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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.



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(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.



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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;



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- 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
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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 | 49,52,83,060 | 34,63,31,240 |
| Reserves and surplus | 4 | (1,47,70,646) | (2,20,40,511) |
| | | 48,05,12,414 | 32,42,90,729 |
| Non-current liabilities | | | |
| Long-term borrowings | 5 | 1,22,23,61,358 | 56,83,33,336 |
| Deferred tax liabilities (net) | 6 | 1,65,17,002 | 41,68,410 |
| Long term provisions | 7 | 1,65,89,637 | 45,67,730 |
| | | 1,25,54,67,997 | 57,70,69,476 |
| Current liabilities | | | |
| Short-term borrowings | 8 | 30,42,16,558 | - |
| Trade payables | 9 | - | - |
| - total outstanding dues of micro enterprises and small enterprises | | - | - |
| - total outstanding dues of creditors other than micro enterprises and small enterprises | | 69,66,710 | 1,03,34,537 |
| Short-term provisions | 7 | 1,23,07,297 | 80,30,009 |
| Other current liabilities | 10 | 66,32,09,092 | 50,48,71,535 |
| | | 98,66,99,657 | 52,32,36,081 |
| Total | | 2,72,26,80,068 | 1,42,45,96,286 |
| Assets | | | |
| Non-current assets | | | |
| Fixed assets | | | |
| Property, plant and equipment | 11 | 77,12,025 | 23,38,395 |
| Intangible assets | 11 | 15,78,60,088 | 15,78,60,088 |
| Long term loans and advances | 12 | 74,94,28,338 | 38,43,39,635 |
| Other non-current assets | 14 | 3,93,32,444 | - |
| | | 95,43,32,895 | 54,45,38,118 |
| Current assets | | | |
| Cash and bank balances | 13 | 52,23,96,740 | 6,12,78,844 |
| Short-term loans and advances | 12 | 1,21,21,66,396 | 80,20,14,448 |
| Other current assets | 14 | 3,37,84,037 | 1,67,64,876 |
| | | 1,76,83,47,173 | 88,00,58,168 |
| Total | | 2,72,26,80,068 | 1,42,45,96,286 |
| 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 Chandio & Co LLP

ICAI Firm's registration number: 001076N/N500013

Chartered Accountants



Manish Gujral

Partner

Membership no. 105117



Date : 26 April 2019

Place : Mumbai

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



Bhunika Jani

Company Secretary

Date : 26 April 2019

Place : Mumbai



Shailendra Apte

Director

DIN: 00017814



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 | 41,72,47,581 | 9,82,47,175 |
| Other income | 16 | 73,56,070 | 13,71,883 |
| Total revenue (i) | | 42,46,03,651 | 9,96,19,058 |
| Expenses | | | |
| Employee benefit expense | 17 | 11,78,61,481 | 2,86,87,347 |
| Finance costs | 18 | 21,67,29,443 | 4,30,95,121 |
| Depreciation and amortisation expense | 11 | 34,27,428 | 1,69,594 |
| Other expenses | 19 | 5,64,98,541 | 3,31,38,101 |
| Provision and write-offs | 20 | 1,04,68,301 | 1,16,84,746 |
| Total expenses (ii) | | 40,49,85,194 | 11,67,74,909 |
| Profit/ (Loss) before tax (iii) = (i) - (ii) | | 1,96,18,457 | (1,71,55,851) |
| Prior period expense (iv) | 21 | - | 6,99,000 |
| Tax expense | | | |
| Current tax expense | | 60,77,336 | - |
| Deferred tax expense | | 1,23,48,592 | 41,68,410 |
| MAT Credit Entitlement | | (60,77,336) | - |
| Total tax expense (v) | | 1,23,48,592 | 41,68,410 |
| Profit/ (Loss) for the year (vi) = (iii) - (iv) - (v) | | 72,69,865 | (2,20,23,261) |
| 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 Chandiook & Co LLP

ICAI Firm's registration number: 001076N/N500013

Chartered Accountants



Manish Gujral

Partner

Membership no. 105117



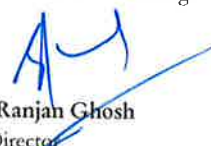
Date : 26 April 2019

Place : Mumbai

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



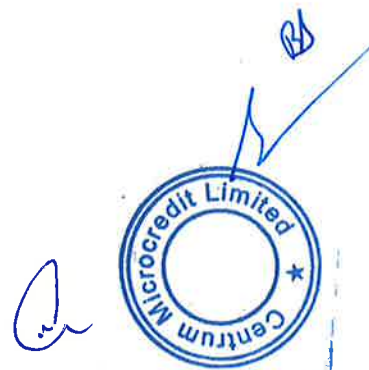
Centrum Microcredit Limited

(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) | 1,96,18,457 | (1,78,54,851) |
| Adjustments for : | | |
| Depreciation and amortisation | 34,27,428 | 1,69,594 |
| Provision for standard and non performing assets | 71,11,111 | 1,16,84,746 |
| Provision for securitised portfolio | 29,60,574 | - |
| Provision for leave encashment | 4,76,942 | 4,12,590 |
| Provision for gratuity | 6,25,658 | 5,00,403 |
| Dividend income from mutual funds | (19,37,708) | (1,58,151) |
| Interest received on fixed deposits | (9,54,555) | (11,77,825) |
| Stamp duty charges | 19,00,000 | 6,99,000 |
| Operating profit before working capital changes | 3,32,27,907 | (57,24,496) |
| Changes in working capital : | | |
| Increase/(Decrease) in trade payables | (33,67,827) | 1,03,34,537 |
| Increase in other current liabilities | 2,47,05,816 | 1,31,87,621 |
| Increase in provision for tax | <u>60,77,336</u> | - |
| (Increase) in long term loans and advances | (36,50,88,703) | (38,43,39,635) |
| (Increase) in short term loans and advances | (41,01,51,948) | (80,18,96,665) |
| (Increase) in other current assets | (1,70,19,160) | (1,67,64,876) |
| Cash (used in) operating activities before tax | (73,16,16,579) | (1,18,52,03,514) |
| Income tax paid | <u>(9,52,425)</u> | (1,17,783) |
| Net cash (used in) operating activities (A) | (73,25,69,004) | (1,18,53,21,297) |
| Cash flows from investing activities | | |
| Income on mutual funds | 19,37,708 | 1,58,152 |
| Interest received on fixed deposits | 9,54,555 | 11,77,825 |
| Investment in fixed deposits | (9,19,23,007) | (1,07,00,000) |
| Purchase of fixed assets (net) | <u>(88,01,058)</u> | (16,03,68,077) |
| Net cash flows from investing activities (B) | (9,78,31,802) | (16,97,32,100) |
| Cash flows from financing activities | | |
| Proceeds from issuance of equity share capital (including share issue expenses) | <u>14,70,51,820</u> | 34,55,32,240 |
| Proceeds from borrowings (net) | 1,09,18,76,320 | 1,06,00,00,000 |
| Net cash flow from financing activities (C) | 1,23,89,28,140 | 1,40,55,32,240 |
| Net increase in cash and cash equivalents during the year (A + B + C) | 40,85,27,334 | 5,04,78,844 |
| Cash and cash equivalents at the beginning of the year | 5,05,78,844 | 1,00,000 |
| Cash and cash equivalents at the end of the year (refer note 1) | 45,91,06,178 | 5,05,78,844 |



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 | 52,23,96,740 | 6,12,78,844 |
| Less: Other bank balances | 6,32,90,562 | 1,07,00,000 |
| Cash and cash equivalents considered for cash flow | 45,91,06,178 | 5,05,78,844 |

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 Chandio & Co LLP

ICAI Firm's registration number: 001076N/N500013

Chartered Accountants



Manish Gujral

Partner

Membership no. 105117



Date : 26 April 2019

Place : Mumbai

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



Bhumiika Jani

Company Secretary



Shailendra Apte

Director

DIN: 00017814

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 contributors 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".

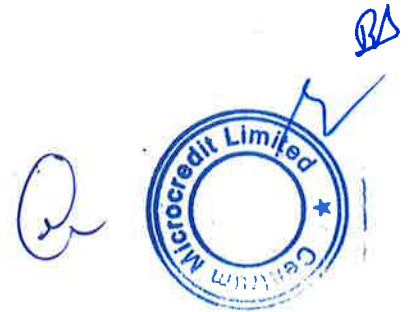
All overdue loans including loans where the tenure of the loan is completed and in the opinion of the management any amount is not recoverable, are fully provided for/written off.

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.



Note 3 : Share capital

| Particulars | (Amount in Rs.) | |
|---|---------------------|---------------------|
| | 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 | 55,00,00,000 | 35,00,00,000 |
| 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 | 49,52,83,060 | 34,63,31,240 |
| Out of the above, 49,528,306 shares (31 March 2018 : 34,633,124) were held by holding company Centrum Capital Limited | | |
| Total | 49,52,83,060 | 34,63,31,240 |

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 | 3,46,33,124 | 34,63,31,240 | 10,000 | 1,00,000 |
| Issued during the year | 1,48,95,182 | 14,89,51,820 | 3,46,23,124 | 34,62,31,240 |
| Outstanding at the end of the year | 4,95,28,306 | 49,52,83,060 | 3,46,33,124 | 34,63,31,240 |

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* | 4,95,28,306 | 100 | 3,46,33,124 | 100 |
| Total | 4,95,28,306 | 100 | 3,46,33,124 | 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

| Particulars | (Amount in Rs.) | |
|---|----------------------|----------------------|
| | 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 | (2,20,40,511) | (17,250) |
| Profit/(loss) for the year | 72,69,865 | (2,20,23,261) |
| Less: transferred to statutory reserve | 14,53,973 | - |
| (20% of profit after tax as required by section 45-1C of Reserve Bank of India Act, 1934) | | |
| Net surplus/(deficit)in the statement of profit and loss | (1,62,24,619) | (2,20,40,511) |
| Statutory reserve (under section 451C of RBI Act, 1934) | | |
| Balance at the beginning of year | - | - |
| Add: Transfer from statement of profit and loss | 14,53,973 | - |
| Balance at the end of year | 14,53,973 | - |
| Total | (1,47,70,646) | (2,20,40,511) |

Note 5 : Long term borrowings

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|-----------------------|---------------------|
| Secured | | |
| Term loan from financial institutions | 1,04,69,59,763 | 1,00,00,00,000 |
| Non convertible debentures** | 51,07,00,000 | - |
| Term loan from Banks | 10,00,00,000 | - |
| Less : Current maturities of long-term borrowings (refer note 10) | 62,52,98,405 | 49,16,66,664 |
| | 1,03,23,61,358 | 50,83,33,336 |
| Unsecured | | |
| Compulsory convertible debentures# | 19,00,00,000 | 6,00,00,000 |
| Total | 1,22,23,61,358 | 56,83,33,336 |



** 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 | 5,00,00,000 | 12 | 5,00,00,000 | - | - | - | - |
| Term loans from financial institutions | Monthly | 12.06% - 14.25% | 204 | 57,52,98,405 | 156 | 47,16,61,358 | - | - | - | - |
| Non-convertible debentures | Quarterly | 12% | - | - | 4 | 51,07,00,000 | - | - | - | - |
| Compulsorily convertible debentures | Bullet | 15% - 16% | - | - | - | - | - | - | 3 | 19,00,00,000 |
| | | | | 62,52,98,405 | | 1,03,23,61,358 | | - | | 19,00,00,000 |

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 | 49,16,66,664 | 30 | 50,83,33,336 | - | - | - | - |
| Compulsorily convertible debentures | Bullet | 15% | - | - | - | - | - | - | 1 | 6,00,00,000 |
| | | | | 49,16,66,664 | | 50,83,33,336 | | - | | 6,00,00,000 |



Note 6 : Deferred tax liabilities (net)

| Particulars | (Amount in Rs.) | |
|---|---------------------|---------------------|
| | 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 | 1,46,15,561 | 51,60,327 |
| Unamortized loan processing fees | 84,87,077 | 22,90,678 |
| Total (i) | 2,31,02,638 | 74,51,005 |
| Deferred tax assets arising on account of: | | |
| Expenses allowable under section 43B of the Income Tax Act, 1961 on payment basis | 5,32,997 | 2,73,773 |
| Provision on standard and non performing assets | 60,52,639 | 30,08,822 |
| Total (ii) | 65,85,636 | 32,82,595 |
| Net deferred tax liability (i) - (ii) | 1,65,17,002 | 41,68,410 |

Note 7 : Provisions

| 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) | 11,09,731 | 4,84,713 | 16,330 | 15,690 |
| Provision for leave encashment | - | - | 8,89,532 | 4,12,590 |
| Other provisions | | | | |
| Contingent provision against standard assets (refer note 31) | 65,46,515 | 37,66,454 | 88,63,794 | 76,01,729 |
| Provision for non-performing assets (refer note 31) | 33,85,547 | 3,16,563 | - | - |
| Provision for securitised portfolio | 4,22,933 | - | 25,37,641 | - |
| Provision for tax (net of advance tax) | 51,24,911 | - | - | - |
| Total | 1,65,89,637 | 45,67,730 | 1,23,07,297 | 80,30,009 |

Note 8 : Short Term borrowings

| Particulars | (Amount in Rs.) | |
|--|---------------------|---------------------|
| | As at 31 March 2019 | As at 31 March 2018 |
| Term loan from financial institution and banks | 30,42,16,558 | - |
| Total | 30,42,16,558 | - |

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.

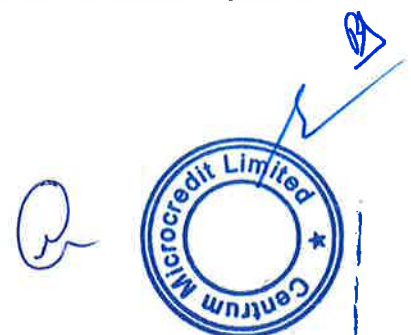
8.2 Terms of repayment of short term borrowing are as follows

| 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 | 17,00,00,000 | - | - |
| Term loans from financial institutions - 13%-13.5% - Monthly installments | 22 | 13,42,16,558 | - | - |
| | | 30,42,16,558 | | |

Note 9 : Trade payables

| Particulars | (Amount in Rs.) | |
|---|---------------------|---------------------|
| | 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 | - | 23,23,180 |
| - Centrum Retail Services Limited | - | 50,06,440 |
| Other payable | 69,66,710 | 30,04,917 |
| Total | 69,66,710 | 1,03,34,537 |

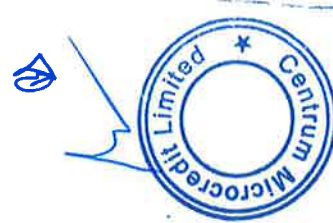
Note 9.1: There are no amounts that need to be disclosed in accordance with the Micro or Small and Medium Enterprise Development Act, 2006 (the 'MSMED Act') pertaining to micro or small enterprises. For the year ended 31 March 2019, no supplier has intimated the company about its status as micro or small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



Centrum Microcredit Limited
(Formerly known as Centrum Microcredit Private Limited and Nobita Trading Private Limited)
Notes to the Financial statements

Note 11 : Fixed assets

| 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 | 23,14,559 | 63,18,854 | - | 86,33,413 | 1,54,537 | 19,93,554 | - | 21,48,091 | 64,85,322 | 21,60,022 | |
| Furniture and fixtures | 9,330 | 16,99,299 | - | 17,08,629 | 9,330 | 12,57,328 | - | 12,66,658 | 4,41,971 | - | |
| Office equipments | 1,84,100 | 7,82,905 | - | 9,67,005 | 5,727 | 1,76,546.16 | - | 1,82,273 | 7,84,732 | 1,78,373 | |
| Total | 25,07,989 | 88,01,058 | - | 1,13,09,047 | 1,69,594 | 34,27,428 | - | 35,97,022 | 77,12,025 | 23,38,395 | |
| Previous year | - | 25,07,989 | - | 25,07,989 | - | 1,69,594 | - | 1,69,594 | 23,38,395 | - | |
| Intangible assets | | | | | | | | | | | |
| Goodwill | 15,78,60,088 | - | - | 15,78,60,088 | - | - | - | - | 15,78,60,088 | 15,78,60,088 | |
| Total | 15,78,60,088 | - | - | 15,78,60,088 | - | - | - | - | 15,78,60,088 | 15,78,60,088 | |
| Previous year | - | 15,78,60,088 | - | 15,78,60,088 | - | - | - | - | 15,78,60,088 | - | |



Centrum Microcredit Limited
(Formerly known as Centrum Microcredit Private Limited and Nobita Trading Private Limited)
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) | 62,52,98,405 | 49,16,66,664 |
| Interest accrued but not due on borrowings | 64,53,847 | 80,41,434 |
| Other liabilities | | |
| Provision for expenses | 29,58,359 | 12,07,638 |
| Statutory dues payable | 55,49,401 | 29,06,010 |
| <u>Other payables</u> | <u>2,29,49,080</u> | 10,49,789 |
| Total | 66,32,09,092 | 50,48,71,535 |

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 | | | | |
| Joint liability group loans (Refer note 12.1) | | | | |
| - Standard loans | 69,69,44,782 | 37,66,45,376 | 1,17,89,34,820 | 79,11,95,979 |
| - Non-performing loans | 37,05,928 | 6,33,125 | - | - |
| Joint liability group loans placed as collateral towards securitisation transaction | 2,73,70,578 | - | - | - |
| Security deposit | 40,90,295 | 31,65,295 | 11,93,149 | 3,69,091 |
| Unamortised loan processing fees | 1,12,39,419 | 38,95,839 | 1,92,67,687 | 49,99,996 |
| - Other prepaid expenses | - | - | 54,02,384 | 50,75,507 |
| - Advance tax and tax deducted at source (Net of provision for tax) | - | - | 1,17,782 | 1,17,783 |
| MAT credit entitlement | 60,77,336 | - | - | - |
| Other receivables | - | - | 72,50,574 | 2,56,092 |
| Total | 74,94,28,338 | 38,43,39,635 | 1,21,21,66,396 | 80,20,14,448 |

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 | 30,87,33,909 | 4,98,63,909 |
| in deposit account (with original maturity upto 3 months) | 15,00,00,000 | - |
| Cash in hand | 3,72,269 | 7,14,935 |
| Cash and cash equivalents | 45,91,06,178 | 5,05,78,844 |
| Other bank balances | | |
| Deposits with original maturity more than 3 months but less than 12 months (Refer note (a) below) | 6,32,90,562 | 1,07,00,000 |
| Other bank balances | 6,32,90,562 | 1,07,00,000 |
| Total | 52,23,96,740 | 6,12,78,844 |

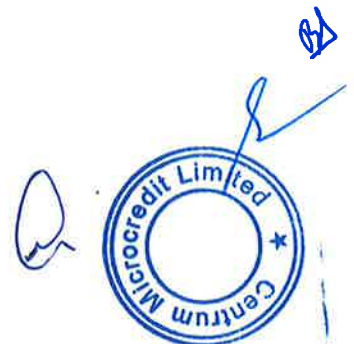
Note (a): Includes margin money deposits and fixed deposit placed to avail term loan from financial institutions and placed as cash collateral in connection with securitisation transactions.

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] | 3,93,32,444 | - | - | - |
| Balance with government authorities | - | - | 47,37,902 | 20,91,816 |
| Interest accrued but not due on portfolio loans | - | - | 2,89,79,269 | 1,45,78,134 |
| Interest accrued and due on portfolio loans | - | - | 66,866 | 94,926 |
| Total | 3,93,32,444 | - | 3,37,84,037 | 1,67,64,876 |

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.



Centrum Microcredit Limited

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

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 | 38,78,27,756 | 9,31,28,559 |
| Gain on securitisation | 68,79,341 | - |
| Other operating income | | |
| Loan processing fees | 2,15,53,000 | 44,62,200 |
| Interest on margin money deposits (refer note 15.1 below) | 93,748 | - |
| Recovery from loan written off | 8,93,736 | 6,56,416 |
| Total | 41,72,47,581 | 9,82,47,175 |

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.)

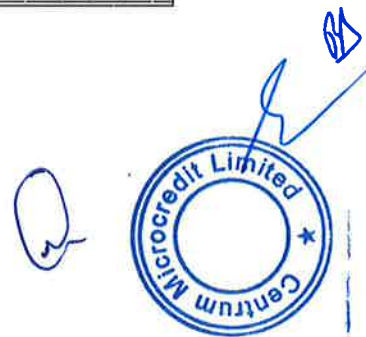
| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|--|-------------------------------------|-------------------------------------|
| Interest on fixed deposit | 95,514 | 11,77,825 |
| Interest on margin money deposit (refer note 16.1 below) | 8,59,041 | 27,505 |
| Income on mutual funds | 19,37,708 | 1,58,151 |
| Other income | 44,63,807 | 8,402 |
| Total | 73,56,070 | 13,71,883 |

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 | 10,30,81,233 | 2,50,78,979 |
| Contribution to provident and other funds | 92,84,636 | 26,23,507 |
| Gratuity expenses (refer note 28) | 6,94,813 | 1,04,307 |
| Leave encashment | 4,76,942 | 4,12,590 |
| Staff welfare expenses | 43,23,857 | 4,67,964 |
| Total | 11,78,61,481 | 2,86,87,347 |



Centrum Microcredit Limited

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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 | 16,38,93,265 | 3,84,67,120 |
| On banks | 1,49,82,525 | - |
| On debentures | 1,87,05,481 | 4,43,836 |
| Other finance cost | | |
| Loan processing fees | 1,84,10,893 | 41,84,165 |
| Other borrowing costs | 7,37,279 | - |
| Total | 21,67,29,443 | 4,30,95,121 |

Note 19 : Other expenses

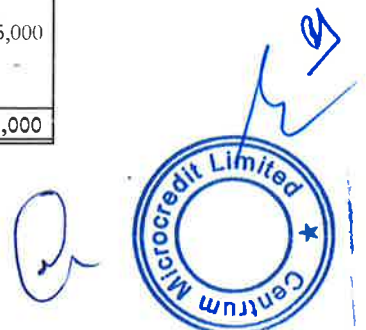
(Amount in Rs.)

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|-------------------------------------|-------------------------------------|
| Rent (Refer note 27) | 1,52,42,616 | 28,73,858 |
| Stamp duty fees | 22,29,272 | 31,77,964 |
| <u>Legal and professional fees</u> | <u>1,17,31,466</u> | 1,39,97,179 |
| Infrastructure cost | - | 26,09,373 |
| Rates and taxes | 11,12,789 | 2,24,508 |
| Printing and stationery | 34,54,017 | 10,57,903 |
| <u>Software licenses expenses</u> | <u>64,34,288</u> | 14,56,809 |
| Electricity charges | 8,31,436 | 2,00,757 |
| <u>Insurance charges</u> | <u>4,91,958</u> | 1,23,986 |
| Repairs and maintenance expenses | 6,51,011 | 1,69,563 |
| Travelling and conveyance expenses | 35,47,192 | 17,59,694 |
| Director sitting fees | 7,60,000 | 2,80,000 |
| Auditors remuneration (Refer note 19.1) | 11,18,858 | 11,15,000 |
| Communication expenses | 13,95,816 | 9,99,658 |
| Cash handling charges | 42,03,092 | 10,33,746 |
| Membership and subscription | 7,26,002 | - |
| Miscellaneous expenses | 25,68,728 | 20,58,103 |
| Total | 5,64,98,541 | 3,31,38,101 |

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 | 10,50,000 | 5,90,000 |
| In other capacity | | |
| Other services | - | 5,25,000 |
| Reimbursement of expenses | 68,858 | - |
| Total | 11,18,858 | 11,15,000 |



Centrum Microcredit Limited

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Notes to the Financial statements

Note 20 Provision and write-offs

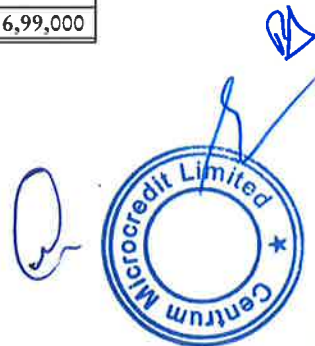
(Amount in Rs.)

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|--|-------------------------------------|-------------------------------------|
| Bad debts written off | 3,96,616 | - |
| Contingent provision against standard assets | 40,42,127 | 1,13,68,183 |
| Provision on non performing assets | 30,68,984 | 3,16,563 |
| Provision on securitised loan portfolio | 29,60,574 | - |
| Total | 1,04,68,301 | 1,16,84,746 |

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 | - | 6,99,000 |
| Total | - | 6,99,000 |



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 | 72,69,865 | (2,20,23,261) |
| Net profit after tax for diluted EPS | 2,07,71,481 | (2,15,79,425) |
| Weighted average number of equity shares - Basic EPS | 3,99,60,687 | 1,52,78,772 |
| Weighted average number of equity shares - Diluted EPS | 5,20,29,180 | 2,12,78,772 |
| 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

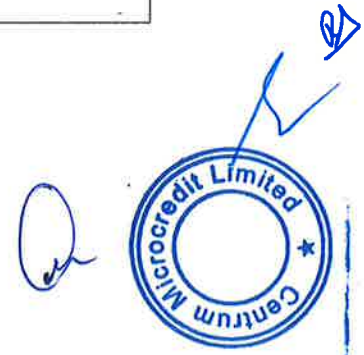
As per the requirement of Accounting Standards 18, on related party disclosures, the name of the related parties with the description of the relationship and transactions between the reporting enterprise and its related parties, as identified by the management are as follows :

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 | - | 34,62,31,240 |
| Centrum Capital Limited | 14,89,51,820 | - |
| Issue of compulsory convertible debentures | | |
| Centrum Capital Limited | 13,00,00,000 | 3,00,00,000 |
| BG Advisory LLP | - | 3,00,00,000 |
| Issue of Non-convertible debentures | | |
| Centrum Wealth Management Limited | 51,07,00,000 | - |
| Loans taken | | |
| Centrum Retail Services Limited | 1,05,00,00,000 | 5,00,00,000 |
| Centrum Financial Services Limited | 28,00,00,000 | 8,00,00,000 |
| Centrum Capital Limited | 1,05,00,00,000 | - |
| Centrum Housing Finance Limited | 10,00,00,000 | - |
| Loans repaid | | |
| Centrum Retail Services Limited | 1,05,00,00,000 | 5,00,00,000 |
| Centrum Financial Services Limited | 28,00,00,000 | 8,00,00,000 |
| Centrum Capital Limited | 1,05,00,00,000 | - |
| Centrum Housing Finance Limited | 10,00,00,000 | - |



Centrum Microcredit Limited

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

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 | 8,23,49,571 | 4,09,589 |
| Centrum Financial Services Limited | 29,69,314 | 8,71,233 |
| BG Advisory LLP | 45,00,000 | 2,21,918 |
| Centrum Capital Limited | 1,98,43,837 | 2,21,918 |
| Centrum Housing Finance Limited | 15,31,507 | - |
| Centrum Wealth Management Limited | 90,411 | - |
| Processing fees | | |
| Centrum Wealth Management Limited (Processing fees) | 63,83,750 | - |
| Centrum Financial Services Limited (Loan processing fees) | - | 15,00,000 |
| Centrum Retail Service Limited (Loan processing fees) | 52,50,000 | - |
| Rent | | |
| Centrum Financial Services Limited | 750 | - |
| Centrum Wealth Management Limited | 22,500 | - |
| Centrum Capital Limited | 28,125 | - |
| Travel fare | | |
| Club7 Holidays Limited | 3,00,093 | - |
| Arranger fees | | |
| Centrum Broking Limited | 51,07,000 | - |
| Professional fees | | |
| Centrum Retail Services Limited | - | 23,65,954 |
| Stamp duty | | |
| Centrum Retail Services Limited | - | 24,51,212 |
| 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) | - | 63,78,975 |
| Centrum Capital Limited (Stamp duty) | 19,00,000 | 34,54,000 |
| Particulars | As at 31 March 2019 | As at 31 March 2018 |
| b. Balance at end of year | | |
| Centrum Wealth Management Limited (non convertible debentures) | 2,75,00,000 | - |
| Centrum Capital Limited (compulsorily convertible debentures) | 16,00,00,000 | - |
| BG Advisory LLP (compulsorily convertible debentures) | 3,00,00,000 | - |
| Other payables at year end | | |
| Club7 Holidays Limited | 65,849 | - |
| Centrum Capital Limited | 55,480 | - |
| Centrum Retail Services Limited | - | 50,06,440 |
| Centrum Wealth Management Limited | 81,370 | - |
| Centrum Financial Services Limited | - | 23,23,180 |

25. Commitments and contingencies

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|--|---------------------|---------------------|
| Credit enhancement provided in respect of securitisation transaction | 2,84,09,206 | 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 | 1,52,42,616 | 28,73,858 |
| Minimum lease obligations | | |
| Not later than one year | 54,73,960 | 53,41,744 |
| Later than one year but not later than five years | 6,65,550 | 43,86,210 |
| Later than five years | - | - |



Centrum Microcredit Limited

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

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 | 8,20,710 | 1,04,307 |
| Net interest cost | 38,681 | - |
| Actuarial (gains)/losses | (1,64,578) | - |
| 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 | 6,94,813 | 1,04,307 |

Balance sheet reconciliation

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|------------------------|------------------------|
| Opening net liability | 5,00,403 | - |
| Expense recognized in statement of profit and loss | 6,94,813 | 1,04,307 |
| Net liability/(asset) transfer in | - | 3,96,096 |
| Net (liability)/asset transfer out | - | - |
| Benefit paid directly by the employer | (69,155) | - |
| Employer's contribution | - | - |
| Net liability/(asset) recognized in the balance sheet | 11,26,061 | 5,00,403 |

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 | 5,00,403 | - |
| Interest cost | 38,681 | - |
| Current service cost | 8,20,710 | 1,04,307 |
| Past service cost - non-vested benefit incurred during the year | - | - |
| Past service cost - vested benefit incurred during the year | - | - |
| Liability transferred in/ acquisitions | - | 3,96,096 |
| 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 | (1,55,714) | - |
| Present value of benefit obligation at the end of the year | 11,26,061 | 5,00,403 |

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 | - | - |



Centrum Microcredit Limited

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Notes to the Financial statements

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

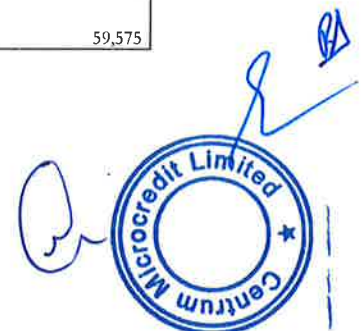
The Company does not have any direct or indirect exposure towards capital markets as at 31 March 2019 (31 March 2018: Nil).

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 | 10,00,000 | 6,00,000 |
| (%) of advances to twenty largest borrowers to total advance | 0.05% | 0.05% |
| Concentration of exposures | | |
| Total exposure to twenty largest borrowers/customers | 10,00,000 | 6,00,000 |
| (%) of exposure to twenty largest borrowers/customers to total exposure | 0.05% | 0.05% |
| Concentration of NPAs | | |
| Total exposure to top four NPA accounts | 1,08,027 | 59,575 |



Centrum Microcredit Limited

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Notes to the Financial statements**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 | 30,68,984 | 3,16,563 |
| Provision for depreciation on investment | - | - |
| Provision made towards Income tax (including deferred tax) | 1,23,48,592 | 41,68,410 |
| Provision for gratuity | 6,94,813 | 1,04,307 |
| Provision for leave encashment | 4,76,942 | 4,12,590 |
| Contingent provision for standard assets | 40,42,127 | 1,13,68,183 |
| Provision on securitised loan portfolio | 29,60,574 | - |

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 |



Centrum Microcredit Limited

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

Notes to the Financial statements

c) Asset liability management

Maturity pattern of certain items of assets and liabilities as at 31 March 2019

| Particulars | (Amount in Rs.) | | | | | | | | |
|------------------------------|-----------------|----------------------------|-----------------------------|--------------------------------|------------------------------|-----------------------------|-----------------------------|--------------|----------------|
| | Upto 30/31 days | Over 1 month upto 2 months | Over 2 months upto 3 months | Over 3 month and upto 6 Months | Over 6 month and upto 1 year | Over 1 year and upto 3 year | Over 3 year and upto 5 year | Over 5 years | Total |
| Deposits | - | - | - | 30,46,35,457 | 55,17,51,632 | - | - | - | - |
| Advances | 10,78,38,938 | 10,90,37,373 | 10,56,71,419 | - | - | 70,06,50,710 | - | - | 1,87,95,85,530 |
| Investments | - | - | - | - | - | - | - | - | - |
| Borrowings | 6,29,10,853 | 6,31,05,355 | 6,37,37,579 | 35,65,10,440 | 38,52,50,737 | 1,03,23,61,362 | 19,00,00,000 | - | 2,15,18,76,325 |
| Foreign Currency assets | - | - | - | - | - | - | - | - | - |
| Foreign currency liabilities | - | - | - | - | - | - | - | - | - |

Maturity pattern of certain items of assets and liabilities as at 31 March 2018

| Particulars | (Amount in Rs.) | | | | | | | | |
|------------------------------|-----------------|----------------------------|-----------------------------|--------------------------------|------------------------------|-----------------------------|-----------------------------|--------------|----------------|
| | Upto 30/31 days | Over 1 month upto 2 months | Over 2 months upto 3 months | Over 3 month and upto 6 Months | Over 6 month and upto 1 year | Over 1 year and upto 3 year | Over 3 year and upto 5 year | Over 5 years | Total |
| Deposits | - | - | - | 21,30,73,741 | 34,72,21,592 | - | - | - | - |
| Advances | 7,74,59,346 | 7,85,38,439 | 7,55,35,987 | - | - | 37,66,45,376 | - | - | 1,16,84,74,480 |
| Investments | - | - | - | - | - | - | - | - | - |
| Borrowings | - | - | - | 15,83,33,333 | 33,33,33,331 | 50,83,33,336 | 6,00,00,000 | - | 1,06,00,00,000 |
| Foreign Currency assets | - | - | - | - | - | - | - | - | - |
| Foreign currency liabilities | - | - | - | - | - | - | - | - | - |



Centrum Microcredit Limited

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Notes to the Financial statements

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 | 6,33,125 | - |
| (b) Additions during the year | 38,31,798 | 6,33,125 |
| (c) Reductions during the year | 7,58,995 | - |
| (d) Closing balance | 37,05,928 | 6,33,125 |
| (iii) Movement of Net NPAs | | |
| (a) Opening balance | 3,16,563 | - |
| (b) Additions during the year | 3,818 | 3,16,563 |
| (c) Reductions during the year | - | - |
| (d) Closing balance | 3,20,381 | 3,16,563 |
| (iv) Movement of provisions for NPAs (excluding provision on standard assets) | | |
| (a) Opening balance | 3,16,563 | - |
| (b) Additions during the year | 38,27,980 | 3,16,563 |
| (c) Write off/write back of excess provision | 7,58,995 | - |
| (d) Closing balance | 33,85,547 | 3,16,563 |

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 2q.

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 | 32,88,31,643 | - |
| 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) | 2,84,09,206 | - |
| - 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.



Centrum Microcredit Limited

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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 | 51,08,35,923 | - | - | - |
| : Unsecured (other than falling within the meaning of public deposits) | 19,00,55,480 | - | 6,03,99,452 | - |
| (b) Deferred credits | - | - | - | - |
| (c) Term loans | 1,45,11,76,321 | - | 1,49,93,08,646 | - |
| (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 | 1,87,95,85,530 | - | 1,16,84,74,480 | - |
| Total | 1,87,95,85,530 | | 1,16,84,74,480 | |
| 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 | | | | |



Centrum Microcredit Limited

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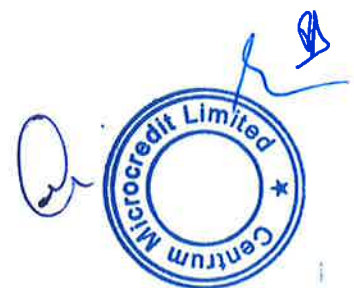
Notes to the Financial statements

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 | - | 1,86,07,89,674 | 1,86,07,89,674 | - | 1,15,67,89,736 | 1,15,67,89,736 |
| Total | - | 1,86,07,89,674 | 1,86,07,89,674 | - | 1,15,67,89,736 | 1,15,67,89,736 |
| 6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) | | | | | | |
| 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 | - | 37,05,928 | - | - | 6,33,125 | - |
| (ii) Net non- performing assets | | | | | | |
| (a) Related parties | - | - | - | - | - | - |
| (b) Other than related parties | - | 3,20,381 | - | - | 3,16,563 | - |
| (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 Norms (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 satisfaction of debt. However, market value in case of quoted investments and breakup/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether are classified as long-term or current.



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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) | 1,87,58,79,602 | 1,16,78,41,355 | 1,54,10,309 | 1,13,63,183 | 1,86,04,69,293 | 1,15,64,73,172 |
| Non performing asset (90-180 days) | 6,40,762 | 6,33,125 | 3,20,381 | 3,16,562 | 3,20,381 | 3,16,563 |
| Non performing asset (180 days or more) | 30,65,166 | - | 30,65,166 | - | - | - |
| Total | 1,87,95,85,530 | 1,16,84,74,480 | 1,87,95,856 | 1,16,84,745 | 1,86,07,89,674 | 1,15,67,89,735 |

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

For Walker Chandio & Co LLP

ICAI Firm's registration number: 001076N/N500013

Chartered Accountants



Manish Gujral
Partner
Membership no. 105117



Date : 26 April 2019
Place : Mumbai

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

