on criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the ICAI.

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



Manish Gujral
Partner
Membership No.: 105117

Place: Mumbai
Date : 26 April 2019

Centrum Microcredit Limited

(Formerly known as Centrum Microcredit Private Limited and Nobita Trading Private Limited)

Balance Sheet

(Amount in Rs.)

Particulars	Note No.	As at 31 March 2019	As at 31 March 2018
Equity and liabilities			
Shareholders' funds			
Share capital	3	495,283,060	346,331,240
Reserves and surplus	4	(14,770,646)	(22,040,511)
		480,512,414	324,290,729
Non-current liabilities			
Long-term borrowings	5	1,222,361,358	568,333,336
Deferred tax liabilities (net)	6	16,517,002	4,168,410
Long term provisions	7	16,589,637	4,567,730
		1,255,467,997	577,069,476
Current liabilities			
Short-term borrowings	8	304,216,558	-
Trade payables	9	-	-
- total outstanding dues of micro enterprises and small enterprises		6,966,710	10,334,537
- total outstanding dues of creditors other than micro enterprises and small enterprises			
Short-term provisions	7	12,307,297	8,030,009
Other current liabilities	10	663,209,092	504,871,535
		986,699,657	523,236,081
Total		2,722,680,068	1,424,596,286
Assets			
Non-current assets			
Fixed assets			
Property, plant and equipment	11	7,712,025	2,338,395
Intangible assets	11	157,860,088	157,860,088
Long term loans and advances	12	749,428,338	384,339,635
Other non-current assets	14	39,332,444	-
		954,332,895	544,538,118
Current assets			
Cash and bank balances	13	522,396,740	61,278,844
Short-term loans and advances	12	1,212,166,396	802,014,448
Other current assets	14	33,784,037	16,764,876
		1,768,347,173	880,058,168
Total		2,722,680,068	1,424,596,286
Summary of significant accounting policies	2		
The accompanying notes are an integral part of the financial statements	22 - 32		

As per our report of even date

For Walker Chandiook & Co LLP

ICAI Firm's registration number: 001076N/N500013

Chartered Accountants

For and on behalf of the board of directors**Centrum Microcredit Limited**

(Formerly known as Centrum Microcredit Private Limited and Nobita Trading Private Limited)

Manish Gujral

Partner

Membership no. 105117

Ranjan Ghosh

Director

DIN: 07592235

Shailendra Apte

Director

DIN: 00017814

Bhumika Jani

Company Secretary

Date : 26 April 2019

Place : Mumbai

Date : 26 April 2019

Place : Mumbai

Centrum Microcredit Limited

(Formerly known as Centrum Microcredit Private Limited and Nobita Trading Private Limited)

Statement of Profit and Loss

(Amount in Rs.)

Particulars	Note No.	For the year ended 31 March 2019	For the year ended 31 March 2018
Income			
Revenue from operations	15	417,247,581	98,247,175
Other income	16	7,356,070	1,371,883
Total revenue (i)		424,603,651	99,619,058
Expenses			
Employee benefit expense	17	117,861,481	28,687,347
Finance costs	18	216,729,443	43,095,121
Depreciation and amortisation expense	11	3,427,428	169,594
Other expenses	19	56,498,541	33,138,101
Provision and write-offs	20	10,468,301	11,684,746
Total expenses (ii)		404,985,194	116,774,909
Profit/ (Loss) before tax (iii) = (i) - (ii)		19,618,457	(17,155,851)
Prior period expense (iv)	21	-	699,000
Tax expense			
Current tax expense		6,077,336	-
Deferred tax expense		12,348,592	4,168,410
MAT Credit Entitlement		(6,077,336)	-
Total tax expense (v)		12,348,592	4,168,410
Profit/ (Loss) for the year (vi) = (iii) - (iv) - (v)		7,269,865	(22,023,261)
Earning per equity share	23		
Basic earning per share		0.18	(1.44)
Diluted earning per share		0.18	(1.44)
[Nominal value of shares Rs 10 each (31 March 2018 : Rs10)]			
Summary of significant accounting policies	2		
The accompanying notes are an integral part of the financial statements	22 - 32		

As per our report of even date

For Walker Chandiok & Co LLP

ICAI Firm's registration number: 001076N/N500013

Chartered Accountants

For and on behalf of the board of directors**Centrum Microcredit Limited**

(Formerly known as Centrum Microcredit Private Limited and Nobita Trading Private Limited)

Manish Gujral

Partner

Membership no. 105117

Ranjan Ghosh

Director

DIN: 07592235

Shailendra Apte

Director

DIN: 00017814

Bhumika Jani

Company Secretary

Date : 26 April 2019

Place : Mumbai

Date : 26 April 2019

Place : Mumbai

Centrum Microcredit Limited

(Formerly known as Centrum Microcredit Private Limited and Nobita Trading Private Limited)

Cash Flow Statement

(Amount in Rs.)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Cash flow from operating activities		
Profit/(Loss) before tax (after prior period expenses)	19,618,457	(17,854,851)
Adjustments for :		
Depreciation and amortisation	3,427,428	169,594
Provision for standard and non performing assets	7,111,111	11,684,746
Provision for securitised portfolio	2,960,574	-
Provision for leave encashment	476,942	412,590
Provision for gratuity	625,658	500,403
Dividend income from mutual funds	(1,937,708)	(158,151)
Interest received on fixed deposits	(954,555)	(1,177,825)
Stamp duty charges	1,900,000	699,000
Operating profit before working capital changes	33,227,907	(5,724,496)
Changes in working capital :		
Increase/(Decrease) in trade payables	(3,367,827)	10,334,537
Increase in other current liabilities	24,705,816	13,187,621
Increase in provision for tax	6,077,336	-
(Increase) in long term loans and advances	(365,088,703)	(384,339,635)
(Increase) in short term loans and advances	(410,151,948)	(801,896,665)
(Increase) in other current assets	(17,019,160)	(16,764,876)
Cash (used in) operating activities before tax	(731,616,579)	(1,185,203,514)
Income tax paid	(952,425)	(117,783)
Net cash (used in) operating activities (A)	(732,569,004)	(1,185,321,297)
Cash flows from investing activities		
Income on mutual funds	1,937,708	158,152
Interest received on fixed deposits	954,555	1,177,825
Investment in fixed deposits	(91,923,007)	(10,700,000)
Purchase of fixed assets (net)	(8,801,058)	(160,368,077)
Net cash flows from investing activities (B)	(97,831,802)	(169,732,100)
Cash flows from financing activities		
Proceeds from issuance of equity share capital (including share issue expenses)	147,051,820	345,532,240
Proceeds from borrowings (net)	1,091,876,320	1,060,000,000
Net cash flow from financing activities (C)	1,238,928,140	1,405,532,240
Net increase in cash and cash equivalents during the year (A + B + C)	408,527,334	50,478,844
Cash and cash equivalents at the beginning of the year	50,578,844	100,000
Cash and cash equivalents at the end of the year (refer note I)	459,106,178	50,578,844

Centrum Microcredit Limited

(Formerly known as Centrum Microcredit Private Limited and Nobita Trading Private Limited)

Cash Flow Statement**Note I: Reconciliation of cash and cash equivalents as above with cash and bank balances (refer note 13)**

(Amount in Rs.)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Cash and bank balances as per note 13	522,396,740	61,278,844
Less: Other bank balances	63,290,562	10,700,000
Cash and cash equivalents considered for cash flow	459,106,178	50,578,844

Note:

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

ii) Figures in brackets indicate cash outflows.

This is the Cash Flow Statement referred to in our report of even date.

As per our report of even date

For Walker Chandiook & Co LLP

ICAI Firm's registration number: 001076N/N500013

Chartered Accountants

For and on behalf of the Board of Directors**Centrum Microcredit Limited**

(Formerly known as Centrum Microcredit Private Limited and Nobita Trading Private Limited)

Manish Gujral

Partner

Membership no. 105117

Ranjan Ghosh

Director

DIN: 07592235

Shailendra Apte

Director

DIN: 00017814

Bhumika Jani

Company Secretary

Date : 26 April 2019

Place : Mumbai

Date : 26 April 2019

Place : Mumbai

Centrum Microcredit Limited

(Formerly known as Centrum Microcredit Private Limited and Nobita Trading Private Limited)

Notes to the Financial statements

1. Background and nature of operations

Centrum Microcredit Limited (Formerly known as Centrum Microcredit Private Limited and Nobita Trading Private Limited) (the Company) was incorporated on 31 August 2016 under the provisions of the Companies Act, 2013. The Company obtained registration with Reserve Bank of India (RBI) on 09 October 2017 as a non-deposit taking Non-Banking Finance Company (NBFC-ND) and has got classified as a Non-Banking Financial Company – Micro Finance Institution (NBFC-MFI) with effect from 09 October 2017.

The Company is engaged primarily in providing micro finance services to the economically weaker women in rural areas of India who are enrolled as members and organized as Joint Liability Groups (JLG), where each member of the group guarantees the loan repayment of the other members of the group. The Company has its focus operation spread across 50 branches in the states of Maharashtra, Gujarat and Odisha as at 31 March 2019.

The Company has changed its name from Nobita Trading Private Limited to Centrum Microcredit Private Limited w.e.f. 1 May 2017 and from Centrum Microcredit Private Limited to Centrum Microcredit Limited w.e.f. 22 November 2018.

2. Significant accounting policies

a. Basis of preparation of financial statements

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the Accounting Standards notified under section 133 of the Companies Act, 2013 (the Act), read together with rule 7 of the Companies (Accounts) Rules, 2014, Companies (Accounting Standards) Amendment Rules, 2016 and the provisions of the RBI applicable as per Master Directions - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued vide Notification No. DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016, as amended from time to time (the NBFC Master Directions, 2016). The financial statements have been prepared on an accrual basis and under the historical cost convention, unless otherwise stated.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

b. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires management to make judgments, estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expense during the year. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known/materialize.

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

c. Cash flow statements

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

d. Revenue recognition

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

- (i) Interest income on loans is recognized on accrual basis. Income or any other charges on non-performing assets is recognized only when realized and any such income recognized before the asset became non - performing and remaining unrealized is reversed.
- (ii) Loan processing fees is recognized as income when due.
- (iii) Interest income on deposits with banks and financial institutions is recognized on a time proportion accrual basis taking into the amount outstanding and interest rate applicable.
- (iv) All other income is recognized on an accrual basis.
- (v) Profit/premium arising at the time of securitisation/assignment of loan portfolio is amortised over the life of the underlying loan portfolio/securities and any loss arising therefrom is accounted for immediately. Income from interest strip (excess interest spread) is recognised in the Statement of profit and loss net of any losses when redeemed in cash. Interest retained under assignment of loan receivables is recognised on realisation basis over the life of the underlying loan portfolio.

Centrum Microcredit Limited

(Formerly known as Centrum Microcredit Private Limited and Nobita Trading Private Limited)

Notes to the Financial statements

e. Property, plant and equipment

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

Depreciation on tangible fixed assets is provided on the straight line method using the rates arrived at based on useful life of the assets prescribed under Schedule II of the Companies Act, 2013 which is also as per the useful life of the assets estimated by the management.

The details of useful life are as under:

Asset type	Estimated useful life
Office equipment	5 years
Computers and accessories	3 years
Servers and networking	6 years
Furniture and fittings	10 years
Leasehold Improvements : Improvements to leasehold premises are amortized over the initial period of lease.	

Assets individually costing Rs. 5,000 or less are fully depreciated/amortized in the year of purchase.

f. Intangible assets

Intangible assets such as software are amortized over a period of 3 years or license period whichever is lower, on a straight line basis with zero residual value.

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.

g. Impairment of assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment, based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the asset. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

h. Retirement and other employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plan

Leave encashment

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

Gratuity

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

The Company recognizes termination benefit as a liability and an expense when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Centrum Microcredit Limited

(Formerly known as Centrum Microcredit Private Limited and Nobita Trading Private Limited)

Notes to the Financial statements

i. Income taxes

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

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

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

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

Minimum alternate tax: Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement". The Company reviews the MAT Credit Entitlement asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

j. Provisions, contingent liabilities and contingent assets

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

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognized in the period in which the change occurs.

k. Leases

Operating Lease

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

l. Foreign currency transactions

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

m. Earnings per share

Basic and diluted earnings per share are computed in accordance with Accounting Standard ("AS") 20 – Earnings per share.

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

n. Cash and cash equivalents

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

Centrum Microcredit Limited

(Formerly known as Centrum Microcredit Private Limited and Nobita Trading Private Limited)

Notes to the Financial statements**o. Asset classification and provisioning**

The Company follows the asset classification and provisioning norms as per the RBI Guidelines (Master Circular- Introduction of New Category of NBFCs - 'Non Banking Financial Company-Micro Finance Institutions' (NBFC-MFIs) - Directions)

Portfolio loans are classified as follows:

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

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

Provisioning policy

The provision prescribed in the NBFC Master Directions, 2016 for Non-Banking Financial Company – Micro Finance Institutions (NBFC-MFIs) requires the total provision for portfolio loans to be higher of (a) 1% of the outstanding loan portfolio or (b) 50% of the aggregate loan instalments which are overdue for more than 90 days and less than 180 days and 100% of the aggregate loan instalments which are overdue for 180 days or more.

The Company has created provision in accordance with the NBFC Master Directions, 2016 applicable to NBFC-MFI, the same has been classified in the Balance Sheet as the "Contingent provision against standard assets" and "Provision for non-performing assets".

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

p. Investment

Investments which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. Current investments are carried in the financial statement at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments. On disposal of an investment, the difference between the carrying amount and net disposal proceeds are charged or credited to the statement of profit and loss.

q. Borrowing cost

Ancillary borrowing costs incurred in connection with the arrangement of borrowings are amortised over the tenure of the respective borrowings.

Centrum Microcredit Limited

(Formerly known as Centrum Microcredit Private Limited and Nobita Trading Private Limited)

Notes to the Financial statements**Note 3 : Share capital**

(Amount in Rs.)

Particulars	As at 31 March 2019	As at 31 March 2018
Authorised Shares		
55,000,000 (31 March 2018 : 35,000,000) equity shares of Rs. 10 each	550,000,000	350,000,000
Issued, subscribed and fully paid up shares		
49,528,306 (31 March 2018 : 34,633,124) equity shares of Rs 10 each fully paid up	495,283,060	346,331,240
Out of the above, 49,528,306 shares (31 March 2018 : 34,633,124) were held by holding company Centrum Capital Limited		
Total	495,283,060	346,331,240

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

	As at 31 March 2019		As at 31 March 2018	
	Number of Shares	Amount in Rs.	Number of Shares	Amount in Rs.
At the beginning of the year	34,633,124	346,331,240	10,000	100,000
Issued during the year	14,895,182	148,951,820	34,633,124	346,231,240
Outstanding at the end of the year	49,528,306	495,283,060	34,633,124	346,331,240

3.2 Terms/rights attached to equity shares

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

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

3.3 Details of shareholders holding more than 5% shares

Name of Shareholder	As at 31 March 2019		As at 31 March 2018	
	Number of Shares	% of holding	Number of Shares	% of holding
Centrum Capital Limited*	49,528,306	100	34,633,124	100
Total	49,528,306	100	34,633,124	100

* There is no change in shareholding pattern during the year. 6 shares are held in the name of nominees of the Company for which Centrum Capital Limited is the beneficiary.

During the previous year ended 31 March 2018, there was change in shareholding and entire shares held by Centrum Retail Services Limited was transferred to Centrum Capital Limited based on approval received from Reserve Bank of India on 16 February 2018.

Note 4 : Reserves and surplus

(Amount in Rs.)

Particulars	As at 31 March 2019	As at 31 March 2018
Surplus / (deficit) in the statement of profit and loss		
Balance at the beginning of year	(22,040,511)	(17,250)
Profit/(loss) for the year	7,269,865	(22,023,261)
Less: transferred to statutory reserve	1,453,973	-
(20% of profit after tax as required by section 45-IC of Reserve Bank of India Act, 1934)		
Net surplus/(deficit) in the statement of profit and loss	(16,224,619)	(22,040,511)
Statutory reserve (under section 45IC of RBI Act, 1934)		
Balance at the beginning of year	-	-
Add: Transfer from statement of profit and loss	1,453,973	-
Balance at the end of year	1,453,973	-
Total	(14,770,646)	(22,040,511)

Note 5 : Long term borrowings

Particulars	As at 31 March 2019	As at 31 March 2018
Secured		
Term loan from financial institutions	1,046,959,763	1,000,000,000
Non convertible debentures**	510,700,000	-
Term loan from Banks	100,000,000	-
Less : Current maturities of long-term borrowings (refer note 10)	625,298,405	491,666,664
	1,032,361,358	508,333,336
Unsecured		
Compulsory convertible debentures#	190,000,000	60,000,000
Total	1,222,361,358	568,333,336

** During the year, the Company had raised Rs 51,07,00,000 through issue of 12% non-convertible debentures of Rs 1,00,000 each (previous year : Nil).

During the year ended 31 March 2019, the Company had raised Rs. 80,000,000 through issue of 8,000,000 redeemable 16% compulsory convertible debentures with face value of Rs 10 each by way of private placement and raised Rs. 50,000,000 through issue of 5,000,000 redeemable 15% compulsory convertible debentures with face value of Rs 10 each by way of private placement respectively.

The debentures are convertible at the option of the holder of the CCD either (a) by issuing a prior notice of 7 working days to the Company; (b) on change in shareholding of the Company or (c) Expiry of the tenor of the CCDs.

5.1 Terms and conditions of long-term borrowings and nature of security

a) Secured Term Loan from banks and others are secured by hypothecation of the outstanding loan portfolio, in addition to the fixed deposits being held as collateral security. Non-convertible debentures issued by the Company are secured by way hypothecation/charge on the owned portfolio of the Company to the extent of security cover ratio of 1.2:1 in favour of the trustee for the benefit of the debenture holders.

b) There have been no defaults in repayment of debentures or any installments of term loan taken from banks and others.

5.2 Terms of repayment of long term borrowings: As on 31 March 2019

Particulars	Repayment schedule	Interest rate range	Due within 1 year		Due within 1-2 years		Due within 2-3 years		Due within 3-5 years	
			No of Installments	Amount in Rs.	No of Installments	Amount in Rs.	No of Installments	Amount in Rs.	No of Installments	Amount in Rs.
Term loans from banks	Monthly	12.20%	12	50,000,000	12	50,000,000	-	-	-	-
Term loans from financial institutions	Monthly	12.06% - 14.25%	204	575,298,405	156	471,661,358	-	-	-	-
Non-convertible debentures	Quarterly	12%	-	-	4	510,700,000	-	-	-	-
Compulsorily convertible debentures	Bullet	15% - 16%	-	-	-	-	-	-	3	190,000,000
				625,298,405		1,032,361,358				190,000,000

5.2 Terms of repayment of long term borrowings: As on 31 March 2018

Particulars	Repayment schedule	Interest rate range	Due within 1 year		Due within 1-2 years		Due within 2-3 years		Due within 3-5 years	
			No of Installments	Amount in Rs.	No of Installments	Amount in Rs.	No of Installments	Amount in Rs.	No of Installments	Amount in Rs.
Term loans from non-banking financial companies	Monthly	12.25%	24	491,666,664	30	508,333,336	-	-	-	-
Compulsorily convertible debentures	Bullet	15%	-	-	-	-	-	-	1	60,000,000
				491,666,664		508,333,336				60,000,000

Centrum Microcredit Limited

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Notes to the Financial statements**Note 6 : Deferred tax liabilities (net)**

(Amount in Rs.)

Particulars	As at 31 March 2019	As at 31 March 2018
Deferred tax liabilities arising on account of:		
Timing difference between depreciation and amortisation as per financials and depreciation as per tax	14,615,561	5,160,327
Unamortized loan processing fees	8,487,077	2,290,678
Total (i)	23,102,638	7,451,005
Deferred tax assets arising on account of:		
Expenses allowable under section 43B of the Income Tax Act, 1961 on payment basis	532,997	273,773
Provision on standard and non performing assets	6,052,639	3,008,822
Total (ii)	6,585,636	3,282,595
Net deferred tax liability (i) - (ii)	16,517,002	4,168,410

Note 7 : Provisions

(Amount in Rs.)

Particulars	Long term		Short term	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Provision for employee benefits				
Provision for gratuity (refer note 28)	1,109,731	484,713	16,330	15,690
Provision for leave encashment	-	-	889,532	412,590
Other provisions				
Contingent provision against standard assets (refer note 31)	6,546,515	3,766,454	8,863,794	7,601,729
Provision for non-performing assets (refer note 31)	3,385,547	316,563	-	-
Provision for securitised portfolio	422,933	-	2,537,641	-
Provision for tax (net of advance tax)	5,124,911	-	-	-
Total	16,589,637	4,567,730	12,307,297	8,030,009

Note 8 : Short Term borrowings

(Amount in Rs.)

Particulars	As at 31 March 2019	As at 31 March 2018
Term loan from financial institution and banks	304,216,558	-
Total	304,216,558	-

8.1 Terms and conditions of short term borrowings and nature of security

- a) Secured Term Loan from banks and others are secured by hypothecation of the outstanding loan portfolio, in addition to the fixed deposits being held as collateral security.
- b) There have been no defaults in repayment of debentures or any installments of term loan taken from banks and others.

8.2 Terms of repayment of short term borrowing are as follows

Particulars	As at 31 March 2019		As at 31 March 2018	
	Due within 1 year		Due within 1 year	
	No of Installments	Amount in Rs.	No of Installments	Amount in Rs.
Term loans from banks - 12%-13% - Monthly installments	5	170,000,000	-	-
Term loans from financial institutions - 13%-13.5% - Monthly installments	22	134,216,558	-	-
		304,216,558		-

Note 9 : Trade payables

(Amount in Rs.)

Particulars	As at 31 March 2019	As at 31 March 2018
Due to micro and small enterprises (Refer note 9.1)	-	-
Dues to related parties		
- Centrum Financial Services Limited	-	2,323,180
- Centrum Retail Services Limited	-	5,006,440
Other payable	6,966,710	3,004,917
Total	6,966,710	10,334,537

Note 9.1: There are no amounts that need to be disclosed in accordance with the Micro or Small and Medium Enterprise Development Act, 2006 (the 'MSMED Act') pertaining to micro or small enterprises. For the year ended 31 March 2019, no supplier has intimated the company about its status as micro or small enterprises or its registration with the appropriate authority under MSMED Act.

Centrum Microcredit Limited
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Notes to the Financial statements

Note 11 : Fixed assets

(Amount in Rs.)

Particulars	Gross block				Depreciation				Net block	
	As at 1 April 2018	Additions	Deletions	As at 31 March 2019	As at 1 April 2018	For the year	Deletions	As at 31 March 2019	As at 31 March 2019	As at 31 March 2018
Property, plant and equipment										
Computers and accessories	2,314,559	6,318,854	-	8,633,413	154,537	1,993,554	-	2,148,091	6,485,322	2,160,022
Furniture and fixtures	9,330	1,699,299	-	1,708,629	9,330	1,257,328	-	1,266,658	441,971	-
Office equipments	184,100	782,905	-	967,005	5,727	176,546.16	-	182,273	784,732	178,373
Total	2,507,989	8,801,058	-	11,309,047	169,594	3,427,428	-	3,597,022	7,712,025	2,338,395
Previous year	-	2,507,989	-	2,507,989	-	169,594	-	169,594	2,338,395	-
Intangible assets										
Goodwill	157,860,088	-	-	157,860,088	-	-	-	-	157,860,088	157,860,088
Total	157,860,088	-	-	157,860,088	-	-	-	-	157,860,088	157,860,088
Previous year	-	157,860,088	-	157,860,088	-	-	-	-	157,860,088	-

Centrum Microcredit Limited

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Notes to the Financial statements

Note 10 : Other current liabilities

(Amount in Rs.)

Particulars	As at 31 March 2019	As at 31 March 2018
Current maturities of long-term borrowings (refer note 5.2)	625,298,405	491,666,664
Interest accrued but not due on borrowings	6,453,847	8,041,434
Other liabilities		
Provision for expenses	2,958,359	1,207,638
Statutory dues payable	5,549,401	2,906,010
Other payables	22,949,080	1,049,789
Total	663,209,092	504,871,535

Note 12 : Loans and advances

(Amount in Rs.)

Particulars	Long term		Short term	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Unsecured, considered good				
<u>Joint liability group loans (Refer note 12.1)</u>				
-Standard loans	696,944,782	376,645,376	1,178,934,820	791,195,979
-Non-performing loans	3,705,928	633,125	-	-
Joint liability group loans placed as collateral towards securitisation transaction	27,370,578	-	-	-
Security deposit	4,090,295	3,165,295	1,193,149	369,091
Unamortised loan processing fees	11,239,419	3,895,839	19,267,687	4,999,996
-Other prepaid expenses	-	-	5,402,384	5,075,507
- Advance tax and tax deducted at source (Net of provision for tax)	-	-	117,782	117,783
MAT credit entitlement	6,077,336	-	-	-
Other receivables	-	-	7,250,574	256,092
Total	749,428,338	384,339,635	1,212,166,396	802,014,448

Note 12.1 Represents standard and non performing assets in accordance with Company's asset classification policy (Refer note 30 (v) and 31).

Note 13 : Cash and bank balances

(Amount in Rs.)

Particulars	As at 31 March 2019	As at 31 March 2018
Cash and cash equivalents		
Balance with banks		
in current account	308,733,909	49,863,909
in deposit account (with original maturity upto 3 months)	150,000,000	-
Cash in hand	372,269	714,935
Cash and cash equivalents	459,106,178	50,578,844
Other bank balances		
Deposits with original maturity more than 3 months but less than 12 months (Refer note (a) below)	63,290,562	10,700,000
Other bank balances	63,290,562	10,700,000
Total	522,396,740	61,278,844

Note (a): Includes margin money deposits and fixed deposit placed to avail term loan from financial institutions and placed as cash collateral in connection with securitisation transactions.

Note : 14 Other Assets

(Amount in Rs.)

Particulars	Non-current		Current	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Bank deposits with maturity of more than 12 months [Refer note (a) below]	39,332,444	-	-	-
Balance with government authorities	-	-	4,737,902	2,091,816
Interest accrued but not due on portfolio loans	-	-	28,979,269	14,578,134
Interest accrued and due on portfolio loans	-	-	66,866	94,926
Total	39,332,444	-	33,784,037	16,764,876

Note (a): Includes margin money deposits and fixed deposit placed to avail term loan from financial institutions and placed as cash collateral in connection with securitisation transactions.

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Notes to the Financial statements**Note 15 : Revenue from operations**

(Amount in Rs.)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest income		
Interest income on portfolio loans	387,827,756	93,128,559
Gain on securitisation	6,879,341	-
Other operating income		
Loan processing fees	21,553,000	4,462,200
Interest on margin money deposits (refer note 15.1 below)	93,748	-
Recovery from loan written off	893,736	656,416
Total	417,247,581	98,247,175

Note 15.1: Represents interest on margin money deposits placed as cash collateral in connection with securitisation transactions.

Note 16 : Other income

(Amount in Rs.)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest on fixed deposit	95,514	1,177,825
Interest on margin money deposit (refer note 16.1 below)	859,041	27,505
Income on mutual funds	1,937,708	158,151
Other income	4,463,807	8,402
Total	7,356,070	1,371,883

Note 16.1: Represent margin money deposits placed to avail term loan from banks and financial institutions.

Note 17 : Employee benefit expenses

(Amount in Rs.)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Salaries, wages and bonus	103,081,233	25,078,979
Contribution to provident and other funds	9,284,636	2,623,507
Gratuity expenses (refer note 28)	694,813	104,307
Leave encashment	476,942	412,590
Staff welfare expenses	4,323,857	467,964
Total	117,861,481	28,687,347

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Notes to the Financial statements**Note 18 : Finance costs**

(Amount in Rs.)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest expense		
On term loans from financial institutions	163,893,265	38,467,120
On banks	14,982,525	-
On debentures	18,705,481	443,836
Other finance cost		
Loan processing fees	18,410,893	4,184,165
Other borrowing costs	737,279	-
Total	216,729,443	43,095,121

Note 19 : Other expenses

(Amount in Rs.)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Rent (Refer note 27)	15,242,616	2,873,858
Stamp duty fees	2,229,272	3,177,964
Legal and professional fees	11,731,466	13,997,179
Infrastructure cost	-	2,609,373
Rates and taxes	1,112,789	224,508
Printing and stationery	3,454,017	1,057,903
Software licenses expenses	6,434,288	1,456,809
Electricity charges	831,436	200,757
Insurance charges	491,958	123,986
Repairs and maintenance expenses	651,011	169,563
Travelling and conveyance expenses	3,547,192	1,759,694
Director sitting fees	760,000	280,000
Auditors remuneration (Refer note 19.1)	1,118,858	1,115,000
Communication expenses	1,395,816	999,658
Cash handling charges	4,203,092	1,033,746
Membership and subscription	726,002	-
Miscellaneous expenses	2,568,728	2,058,103
Total	56,498,541	33,138,101

Note 19.1 Payment to auditors

(Amount in Rs.)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
As auditor		
Audit fees	1,050,000	590,000
In other capacity		
Other services	-	525,000
Reimbursement of expenses	68,858	-
Total	1,118,858	1,115,000

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Notes to the Financial statements**Note 20 Provision and write-offs**

(Amount in Rs.)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Bad debts written off	396,616	-
Contingent provision against standard assets	4,042,127	11,368,183
Provision on non performing assets	3,068,984	316,563
Provision on securitised loan portfolio	2,960,574	-
Total	10,468,301	11,684,746

Note 21 : Prior period expenses

(Amount in Rs.)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Stamp duty charges	-	699,000
Total	-	699,000

Centrum Microcredit Limited
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Notes to the Financial statements

22. During the year the Company has sold loans through securitization in accordance with the RBI guidelines on securitisation transactions.. The information on securitization activity of the Company as an originator is as shown under note 30(u).

23. Earnings per share (EPS)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Net profit after tax for basic EPS	7,269,865	(22,023,261)
Net profit after tax for diluted EPS	20,771,481	(21,579,425)
Weighted average number of equity shares - Basic EPS	39,960,687	15,278,772
Weighted average number of equity shares - Diluted EPS	52,029,180	21,278,772
Basic earnings per share (Rs.)	0.18	(1.44)
Diluted earnings per share (Rs.)	0.18	(1.44)

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

24. Related party disclosure

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

24.1 Name of related parties

Nature of relationship	Name of the party
Holding company	Centrum Capital Limited
Fellow subsidiaries	Centrum Retail Services Limited Centrum Financial Services Limited Centrum Housing Finance Limited Centrum Wealth Management Limited Centrum Broking Limited
Associate companies	BG Advisory LLP

24.2 Transaction with related parties

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
a. Transactions during the year		
Issue of equity shares		
Centrum Retail Services Limited	-	346,231,240
Centrum Capital Limited	148,951,820	-
Issue of compulsory convertible debentures		
Centrum Capital Limited	130,000,000	30,000,000
BG Advisory LLP	-	30,000,000
Issue of Non-convertible debentures		
Centrum Wealth Management Limited	510,700,000	-
Loans taken		
Centrum Retail Services Limited	1,050,000,000	50,000,000
Centrum Financial Services Limited	280,000,000	80,000,000
Centrum Capital Limited	1,050,000,000	-
Centrum Housing Finance Limited	100,000,000	-
Loans repaid		
Centrum Retail Services Limited	1,050,000,000	50,000,000
Centrum Financial Services Limited	280,000,000	80,000,000
Centrum Capital Limited	1,050,000,000	-
Centrum Housing Finance Limited	100,000,000	-

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Notes to the Financial statements

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Expenses		
Interest expenses		
Centrum Retail Services Limited	82,349,571	409,589
Centrum Financial Services Limited	2,969,314	871,233
BG Advisory LLP	4,500,000	221,918
Centrum Capital Limited	19,843,837	221,918
Centrum Housing Finance Limited	1,531,507	-
Centrum Wealth Management Limited	90,411	-
Processing fees		
Centrum Wealth Management Limited (Processing fees)	6,383,750	-
Centrum Financial Services Limited (Loan processing fees)	-	1,500,000
Centrum Retail Service Limited (Loan processing fees)	5,250,000	-
Rent		
Centrum Financial Services Limited	750	-
Centrum Wealth Management Limited	22,500	-
Centrum Capital Limited	28,125	-
Travel fare		
Club7 Holidays Limited	300,093	-
Arranger fees		
Centrum Broking Limited	5,107,000	-
Professional fees		
Centrum Retail Services Limited	-	2,365,954
Stamp duty		
Centrum Retail Services Limited	-	2,451,212
Expenses incurred on behalf of the related parties		
Centrum Financial Services Limited (MCA expenses reimbursed)	74,800	-
Reimbursement of expenses incurred on behalf of the company		
Centrum Financial Services Limited (Other expenses)	-	6,378,975
Centrum Capital Limited (Stamp duty)	1,900,000	3,454,000
Particulars	As at 31 March 2019	As at 31 March 2018
b. Balance at end of year		
Centrum Wealth Management Limited (non convertible debentures)	27,500,000	-
Centrum Capital Limited (compulsorily convertible debentures)	160,000,000	-
BG Advisory LLP (compulsorily convertible debentures)	30,000,000	-
Other payables at year end		
Club7 Holidays Limited	65,849	-
Centrum Capital Limited	55,480	-
Centrum Retail Services Limited	-	5,006,440
Centrum Wealth Management Limited	81,370	-
Centrum Financial Services Limited	-	2,323,180

25. Commitments and contingencies

Particulars	As at 31 March 2019	As at 31 March 2018
Credit enhancement provided in respect of securitisation transaction	28,409,206	Nil
Capital commitments	Nil	Nil

26. Segment information

The Company is primarily engaged in the business of financing, which has similar risks and returns for the purpose. All the activities of the Company revolve around the main business. Further, the Company does not have any separate geographic segments other than India. As such there are no separate reportable segments as per AS-17 'Segment reporting'.

27. Lease disclosures

Operating lease :

Head office, registered office and branch office premises are obtained on operating lease. The branch office premises are generally rented on cancellable term ranging from three months to sixty months with or without escalation clause, however few lease agreement for branches carries non-cancellable lease terms.

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Operating lease expenses recognised in the statement of profit and loss	15,242,616	2,873,858
Minimum lease obligations		
Not later than one year	5,473,960	5,341,744
Later than one year but not later than five years	665,550	4,386,210
Later than five years	-	-

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Notes to the Financial statements

28. Employee benefits

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for gratuity on cessation of employment and it is computed at 15 days salary (last drawn salary) for each completed year of service as per The Payment of Gratuity Act, 1972. The Company has unfunded retirement benefit.

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

Expenses recognized in the statement of profit or loss for current year

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Current service cost	820,710	104,307
Net interest cost	38,681	-
Actuarial (gains)/losses	(164,578)	-
Past service cost - non-vested benefit recognized during the year	-	-
Past service cost - vested benefit recognized during the year	-	-
Expected contributions by the employees	-	-
(Gains)/losses on curtailments and settlements	-	-
Net effect of changes in foreign exchange rates	-	-
Change in asset ceiling	-	-
Expenses recognized in the statement of profit and loss	694,813	104,307

Balance sheet reconciliation

Particulars	As at 31 March 2019	As at 31 March 2018
Opening net liability	500,403	-
Expense recognized in statement of profit and loss	694,813	104,307
Net liability/(asset) transfer in	-	396,096
Net (liability)/asset transfer out	-	-
Benefit paid directly by the employer	(69,155)	-
Employer's contribution	-	-
Net liability/(asset) recognized in the balance sheet	1,126,061	500,403

Table showing change in the present value of projected benefit obligation

Particulars	As at 31 March 2019	As at 31 March 2018
Present value of benefit obligation at the beginning of the year	500,403	-
Interest cost	38,681	-
Current service cost	820,710	104,307
Past service cost - non-vested benefit incurred during the year	-	-
Past service cost - vested benefit incurred during the year	-	-
Liability transferred in/ acquisitions	-	396,096
Liability transferred out/ divestments	-	-
(Gains)/ losses on curtailment	-	-
Liabilities extinguished on settlement	-	-
Benefit paid directly by the employer	(69,155)	-
Benefit paid from the fund	-	-
The effect of changes in foreign exchange rates	-	-
Actuarial (gains)/losses on obligations - due to change in demographic assumptions	-	-
Actuarial (gains)/losses on obligations - due to change in financial assumptions	(8,864)	-
Actuarial (gains)/losses on obligations - due to experience	(155,714)	-
Present value of benefit obligation at the end of the year	1,126,061	500,403

Change in the fair value of plan assets

Particulars	As at 31 March 2019	As at 31 March 2018
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contributions by the employer	-	-
Expected contributions by the employees	-	-
Assets transferred in/acquisitions	-	-
(Assets transferred out/ divestments)	-	-
(Benefit paid from the fund)	-	-
(Assets distributed on settlements)	-	-
Effects of asset ceiling	-	-
The effect of changes in foreign exchange rates	-	-
Actuarial gains/(losses) on plan assets - due to experience	-	-
Fair value of plan assets at the end of the year	-	-

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Assumptions

Particulars	As at 31 March 2019	As at 31 March 2018
Rate of discounting	7.79%	7.73%
Rate of salary increase	5.00%	5.00%
Rate of employee turnover	5.00%	5.00%
Mortality rate during employment	Indian Assured Lives Mortality(2006-08)	Indian Assured Lives Mortality(2006-08)

29. Foreign exchange earnings/expenditure

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

30. Additional disclosures as required by the Reserve Bank of India:

a) Capital to Risk Assets Ratio (CRAR)

Particulars	As at 31 March 2019	As at 31 March 2018
CRAR (%)	23.40%	18.85%
CRAR - Tier I Capital (%)	13.75%	12.93%
CRAR - Tier II Capital (%)	9.65%	5.92%
Amount of subordinated debt raised as Tier-II Capital	-	-
Amount raised by issue of perpetual Debt Instruments	-	-

b) Investments:

Particulars	As at 31 March 2019	As at 31 March 2018
(1) Value of investments		
(i) Gross value of investments		
(a) in India	-	-
(a) outside India	-	-
(ii) Provisions for depreciation		
(a) in India	-	-
(a) outside India	-	-
(iii) Net value of investments		
(a) in India	-	-
(a) 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	-	-

c) Derivatives

The Company has no transactions/exposure in derivatives in the current and previous year. The Company has no unhedged foreign currency exposure as on 31 March 2019 (31 March 2018: Nil).

d) Exposure to real estate sector

The Company has no exposure to the real estate sector and capital market directly or indirectly as at 31 March 2019 (31 March 2018: Nil)

e) Exposure to capital markets

The Company does not have any direct or indirect exposure towards capital markets as at 31 March 2019 (31 March 2018: Nil).

f) Penalties imposed by RBI and other regulators

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

g) Concentration of advances, exposure and NPAs :

Particulars	As at 31 March 2019	As at 31 March 2018
Concentration of advances		
Total advances to twenty largest borrowers	1,000,000	600,000
(%) of advances to twenty largest borrowers to total advance	0.05%	0.05%
Concentration of exposures		
Total exposure to twenty largest borrowers/customers	1,000,000	600,000
(%) of exposure to twenty largest borrowers/customers to total exposure	0.05%	0.05%
Concentration of NPAs		
Total exposure to top four NPA accounts	108,027	59,575

h) Break up of provisions and contingencies shown under the head Expenditure in Statement of profit and loss

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Provision towards Non performing assets	3,068,984	316,563
Provision for depreciation on investment	-	-
Provision made towards Income tax (including deferred tax)	12,348,592	4,168,410
Provision for gratuity	694,813	104,307
Provision for leave encashment	476,942	412,590
Contingent provision for standard assets	4,042,127	11,368,183
Provision on securitised loan portfolio	2,960,574	-

i) Sector-wise NPAs

Sector	As at 31 March 2019	As at 31 March 2018
	(% of NPAs to total advances in that sector)	
Agriculture and allied activities	-	-
MSME	-	-
Corporate borrowers	-	-
Services	-	-
Unsecured personal loans	0.20%	0.05%
Auto loans	-	-
Other personal loans	-	-

j) Draw down from Reserves:

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

k) Overseas assets

The Company did not have any Joint Ventures and Subsidiaries abroad as at 31 March 2019 (31 March 2018: Nil).

l) Unsecured loans and advances - Refer note 12.

m) Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC

The Company did not exceed the limits prescribed for Single and Group Borrower during the year ended 31 March 2019 (31 March 2018: Nil).

n) Customer complaints

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
(a) Number of complaints pending at the beginning of the year	3	-
(b) Number of complaints received during the year	187	59
(c) Number of complaints redressed during the year	189	56
(d) Number of complaints pending at the end of the year	1	3

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p) Movement in non-performing assets (NPAs)

Particulars	As at 31 March 2019	As at 31 March 2018
(i) Net NPAs to Net Advances (%)	0.02%	0.03%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	633,125	-
(b) Additions during the year	3,831,798	633,125
(c) Reductions during the year	758,995	-
(d) Closing balance	3,705,928	633,125
(iii) Movement of Net NPAs		
(a) Opening balance	316,563	-
(b) Additions during the year	3,818	316,563
(c) Reductions during the year	-	-
(d) Closing balance	320,381	316,563
(iv) Movement of provisions for NPAs (excluding provision on standard assets)		
(a) Opening balance	316,563	-
(b) Additions during the year	3,827,980	316,563
(c) Write off/write back of excess provision	758,995	-
(d) Closing balance	3,385,547	316,563

q) Details of non-performing financial assets purchased/sold

The Company has not purchased/sold any non-performing financial assets (related to securitisation) during the current and previous year.

r) Details of financing of parent company products

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

s) Information on net interest margin during the year

Particulars	As at 31 March 2019	As at 31 March 2018
Average effective yield on loans (a)	24.57%	25.42%
Average effective cost of borrowing (b)	15.38%	15.64%
Net interest margin (a-b)	9.19%	9.78%

Note:

For the purpose of computation of net interest margin, the Company has considered processing fees Rs. 26,894,038 (previous year: Rs 12,580,000) on an upfront basis, which is paid during the year. The Company amortises the processing fees in the Statement of profit and loss in accordance with the accounting policy stated in note 2.q.

t) Concentration of deposits:

There are no deposit taken during the year ended 31 March 2019 (31 March 2018 : Nil)

u) Disclosure relating to securitisation

(Amount in Rs.)

Particulars	As at 31 March 2019	As at 31 March 2018
No of SPVs sponsored by the NBFC for securitisation transactions	3	-
Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	328,831,643	-
Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet	-	-
a) Off-balance sheet exposures		
- First loss	-	-
- Others	-	-
b) On-balance sheet exposures		
- First loss (In the form of Security deposit)	28,409,206	-
- Others	-	-
Amount of exposures to securitisation transactions other than MRR		
a) Off-balance sheet exposures		
i) Exposure to own securitisations		
- First loss	-	-
- loss	-	-
ii) Exposure to third party securitisations		
- First loss	-	-
- Others	-	-
b) On-balance sheet exposures		
i) Exposure to own securitisations		
- First loss	-	-
- Others	-	-
ii) Exposure to third party securitisations		
- First loss	-	-
- Others	-	-

In addition to exposures mentioned above, on balance sheet exposure also includes over collateralization of Rs. 27,370,578.

Details of financial asset sold to Securitisation/Reconstruction Company for asset reconstruction:

The Company has not sold financial assets to securitisation/reconstruction companies for asset reconstruction in the current and previous year.

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Notes to the Financial statements

v) Schedule to the Balance Sheet of (as required in terms of paragraph 13 of Systemically Important Non-Banking Financial (Non- Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015

Particulars	As at 31 March 2019		As at 31 March 2018	
	Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
Liabilities side :				
1) Loans and advances availed by the non- banking financial company inclusive of interest accrued thereon but not paid:				
(a) Debentures : Secured	510,835,923	-	-	-
: Unsecured	190,055,480	-	60,399,452	-
(other than falling within the meaning of public deposits)				
(b) Deferred credits	-	-	-	-
(c) Term loans	1,451,176,321	-	1,499,308,646	-
(d) Inter-corporate loans and borrowing	-	-	-	-
(e) Commercial paper	-	-	-	-
(f) Public deposits	-	-	-	-
(g) Other loans (Borrowings)	-	-	-	-
	-	-	-	-
Assets side :				
2) Break-up of Loans and Advances including bills receivables [other than those included in (4) below]	Amount outstanding			
(a) Secured	-	-	-	-
(b) Unsecured	1,879,585,530	-	1,168,474,480	-
Total	1,879,585,530	-	1,168,474,480	-
3) Break up of leased assets and stock on hire and other assets counting towards AFC activities				
(i) Lease assets including lease rentals under sundry debtors:				
(a) Financial lease	-	-	-	-
(b) Operating lease	-	-	-	-
(ii) Stock on hire including hire charges under sundry debtors:				
(a) Assets on hire	-	-	-	-
(b) Repossessed assets	-	-	-	-
(iii) Other loans counting towards AFC activities				
(a) Loans where assets have been repossessed	-	-	-	-
(b) Loans other than (a) above	-	-	-	-
4) Break-up of investments :				
Current investments :				
1. Quoted				
(i) Shares : (a) Equity	-	-	-	-
(b) Preference	-	-	-	-
(ii) Debentures and bonds	-	-	-	-
(iii) Units of mutual funds	-	-	-	-
(iv) Government securities	-	-	-	-
(v) Others (please specify)	-	-	-	-
2. Unquoted				
(i) Shares : (a) Equity	-	-	-	-
(b) Preference	-	-	-	-
(ii) Debentures and bonds	-	-	-	-
(iii) Units of mutual funds	-	-	-	-
(iv) Government securities	-	-	-	-
(v) Others (please specify)	-	-	-	-
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 (please specify)	-	-	-	-
2. Unquoted				
(i) Shares : (a) Equity	-	-	-	-
(b) Preference	-	-	-	-
(ii) Debentures and bonds	-	-	-	-
(iii) Units of mutual funds	-	-	-	-
(iv) Government securities	-	-	-	-
(v) Others (Investment in private equity funds and investment property)	-	-	-	-
Total	-	-	-	-

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Notes to the Financial statements

v) Schedule to the Balance Sheet (as required in terms of paragraph 13 of Systemically Important Non-Banking Financial (Non- Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015

Particulars	As at 31 March 2019			As at 31 March 2018		
	Amount net of provision (Refer note 31)			Amount net of provision (Refer note 31)		
	Secured	Unsecured	Total	Secured	Unsecured	Total
5) Borrower group-wise classification of assets financed as in (2) and (3) above:						
Category						
1. Related Parties						
(a) Subsidiaries	-	-	-	-	-	-
(b) Companies in the same group	-	-	-	-	-	-
(c) Other related parties	-	-	-	-	-	-
2. Other than related parties	-	1,860,789,674	1,860,789,674	-	1,156,789,736	1,156,789,736
Total	-	1,860,789,674	1,860,789,674	-	1,156,789,736	1,156,789,736
6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)						
	Market Value / Break up or fair value or NAV	Book Value (Net of provisions)				
Category						
1. Related Parties						
(a) Subsidiaries	-	-		-	-	
(b) Companies in the same group	-	-		-	-	
(c) Other related parties	-	-		-	-	
2. Other than related parties	-	-		-	-	
Total	-	-		-	-	
7) Other Information						
Particulars	Amount					
(i) Gross non- performing assets						
(a) Related parties	-	-		-	-	
(b) Other than related parties	-	3,705,928		-	633,125	
(ii) Net non- performing assets						
(a) Related parties	-	-		-	-	
(b) Other than related parties	-	320,381		-	316,563	
(iii) Assets acquired in satisfaction of debt	-	-		-	-	

Notes:

- Provisioning norms shall be applicable as prescribed in Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential (Reserve Bank) Directions, 2015 whichever is applicable.
- All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in debt. However, market value in case of quoted investments and breakup/ fair value/NAV in respect of unquoted investments should be disclosed irrespective of are classified as long-term or current.

Centrum Microcredit Limited
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Notes to the Financial statements

w) Information on instances of fraud

Instances of fraud for the year ended 31 March 2019:

Nature of fraud	No of cases	Amount of fraud	Recovery	Write off
Cash embezzlement	6	89,922	89,922	-

Instances of fraud for the year ended 31 March 2018:

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

x) Registration obtained from other financial sector regulators

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

- i. Ministry of Corporate Affairs

y) The Company has provided for minimum alternate tax (MAT) liability of Rs. 6,077,336 for the year ended 31 March 2019 (31 March 2018 : Nil) and recognised a corresponding MAT credit entitlement as an asset on the balance sheet.

z) There has been Supreme Court judgement dated 28 February 2019 relating to the components of salary structure that needs to be taken into account while computing the contribution to provident fund under the Employees Provident Fund Act. There are interpretative aspects related to the judgement including the effective date of application. The Company will continue to assess the further developments in this matter for their implication on financial statements, if any.

31) Loans and advances classification and provision for non-performing assets

Loan portfolio has been classified in accordance with the directives issued by the Reserve Bank of India (Master Circular- Introduction of New Category of NBFCs - 'Non Banking Financial Company-Micro Finance Institutions' (NBFC-MFIs) - Directions). The necessary provisions as per RBI norms have been made. The details are as follows:

Particulars	Gross loan outstanding		Provision for assets		Net loan outstanding	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Unsecured loans						
Standard assets (0-90 days)	1,875,879,602	1,167,841,355	15,410,309	11,368,183	1,860,469,293	1,156,473,172
Non performing asset (90-180 days)	640,762	633,125	320,381	316,562	320,381	316,563
Non performing asset (180 days or more)	3,065,166	-	3,065,166	-	-	-
Total	1,879,585,530	1,168,474,480	18,795,856	11,684,745	1,860,789,674	1,156,789,735

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

For Walker Chandiook & Co LLP

ICAI Firm's registration number: 001076N/N500013
Chartered Accountants

Manish Gujral

Partner
Membership no. 105117

For and on behalf of the Board of Directors

Centrum Microcredit Limited
(Formerly known as Centrum Microcredit Private Limited
and Nobita Trading Private Limited)

Ranjan Ghosh

Director
DIN: 07592235

Shailendra Apte

Director
DIN: 00017814

Bhumika Jani

Company Secretary

Date : 26 April 2019
Place : Mumbai

Date : 26 April 2019
Place : Mumbai

Centrum Micro Credit Limited

Corporate Identification Number:

U67100MH2016PTC285378

Registered Office :

Level-9 Unit 801, Centrum House,
Vidyanagari Marg Kalina,
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Corporate Office :

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