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**ANTICIPATE.  
INNOVATE.  
EXECUTE.  
EVOLVE.**





**Anticipation inspires innovation, and innovation, in turn, powers excellence in execution. This is the mantra underlining our growth story and on which is founded our business ethos. It is the basic tenet and philosophy of all that we do, and the structure on which we have built our vision for the future.**

This mantra is the foundation on which we continue to create and expand our innovative product portfolio.

It is the strength through which we are perpetually leveraging our execution skills to nurture excellence.

It is the nucleus around which we are continuously crafting our progress and evolution.

Because, at Centrum, we believe in the power of anticipation to identify the opportunities of tomorrow to innovate today. And because we believe in the power of execution to script the story of our evolution, for times to come.



# THE POWER WITHIN

## About Centrum Capital Limited

Centrum is one of India's leading financial services group, offering innovative, customised and integrated financial solutions, with decades of experience in providing exemplary financial services. Equipped with state-of-the-art facilities at our corporate office spread over 80,000 sq. ft. in Mumbai, we have a pan-India presence across 84 locations. We have a global footprint extending across New York, Dubai and Hong Kong.

As the group flagship company, Centrum Capital Limited operates through its subsidiaries, joint ventures and associate companies to provide value-added products and services to Institutions, Investors, Corporates and Individuals across the globe, both in the Private and the Public sectors.

Our business interests span Investment Banking (Equity Capital Market, Corporate Finance & Advisory, Debt, Infrastructure & Realty Advisory), Institutional Broking (with research coverage for large and mid-caps) and Retail Financial Services (Broking, Distribution / Wealth Management, Depository, Portfolio Management Services (PMS), Foreign Exchange, Money Changing, Money Transfer, Travel & Tourism), Lending (Loan against Securities, Margin Funding, IPO Funding, Structured Finance).

## Our diverse and high-end clientele is spread across:

- Institutional Investors, Hedge Funds, FIs, Domestic Mutual Funds, Insurance Companies, Business Houses and Corporates in India and Asia
- Banks
- Public Sector Units (PSUs) and State Level Undertakings (SLUs)
- Over 1 million High Net Worth Individuals (HNIs) and Retail Investors
- Mid Cap Entrepreneurs
- Trusts (Charitable & Family), Provident Funds

# Mission

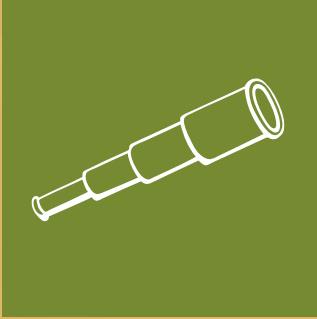


To challenge the 'obvious' solutions and provide financial consultancy and syndicated products, which deliver value beyond customer expectations

To become the first-choice investment banker

To provide uniquely 'tailored' solutions for 100% of the financial service needs of both, Institutions and Individuals





# THE POWER OF ANTICIPATION

The one thing that really distinguishes successful corporates is their ability to think ahead, to see opportunities before time and to anticipate futuristic scenarios within which they can grow and evolve as leaders in their respective business domains.

This is an ability that we have carefully nurtured over the years and that has enabled us to leverage our inherent strengths and expertise to think, plan and design solutions to meet future needs even before others have envisioned their potential.

It was this ability that enabled us to restructure ourselves to address the huge opportunity matrix in the debt market ten years ago - an advantage that other financial services providers are only now beginning to understand and exploit. We had long ago begun to appreciate the need to develop a parallel banking institution in the form of NBFCs, and to offer Wealth Management Services for High Net Worth Individuals. Seeing the huge opportunity in wealth management, we restructured our wholly-owned subsidiary, Centrum Investments Limited, in 2010-11 to launch a new platform for our Wealth Management business under the umbrella of Centrum Wealth Management Limited.

Financial retail services is another vital area where we identified opportunities way ahead of our peers and competitors to leverage the early-mover advantage for ourselves.

Our anticipatory strength helps us look beyond today into the realm of tomorrow. Armed with this capability, we are constantly surging ahead with confidence as we strive to make the most of the possibilities for the future.





Financial retail services is another vital area where we identified opportunities way ahead of our peers and competitors to leverage the early-mover advantage for ourselves.





# THE POWER OF INNOVATION

Anticipation alone does not bring success unless it is backed by pioneering ability and innovative strength. What we at Centrum envision and anticipate is successfully translated into innovative solutions by the vision of our management and the expertise and skills of our people.

Our history of new and pioneering solutions is reflective of this power to innovate at every step of our growth trajectory to meet the ever-changing and ever-evolving needs of our clients across our business spheres.

Be it our well-entrenched businesses of Investment Banking, Forex, Travel or Broking, or the newly-ventured Real Estate and Wealth Management and Advisory Services, we have progressively come out with newer and unique offerings that are customised to individual and collective needs of our continually expanding client base.

Based on the evolving financial scenario, we have quickly positioned ourselves to do more complex Corporate Debt Restructuring by sharpening existing strengths.

In the Forex business, CentrumDirect has emerged as a leading Authorised Dealer - Category II foreign exchange service provider in India. The gamut of offerings in this business includes servicing of leading multinationals, large corporate entities, public sector undertakings, banks, large tour operators and retail clients. Our wide network of branches, counters, outlets at airports and our empanelment with several banks and top notch hotels, is enabling the continuous growth of our Forex services, which extend into white label travel cards, travel insurance, foreign currency Demand Drafts and remittance of foreign currencies overseas for various purposes and inward remittances.

Backed by the power of our multi-dimensional service and innovative approach, we are poised to grow this business through appointment of franchisees across India. Going ahead, we shall grow further, into a unique financial services boutique, offering diverse foreign exchange services to our customers.

With examples galore to show our innovative strength, we have always been at the forefront of finding newer and unique solutions that are designed to ensure total customer satisfaction.



What we at Centrum envision and anticipate is successfully translated into innovative solutions by the vision of our management and the expertise and skills of our people.

# THE POWER OF EXECUTION



From anticipation to innovation to eventual execution, it is a difficult journey for any organisation. For us, at Centrum, this journey has been made possible every step of the way by the inclusive strength of our relationships, extending across our team, associates and partners.

While our people are the nucleus of its growth strategy, around whom are centred the Company's plans for future growth, our associates and partners are a key source of execution strength for us.

We believe that our growth and evolution is directly linked to our people, in whose able hands the Company has reposed its trust and faith. It is the skilful expertise of our people, and their ability to execute our plans that ensures successful execution of our innovative offerings. They make it possible for us to give wings to our dreams and to make our anticipatory solutions meaningful to those for whom they have been designed.

Our highly-talented, motivated and qualified team of professionals helps us deliver customised and timely solutions to our clients, thereby ensuring total client satisfaction.



## The Power of Relationships

At Centrum, we believe in nurturing our relationships for mutual benefit. It is our strong belief that relationships do not just exist, they have to be built and nourished. Only through the power of relationships we can take our network of products and solutions from the drawing board to the launch pad and beyond.

It is the expertise and experience of our people and partners that we leverage to develop exciting products and solutions that not only prove beneficial to our clients in the short run but enable their growth and progress in the long term.





# THE POWER OF EVOLUTION

Centrum is today one of India's leading financial services providers. It is an evolution that we have mapped and achieved through a strategic and unwavering focus on leveraging our inherent strengths - chiefly our strengths of anticipation, innovation and execution. We have consistently utilised our abilities and capabilities to see into the future and to work hard towards the realisation of our goals.

We believe in clearly identifying these goals and then working on a strategic growth map to achieve them in a targeted manner. Breaking large goals into small achievable steps, we have successfully acquired a leading position in virtually every sphere of our business.

We offer innovative, customised and integrated financial solutions. We are amongst India's top fund mobilisers and one of the leading merchant bankers in the country.

We have steadily expanded our service offering in the Forex Business and through well-planned strategic tie-ups grown our reach across the country. In addition, with the MTSS approval and our planned expansion approach, our Forex Business is on the threshold of a new era of size and scale.

We are also surging forward to leadership position in the travel and tourism sector through our step down subsidiary, Club 7.



We hold BSE and NSE memberships and are a NSE clearing member. We also have a registered NBFC for our lending business, margin funding and loan against securities, structured finance.

Our Real Estate Advisory business has seen our emergence as a player with proven track record of hand-holding transactions with efficiency, strong local domain knowledge and prompt response management.

The success of our business mantra is all encompassing and evident across our business portfolio, and we are now firmly entrenched on a fast-paced growth path in every aspect of our operations.



# CHAIRMAN'S LETTER



*Dear Shareholders,*

I write this letter to you in the backdrop of a globally challenging economic environment. We are currently witnessing unprecedented financial turmoil in the Eurozone, coupled with an escalating risk of the contagion from the crisis to the global banking sector. Unfortunately, these crises come amidst an already prevailing concern of a double dip recession. As a consequence of such adverse global economic scenario, even economies like India, which were moving on a steady economic growth path, are under a strain, as reflected in the volatility across its financial markets and the dampened sentiments in the industries and businesses.

At Centrum Group, while business remained on track for a major part of the financial year, like the overall financial industry in the country, it has not remained insulated from the external onslaught of challenging times and volatility. The total income of the Company, on a standalone basis, stood at ₹ 558.58 million for the 12 months ending 30th June, 2011, as compared to ₹ 664.10 million for the same period in the previous year. Profitability and margins were also adversely impacted. Further, spiralling manpower costs escalated the operating costs and the Company reported a loss of ₹ 131.79 million as against Profit After Tax of ₹ 84.88 million in 2009-10.

Centrum's endeavour is to build strong business relationships and be the partner of choice for all its stakeholders - corporate, institutions, retail customers, employees and investors. As an integrated, complete financial services Company, Centrum specialises in equity, debt, infrastructure, wealth management, fixed income, foreign exchange, margin funding and loan against securities. Centrum continues to be recognised as a premium integrated financial services company, renowned for its ethics and good business practices.

It is with a sense of pride that Centrum has confirmed its position as a premium financial services player, while receiving external

endorsement through its foremost ranking in the Qualified Institutional Placement (QIP) space by Prime Database, India's foremost gateway to tracking India's primary capital market. Centrum was ranked # 1 in the QIP space (in the category of less than 2.25 billion) for the period of 12 months ending 31st March, 2011. In the QIP category (for issue size above 7.5 billion), Centrum ranked amongst top 5 in the country. With its well-defined focus on the mid-sized segment, Centrum will continue to aspire and be the trusted financial partner of choice in growth, and advisor to its corporate and institutional clients.

Moving forward, the volatility in the global and Indian economy is going to create significant difficulties for businesses in general, and the investment banking business too is expected to have a fair share of challenges. However, we believe that even within this phase of churn and challenges, which together seem to be creating chaos, the business will ultimately throw up interesting opportunities. We are confident that with our focussed approach, strong systems, market and industry specific and professional business approach, we have the right ingredients to emerge as winners.

As merchant bankers, we, at Centrum, see the environment of increasing Non Performing Assets (NPAs) as an opportunity for a lot of Corporate Debt Restructuring (CDR). Our experienced and focussed team of senior banking professionals, with deep domain understanding, provides us a strong footing in this business segment.

Even as we focus on building on new opportunities across our investment banking segments, we continue to strengthen and spread our wings in the retail financial services business in India. Our comprehensive and customised solutions aim to cater to the very need of our retail clients across the financial services space.



Centrum's endeavour is to build strong business relationships and be the partner of choice for all its stakeholders - corporate, institutions, retail customers, employees and investors.

We offer comprehensive, product neutral and customised services to the precise needs of our retail clients. This strong foundation is our charter to sustainable and credible growth year-after-year, and also the shield to counter challenging times.

Centrum offers comprehensive, structured and well-planned Wealth Management Services to High Net-Worth Individuals and it will continue to be an important focus area in the future.

Centrum enjoys a formidable presence in the Forex segment, being a leader in the pre-cards and travellers cheque segment. With the necessary permission from the Reserve Bank of India (RBI) for carrying out Inward Money Transfer Services under the Money Transfer Service Scheme (MTSS), in association with M/s. Western Union Financial Services Inc. USA, Centrum is now poised to grow its Forex business on a unique franchisee model.

Within the NBFC space, we will continue to explore all viable opportunities based on our own understanding of the market dynamics and our interpretation and feasibility of these opportunities.

The current global economic scenario notwithstanding, it is evident that the overall growth prospects are positive for the Indian economy. With India emerging as one of the fast growing economies in the world, the Indian financial services market is also evolving rapidly, with significant potential for further growth. The burgeoning Indian middle class, rising income levels and increasing standards of living are transforming the economic landscape of the country and pushing growth across the entire gamut of financial services. It would not be incorrect to say that even in this challenging environment, India remains a strong long-term growth story.

We believe that the Indian economy is poised to unleash humongous

opportunities in the diverse segments where Centrum is operating and is well-established. Our core expertise, dedicated and very talented professionals and focussed business approach will enable us to manoeuvre the challenges foreseen and make the best of the emerging opportunities. We take pride to have on board some very senior management personnel and a strong employee force which enables us to carve a clear customer-oriented business trajectory.

Our ability to successfully establish strong relationships with our corporate clients, financial institutions, banks, retail clients, employees and investors, and to nurture these relationships, will continue to provide us a strategic advantage.

As we meticulously and carefully traverse the future with concrete plans, I solicit your continued trust and thank you for the faith and confidence reposed in the Centrum Group of Companies. I take this opportunity to thank all members of the Board and Senior management team for their valuable insights, particularly in the prevailing scenario which will test the mantle of our industry and the country as a whole.

I would also like to thank all our clients, bankers and all stakeholders for the trust reposed in the Centrum Group. On behalf of the members of the Board, I would specially like to place on record our sincere and heart-felt gratitude to all employees for their commitment, and I hope you will continue to support the Company in its future endeavour of growth and prosperity.

Yours sincerely,



T. R. Madhavan



# OUR CLIENTS

We have constantly nurtured our relationships with our clients, who constitute the nucleus of our business strategy, to power growth for each of them and for ourselves. Our clientele extends across diverse fields in both, the Public and the Private sectors and some of them are showcased below:



Adlabs Films Ltd.



Aegis Logistics Ltd.



Bank of India



Bartronics India Ltd.



Bhushan Power & Steel Ltd.



Career Point Infosystems Ltd.



Deepak Nitrite Ltd.



Digicable Network (India) Pvt. Ltd.



Entertainment Network (India) Ltd.



Essel Shyam Communications Ltd.



Everonn Education Ltd.



Excel - Soft Technologies Pvt. Ltd.



Greenko Empowering Sustainability



IndiaBulls



Jai Balaji



Jyoti Structures Ltd.



Keys Hotel



Magma Fincorp. Ltd.



Manappuram Finance



Naaptol



NEESA



Pratibha Industries Ltd.



Prime Focus Ltd.



Reliance Capital Ltd.



Responsive Industries



Sai Rayalaseema Paper Mills Ltd.



Simplex Infrastructure Ltd.



Strides Arcolab Ltd.



Sunil Hi Tech Engineers Ltd.



Sun-n-Sand Hotels Pvt. Ltd.



Transpole Logistics Pvt. Ltd.



TVC



TVS Capital Funds Ltd.



VVF Ltd.

and many more...



# Corporate Information

## BOARD OF DIRECTORS

Mr. T. R. Madhavan  
*Executive Chairman*

Mr. Chandir Gidwani  
*Director*

Mr. K. V. Krishnamurthy  
*Director*

Mr. Rajesh Nanavaty  
*Director*

Mrs. Mahakhurshid Byramjee  
*Director*

Mr. Ibrahim S. Belselah  
*Director*

Mr. Rajesh Narain Gupta  
*Director*

Mr. Subimal Bhattacharjee  
*Director*

Mr. Dhanpal Jhaveri  
*Director*

Mr. Rishad Byramjee  
*Director*

## COMPANY SECRETARY

Mr. Gajendra Thakur

## BANKERS

The Ratnakar Bank Limited  
HDFC Bank Limited  
Standard Chartered Bank  
The Lakshmi Vilas Bank Limited  
The Federal Bank Limited  
Bank of Baroda  
City Union Bank

## AUDITORS

S. R. Batliboi & Co.  
Chartered Accountants  
6th Floor, Express Towers,  
Nariman Point, Mumbai - 400 021.

## REGISTERED OFFICE

Bombay Mutual Building,  
2nd Floor, Dr. D. N. Road, Fort,  
Mumbai - 400 001  
Tel: 2266 2434  
Fax: 2261 1105  
Website: [www.centrum.co.in](http://www.centrum.co.in)  
E-Mail : [info@centrum.co.in](mailto:info@centrum.co.in)  
[cs@centrum.co.in](mailto:cs@centrum.co.in)

## CORPORATE OFFICE

Centrum House,  
CST Road, Vidyanagari Marg,  
Kalina, Santacruz (East),  
Mumbai - 400 098.  
Tel: 022-4215 9000  
Fax: 022-4215 9533  
Website: [www.centrum.co.in](http://www.centrum.co.in)  
E-Mail : [info@centrum.co.in](mailto:info@centrum.co.in)  
[cs@centrum.co.in](mailto:cs@centrum.co.in)

## Directors' Report

### Dear Members,

Your Directors present their Thirty Third Annual Report together with the Audited Accounts for the year ended June 30, 2011.

### FINANCIAL PERFORMANCE:

The financial performance of the Company for the year ended June 30, 2011 is summarized below:

| Particulars                                     | ( ₹ in Million) |           |
|---|-----------------|-----------|
|   | 2010-2011       | 2009-2010 |
| Total Income                                    | <b>558.58</b>   | 664.10    |
| Profit before Interest, Depreciation and Tax    | <b>(51.01)</b>  | 234.19    |
| Less: Interest                                  | <b>55.17</b>    | 60.68     |
| Less: Depreciation                              | <b>35.94</b>    | 35.92     |
| Profit before tax                               | <b>(142.18)</b> | 137.59    |
| Less: Provision for Taxation                    | <b>(10.33)</b>  | 52.71     |
| Profit after tax                                | <b>(131.79)</b> | 84.88     |
| Add: Balance brought forward from previous year | <b>598.72</b>   | 517.83    |
| Profit available for appropriation              | <b>466.93</b>   | 602.70    |
| Less: Proposed Dividend                         | <b>Nil</b>      | 3.41      |
| Provision for Dividend Tax                      | <b>Nil</b>      | 0.57      |
| Balance carried to Balance Sheet                | <b>466.93</b>   | 598.72    |

### PERFORMANCE:

Detailed information on the overall performance of the Company is given in the Management Discussion and Analysis Report which forms part of this Report.

### DIVIDEND:

In view of the losses during the year and in order to preserve cash for the operating businesses, your Directors do not recommend any dividend for the financial year 2010-11.

### DIRECTORS:

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. K. V. Krishnamurthy, Mr. Ibrahim S. Belselah and Mr. Dhanpal Jhaveri retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

The Board at its meeting held on April 19, 2011, appointed Mr. T. R. Madhavan as an Additional Director in the capacity of Executive Chairman of the Company for a period of 3 years. Pursuant to Section 260 of the

Companies Act, 1956, Mr. Madhavan holds office as a Director upto the date of the forthcoming Annual General Meeting but is eligible to be appointed as a Director. Approval of shareholders is being sought at the ensuing Annual General Meeting for his appointment as a Director and Executive Chairman, on the terms and conditions, as provided in the Notice of the Annual General Meeting.

The Board at its meeting held on March 25, 2011 and April 19, 2011 appointed Mr. Subimal Bhattacharjee and Mr. Rajesh Nanavaty as Additional Directors respectively. Pursuant to Section 260 of the Companies Act, 1956, Mr. Bhattacharjee and Mr. Nanavaty holds office as a Director upto the date of the ensuing Annual General Meeting but are eligible to be appointed as a Director. Approval of Members is being sought for their appointment as a Director at the ensuing Annual General Meeting.

A brief resume of the Directors seeking appointment / re-appointment at the ensuing Annual General Meeting, nature of their expertise and names of the other companies in which they hold Directorship and Committee Membership is provided as a part of the notice of the ensuing Annual General Meeting.

During the year under review, Mr. Chandir Gidwani has resigned as Chairman w.e.f April 19, 2011. However, he continues to be on the Board as a Non-Executive Director of the Company. Mr. Manmohan Shetty, Mr. G. Narayanan, Ms. Sonia Gidwani, Mr. P. G. Kakodkar and Mr. Sameer Sain resigned from the Board w.e.f. September 30, 2010, December 31, 2010, March 25, 2011, April 19, 2011 and October 14, 2011 respectively. The Board wishes to place on record its appreciation for the invaluable services and guidance given by each of them during their respective tenures as Directors of the Company.

### DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the provisions of section 217(2AA) of the Companies Act, 1956, the Directors hereby certify and confirm that:

- 1) in the preparation of the Annual Accounts for the year 2010-11, the applicable Accounting Standards have been followed and there are no material departures;
- 2) they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of Company for that period;

- 3) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of this act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- 4) they have prepared the annual accounts on a going concern basis.

#### **SUBSIDIARY / JOINT VENTURE COMPANIES:**

During the year under review, the Company has entered into an arrangement with M/s. Future Capital Holdings Limited (FCH), wherein it has acquired the entire stake of FCH in M/s. CentrumDirect Limited (Formerly FCH CentrumDirect Limited) and sold its entire stake in M/s. Future Capital Securities Limited (Formerly FCH Centrum Wealth Managers Limited) to FCH. Consequently, M/s. CentrumDirect Limited and M/s Future Capital Securities Limited ceased to be Joint Venture Companies between the Company and FCH. In view of this, M/s. CentrumDirect Limited has become a wholly owned subsidiary of the Company and M/s. Club 7 Holidays Limited (Subsidiary of CentrumDirect Limited) has become a step down subsidiary of the Company.

During the year under review, the Company has made an investment in M/s Commonwealth Centrum Advisors Limited, and the said entity is now a 50:50 joint venture between the Company and M/s. Commonwealth Finance Corporation Limited in Hong Kong.

In terms of the General Circulars of the Ministry of Corporate Affairs, Government of India has granted general exemption under section 212(8) of the Companies Act, 1956. In view of this, copies of the Balance Sheet, Profit & Loss Account, Report of the Board of Directors and Auditors of its subsidiaries namely Centrum Financial Services Limited, Centrum Infrastructure and Realty Limited, Centrum Wealth Management Limited (Formerly Centrum Investments Limited), Accounts Receivables Management Services (India) Limited, CentrumDirect Limited, Club 7 Holidays Limited (step down subsidiary), Centrum Securities (Europe) Limited, Centrum Capital Holdings LLC and Centrum Securities LLC (step down subsidiary) have not been attached with the Balance Sheet of the Company. These documents will be made available upon request by any member of the Company interested in obtaining the same at the Corporate Office of the Company. However, as directed by the MCA in the aforesaid circulars, the financial information of the said subsidiaries has been disclosed in the Annual Report.

The annual accounts of the Subsidiary Companies will also be kept for inspection by any shareholders at the Corporate Office of the Company and that of respective Subsidiary Companies.

Further pursuant to Accounting Standard (AS-21) issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the Company in this Annual Report include financial information of its aforesaid subsidiaries.

#### **SHARE CAPITAL:**

The Company has made preferential allotment of its 105,783 equity shares to M/s Future Capital Holdings Limited (FCH) on 6th May 2011 towards discharge of part consideration for acquisition of the entire stake of FCH in M/s CentrumDirect Limited. The aforesaid preferential allotment was authorised by the special resolution passed by the Shareholders of the Company at their meeting held on April 25, 2011.

#### **CONSOLIDATED FINANCIAL STATEMENTS:**

As required under the Listing Agreement with the Bombay Stock Exchange Limited, Consolidated Financial Statements of the Company are attached. The Consolidated Financial Statements have been prepared in accordance with Accounting Standards 21, 23 and 27 issued by the Institute of Chartered Accountants of India. These statements have been prepared on the basis of Audited Financial Statements received from Subsidiaries, Joint Ventures and Associate Companies, as approved by their respective Boards of Directors.

#### **UTILIZATION OF PROCEEDS OF PREFERENTIAL ALLOTMENT:**

The details of utilization of proceeds raised through preferential issue of equity shares are disclosed to the Audit Committee and in the Annual Report. The Company has not utilized these funds for purposes other than those stated in the notice convening the Extra Ordinary General Meeting called for the approval of said preferential issue of equity shares.

#### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

As required by Clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited, a Management Discussion and Analysis Report forms part of the Annual Report.

#### **PARTICULARS OF EMPLOYEES AND EMPLOYEES STOCK PURCHASE SCHEME:**

In terms of the provisions of section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, the name and other particulars of the certain employees are required to be set out in the Annexure to the Directors' Report. However, as per the provisions of section 219(1)(b)(iv) of the said Act, the

Annual Report excluding the aforesaid information is being sent to all the Members of the Company and others entitled thereto. Members who are interested in obtaining such particulars may write to the Company at its Corporate Office.

The disclosure(s) required under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme), Guidelines, 1999 are annexed and forms part of this Report.

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

M/s. S. R. Batliboi & Co., Chartered Accountants, retires as Statutory Auditors at the ensuing Annual General Meeting and have expressed their willingness to continue, if so appointed. As required under the provisions of Section 224(1B) of the Companies Act, 1956, the Company has obtained written confirmation from the Auditors proposed to be re-appointed to the effect that their re-appointment if made, would be in conformity with the limits specified in the said section. A proposal seeking their re-appointment is provided as part of the Notice of the ensuing Annual General Meeting.

With regard to Point No. 4 in the Auditors' Report, based on various factors taken into account by the management of the Company viz. post-dated cheque, pledge of shares and management discussion with the said debtor, in the view of the Board of Directors, the said amount is fully recoverable and accordingly the same need not be subject to any further provisioning.

With regard to Point No. 5 in the Auditor's Report, we wish to submit as follows:

- a. Based on the certification from an independent valuer on the basis of financial estimates provided by the management of Centrum Broking Private Limited (CBPL), confirming fair valuation higher than the cost of investments in CBPL in the books of the Company, the Board of Directors believe that no impairment is necessitated in respect of the said Investments.
- b. The approval for remuneration to Whole Time Director and Managing Director, from the Central Government is required, due to inadequacy of profit in the year ended June 30, 2011. Your Company is in the process of making necessary applications in this regards.

The Notes on Accounts referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

#### **DEPOSITS:**

The Company has not accepted any deposits from any Member, Director or public.

#### **CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION:**

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

#### **FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The details of foreign exchange earnings and outgo during the year under review are provided at Item No. 14 (Notes to Accounts) of the Audited Accounts. The members are requested to refer to the said Note for details in this regard.

#### **CORPORATE GOVERNANCE:**

A detailed Report on Corporate Governance pursuant to the requirements of Clause 49 of the Listing Agreement forms part of the Annual Report. A Certificate from the Auditors of the Company, M/s S. R. Batliboi & Co., Chartered Accountants, confirming compliance with the conditions of Corporate Governance as stipulated under the aforesaid Clause 49, also forms part of the Annual Report.

#### **ACKNOWLEDGEMENTS:**

Your Directors place on record their appreciation to Company's clients, vendors, investors, business associates and bankers for their support to the Company.

The Directors also thank the Government of India, the Governments of various countries, the concerned State Governments, Government Departments and Governmental Agencies for their co-operation.

The Directors appreciate and value the contribution made by every member of the Centrum family. Your Directors look forward to the continued support of all stakeholders in the future.

#### **For and on behalf of the Board of Directors**

**T. R. Madhavan**  
Executive Chairman

**K. V. Krishnamurthy**  
Director

**Place: Mumbai**

**Date: October 14, 2011**

## ANNEXURE TO THE DIRECTOR'S REPORT

Disclosures as required under the Securities and Exchange Board of India (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999 in respect of the year ended June 30, 2011 is mentioned herein below:

|   |   |
|---|---|
| Number of Equity Shares issued during the year  | During the year, no equity shares were issued under the ESPS Scheme 2008. |
| Price at which Equity Shares were issued during the year  | N.A.  |
| Employee-wise details of Equity Shares issued during the year to:   |   |
| i) Directors and senior managerial employees  | Nil   |
| ii) any other employee who is issued Equity Shares in any one year amounting to 5% or more of Equity Shares issued during that year                               | Nil   |
| iii) identified employees who are issued Equity Shares, during any one year equal to or exceeding 1% of the issued capital of the Company at the time of issuance | Nil   |
| Diluted EPS pursuant to issuance of Equity Shares under ESPS during the year  | N.A.  |
| Consideration received against the issuance of Equity Shares  | Nil   |



# Management Discussion and Analysis

## 1. ECONOMIC SCENARIO

During the year 2010-11, even as the global economy was barely struggling out of the recessionary phase, the migration of European debt crisis from the peripheral economies to the core countries created daunting challenges for the developed countries. Besides the debt-related problems, the risk of double dip recession in the US, the possible banking crisis in Europe (taking cognizance of the lack of fiscal and monetary ammunition in the hands of governments and central bank) of developed market economies are indicative of uncertainty prevailing in the global economy.

In India, the fiscal year 2010-11 which began on a positive note with the economy moving smoothly on a steady pace of growth was soon impacted by not only the global developments but also its own problems of high inflation and the stringent monetary policy. Headline inflation, which was hovering above the 9% mark since December 2010, stood at 9.72% in September 2011. The monetary policy reverted to a stronger focus on moderating inflationary pressures at the cost of economic growth and the Reserve Bank of India (RBI) raised interest rates several times in the past two years.

The global recessionary concerns in the past six months have unnerved global financial and capital markets and the fears of a global recession lowered risk appetite of retail and institutional investors across the globe and Indian markets have not been an exception to this phenomenon.

India's secondary market remained fairly volatile as turbulent times were further depressed by corruption scandals and inflation worries which kept investors at bay. The Bombay Stock Exchange's Sensitive Index (BSE Sensex) was range-bound during the year hovering in the 17,000 - 20,000 range. The market recorded an all-time high in November 2010 at 21,108 and after that it has been into a slow decline mode and was 17,701 on June 30, 2011. Unlike 2009-10, when the rally in India was driven by funds pumped by Foreign Institutional Investors (FIIs), the investment climate was impacted by concerns among foreign investors that inflation was too high for comfort. The total foreign investment into the country was lower at \$ 37.4 billion, compared with \$ 51.2 billion in 2009-10. The short term risk seen in the India growth story further centered round the slowdown in government policy initiatives on account of various corruption scandals and dampened sentiments.

However, as the long term growth prospects in India remain much better than in the developed world, capital inflow to India in search of better returns is anticipated.

## 2. INDUSTRY OVERVIEW

The financial year 2010-11 which had began on a strong note witnessed an active primary market for several months in the initial months, with 61 public issues being rolled out. Out of the 61 public issues, 4 were follow-on public issues and 57 initial public issues. In 2010-11 ₹ 46,267 crore was raised from public issues, shade lower than fund raised in the previous year. Towards the end of the year, capital markets activity slowed, in part due to market volatility and a somewhat flat trend. This slowed the offering process for some issuers and re-calibrated market expectations. Several small IPO offerings took off between January-September 2011 period. Out of 28 public issues in these nine months, nearly 61% (or 17 public issues) were small issues sized below ₹ 100 crore.

The year saw very large offerings from Government companies where mostly the Government had reduced its stake (Coal India, NTPC and Power Grid, etc.). Renewed interest was seen among Indian businesses in overseas listings and to list in London, Singapore and Hong Kong.

M&A overtures remained at about the same levels as last year, despite the moderating growth and demand, high inflation and interest rates. As per the half-yearly deal tracker report of advisory firm, Grant Thornton India, the total value of deals (M&A, PE and QIP) struck in the first half of 2011 was about \$ 32.48 billion across 524 deals compared with \$ 34.4 billion sealed across 536 transactions in the first six months of 2010.

Private equity action remained robust and PE investors made a significant come back making large investments at various stages across sectors, geographies and industry segments. In addition to the Real Estate, Telecom and Pharma sectors, some sunrise sectors like cleantech and education saw large deals in 2011. Foreign PE also made some big ticket investments, identifying immense potential in small Indian companies.

The real estate sector in India which had barely recovered from the phase of stress in the past three years was again impacted by high interest rates and high inflation, during the year 2010-11.



Infrastructure is critical to the country's economic development. The private sector is expected to play a major role in financing infrastructure projects in the country over the next five years, accounting for about half of the targeted infrastructure investment of \$ 1 trillion. This augurs well for the investment and realty advisory services.

**Wealth Management:** Economic growth, rich harvest of entrepreneurs, has resulted in unprecedented wealth creation in the country, which now boasts one of the world's fastest growing wealthy populations. The Indian wealth market for High Net Worth individuals is predicted to grow by approximately one fifth in 2011, making it one of the fastest growing in the region, above even China and an attractive market for wealth managers.

**Tours & Travel:** The worst seems to be over for the luxury hospitality industry and Tourism sector in India with the number of out-bound tourists increasing manifold in 2010-11. Growth in out-bound & domestic travel has remained strong on back of two main factors - higher volume of out-bound and domestic travel and higher margins from Europe, UK and US. The improvement in structural factors like growing consumer confidence and increased business activities in the last fiscal year saw increase of business travellers and Meetings Incentives Conferences Exhibitions (MICE) segment and customised hi-end tours.

**Forex:** Opportunities for this business arise from Foreign Currency, Travellers Cheques, Foreign Exchange remittances – inward and outward, Travel Card, Travel Insurance, etc. Business in this segment witnessed significant push as out-bound tourism, both at retail and corporate (business travel and MICE) levels, increased. The business also received an impetus due to the increasing number of students opting to study in Universities overseas, and as a result of the entertainment industry continuing to explore overseas locations to provide an edge to their movies and tap overseas market with glamorous Bollywood entertainment shows.

### 3. BUSINESS OVERVIEW

Incorporated in 1977, Centrum is one of the leading financial services Group in the country that offers innovative, customised and integrated financial solutions. Centrum Capital Limited ('the Company'), the Group's flagship Company along with its subsidiaries and associate companies mainly Centrum Wealth Management Limited, CentrumDirect Limited, Club 7 Holidays

Limited, Centrum Infrastructure and Realty Limited, Centrum Financial Services Limited and Centrum Broking Private Limited form a well diversified yet integrated financial services Group known as 'Centrum'.

Within India, Centrum's distribution reach extends across 84 locations and the Company maintains direct relationship with over 750,000 High Net Worth Individuals and retail investors. Its global footprint extends across New York, Dubai and Hong Kong.

During the year two corporate actions entailing rearrangement of the Joint Ventures were undertaken:

Future Capital Holdings Limited (FCH) and Centrum Capital Limited mutually decided on the rearrangement of share holding on their two existing Joint Ventures, Future Capital Securities Limited (Formerly known as FCH Centrum Wealth Managers Limited) and CentrumDirect Limited (Formerly known as FCH CentrumDirect Limited).

As per the rearrangement in the Joint Venture, Centrum Capital Limited acquired 50% stake held by FCH in the entity CentrumDirect Limited. As a part of the same arrangement, FCH bought out 50% stake of Future Capital Securities Limited from Centrum Capital Limited. Post this transaction, FCH is now holding 100% of this entity.

## CENTRUM GROUP COMPANIES

### Centrum Capital Limited

Centrum Capital Limited, the flagship Company of the Centrum Group, is a Category I Merchant Banker registered with the Securities & Exchange Board of India (SEBI) and listed on the Bombay Stock Exchange Limited (BSE). The Company is among the leading merchant bankers in the country. The activities of Centrum Capital Limited encompass the entire gamut of Investment Banking activities such as Lead Managing of Public Issues, Private Placements, Loan Syndications, Corporate Debt Restructuring, Mergers and Acquisitions, Corporate Advisory Services, Infrastructure Solutions, Private Equity Investments etc., besides dealing in Primary and Secondary markets in securities.

Centrum Capital Limited has, over the years, built a very strong foundation by investing in high quality talent and technology that

drives business and state-of-the-art infrastructure to extend its reach further.

During the year, Centrum Capital executed several transactions which helped various mid-sized companies raise funds through different routes, including Initial Public Offerings (IPOs), Private Equity Placement, Preferential Placement, Qualified Institutional Placement, Cross Border Placement and Non Convertible Debentures.

On the debt side, the performance has been satisfactory considering the market scenario was tough and pushing the business was challenging. The challenging environment that prevailed during the year created opportunities for the Company in the form of increased demand for Corporate Debt Restructuring (CDR) business. The Company, with seasoned senior level banking and management professionals at the helm, successfully leveraged its deep rooted understanding of the banking system and its relationships with Fls, Banks and Corporates to offer CDR solutions and services for distressed assets as required in such challenging scenario.

The Company has dedicated teams to enable expansion in Corporate Debt Restructuring and One Time Settlement (OTS) transactions. Even within this space, the Company is selective and is focused on promising sectors such as Manufacturing, Retail, Tourism, Entertainment and Micro finance. Moving forward, as the market scenario is rapidly changing, debt syndication would suffer but since companies are going through difficult times, restructuring and CDR opens new vistas of opportunities. The Company's diversified services will help tap these opportunities.

#### **Centrum Broking Private Limited**

A full-service broking house, Centrum Broking Private Limited offers comprehensive financial solutions to a cross-section of clients comprising High Net Worth Individuals, Corporates, NRIs, Fls, Mutual Funds, Insurance Companies, Banks and other financial entities. Centrum's institutional broking firm is empanelled with 120 plus clients.

Its research-based advice on potential investment options ensures the best possible returns on investments. The Company's research product portfolio is highly differentiated and comparable in quality

with the best of the domestic brokers, 7 analysts received at least one mention in the Institutional Investor Survey of 2011.

Centrum believes the year ahead will be a phase of consolidation and Centrum Broking will continue to focus on client servicing to increase its market share. The Company sees a significant expanding business opportunity ahead, when the global economic environment eases out and equity market volumes pick up.

#### **GROUP RETAIL FINANCIAL SERVICES**

With India having emerged as the most exciting market for retail financial services and providing a huge potential for wealth creation, Centrum Group has drawn up ambitious long-term plans to build a strong retail franchise and thus transform itself into a fully-integrated provider of financial services. Expansion of the distribution service shall be a key growth strategy for the group in this regard. The Group is committed to achieving its objectives on the strength of its core expertise, solid team of professionals and through a mix of acquisitions, strategic alliances and tie-ups in select areas with domestic and international synergistic partners.

#### **Centrum Wealth Management Limited**

A wholly owned subsidiary of Centrum Capital Limited, named Centrum Investments Limited, was rechristened as Centrum Wealth Management Limited and a new platform for wealth management business was launched through this Company.

The Centrum proposition for wealth advice is supported by a comprehensive set of products across asset classes and to set an array of client investment objectives and risk-return profiles. These include mutual funds, discretionary and non-discretionary portfolio management services, alternative investments like private equity offerings, real estate products, structured products and vehicles to invest in commodities and other emerging asset classes, trading capabilities in equities and equity futures and options and capital market lending products.

Centrum will also continue to invest and grow its Wealth Management and High Net Worth broking and distribution businesses on the Centrum Broking platform. The Company will continue to grow its retail financial services business in India and has drawn up ambitious plans to be a leading player in the Wealth Management space.

### **CentrumDirect Limited**

CentrumDirect Limited (CDL) is one of the leading Authorized Dealers – Category II foreign exchange service providers in India. It is a wholly owned subsidiary of Centrum Capital Limited. The year under review saw Centrum Capital Limited acquire the stake of Future Capital Holdings Limited in CDL, making CDL, a 100 % subsidiary.

CDL services leading multinationals, large corporate entities, public sector undertakings, banks, large tour operators and retail clients through its wide network of branches and counters in 84 locations. CDL, with its 13 outlets in 5 airports, including Mumbai international and domestic airports, provides money changing services to both inbound and outbound travellers. CDL offers multifarious services which include currency exchange, travel card, traveller cheque, outward remittance, inward money transfer, travel insurance and global calling card to its customers.

CDL deals in all major destination currencies. It is one of the leading aggregators and exporters of physical currencies. It is one of the preferred buyers of foreign currency notes from all leading banks and has been empanelled with 30 plus banks across India. It has franchisee tie-ups with around 100 plus top notch hotels in major cities for currency procurement. CDL also imports foreign currency notes to meet domestic demands.

CDL is one of the largest sellers of American Express Travelers Cheque. It offers white label “Centrum Travel Card”, and also other Travel Cards, issued by leading banks, which facilitate international travelers to use at overseas ATMs and merchant establishments. It also offers foreign currency Demand Drafts and remits foreign currencies overseas for various purposes such as private visits, business travels, overseas education, medical treatment, tour arrangements for travel agents, film shooting etc.

CDL sells travel insurance plans designed by leading insurance companies to protect travelers’ interests. It also has tie-up arrangements with top vendors of international calling cards at cost-effective rates. It has tie-up arrangements with many Indian Money Transfer Agents for quick and easy payment of personal remittances from abroad to Indian beneficiaries. During the year under review, CDL’s application to the RBI for carrying out Inward Money Transfer Services under the Money Transfer Service

Scheme (MTSS), in association with M/s. Western Union Financial Services Inc. USA, has been favourably considered and RBI has since granted permission for the same. This permission will enable the CDL to grow its business by appointment of franchisees across India and to enhance brand building.

CDL has positioned itself to emerge as a unique financial services boutique offering diverse foreign exchange services to its customers.

### **Club 7 Holidays Limited**

Centrum offers complete travel solutions suite through Club 7 Holidays Limited (Club 7). With the process of integration, post acquisition, three years ago successfully and smoothly completed during the year under review, Centrum is now making big strides in the Travel and Tourism sector through its step down subsidiary, Club 7.

Club 7 has also inked arrangements with leading corporates for their MICE programs. For the first time in India, Club 7 organized a high-end and exclusive MICE trip package to Alaska for its corporate clients in 2010-11.

Earlier, pre-dominantly East India-focused, this boutique travel Company has slowly and steadily built a pan-India presence, and has additionally opened offices in Jaipur, Baroda, Rajkot, Surat and Indore during the year. The expansion is in line with its efforts to build a pan-India presence, particularly focused on Tier II and Tier III cities. Club 7 reported strong top line growth and increase in passenger travel during the year and is aggressively further expanding its business, targeting identified segments which hold immense potential for growth.

### **Centrum Financial Services Limited**

Centrum Financial Services Limited marked Centrum’s foray into Non-Banking Finance Company (NBFC) space which was focused on security-backed financing - Loans against securities, Margin Funding, IPO Funding, etc.

In the multi-tier financial system of India, NBFCs have turned out to be engines of growth and are integral part of the Indian financial system, enhancing competition and diversification in the financial

sector, spreading risks specifically at times of financial distress and have been increasingly recognized as complementary of banking system at competitive prices. The Banking sector has always been highly regulated, however simplified sanction procedures, flexibility and timeliness in meeting the credit needs and low-cost operations resulted in the NBFCs getting an edge over banks in providing funding.

#### **Commonwealth Centrum Advisors Limited (CCAL)**

Commonwealth Finance Corporation Limited (CFCL) and Centrum Capital Limited (CCL) entered into a MoU for setting up a 50:50 JV in Hong Kong for marketing & distribution of India-centric products offered by CCL and its subsidiaries / associates.

CCAL, in the year under review, has received all the necessary approvals in Hong Kong and is expected to be fully operational shortly.

#### **Centrum Infrastructure & Realty Limited (CIRL)**

A wholly owned subsidiary of Centrum Capital Limited, CIRL has in-depth sector expertise, superior transaction execution capabilities and has a proven track record of hand-holding transactions with efficiency, strong local domain knowledge and prompt response management. CIRL has extensive experience in execution of transactions related to land, commercial, retail, logistics, residential, re-development and joint-development arena.

During the year, CIRL executed Land, Built-to-suit and Re-development deals in Mumbai and Punjab and also several Lease and Investment deals in Mumbai, Delhi and Gurgaon.

#### **4. OPPORTUNITIES**

In the past few years India has emerged as one of the most rapidly growing economies across the globe. The financial services market in the country is growing rapidly and there is significant potential for further growth.

While the current global economic scenario remains challenging, India remains a strong long-term growth story. The Indian economy is poised to throw open huge opportunities in segments where Centrum is operating and is well-established. One such high potential area for the Company relates to the debt market, offering

the opportunity for restructuring of debt for companies – a business segment that Centrum has commenced nearly four years ago, giving the Group an early-mover advantage in this segment. Going forward, the challenging market scenario would offer opportunities for further restructuring, which the Group has already initiated. A strong team with years of experience in this sector, along with the ability to nurture business relationships, will shape Centrum's evolution in this segment.

Over the past decade-and-a-half, a trend has been witnessed where emergence of companies which are owned or supported by PEs is visible. A Grant Thornton India Report on Private Equity in the Indian Corporate Landscape points out that PE Investment in India over the past six years has touched about \$ 50 billion which is a significant proportion of the total investment into India Inc. IPOs value in this same period was about \$ 31 billion. Presently, about 7,700 companies are listed on BSE and 1,470 companies on NSE. It is estimated that about 1,500 companies in the past 6 years have received PE investments. If even one third of these were to be listed over the next few years they will form a significant share of the total companies going in for IPOs.

The burgeoning Indian middle class, rising income levels and increasing standards of living are transforming the economic landscape of the country and pushing growth across the entire gamut of financial services. India's high savings rate offers significant opportunity to put resources into the financial markets. The country has a favorable demographic profile with a large segment of the population under 30 years.

As this working age-group population expands over the next two decades, the savings rate is likely to rise further. The growing aspirations and the urge for a planned retirement corpus will create significant demand for professional financial planning, portfolio management, wealth building and wealth management services in the country across various asset classes. This young emerging class of the population with visible earning capacity will stimulate the demand for diverse financial products like insurance, mutual funds and new emerging investment avenues.

The Centrum group's basket of forex products and services is diverse and the ability to offer travel and forex along with financial services is a unique offering for a business Group. The potential for growth in the forex business is directly linked to the large opportunity

matrix in the travel and wealth management businesses, in which Centrum has an established presence with extensive future growth plans. Cross-selling opportunities through excellent corporate relationships across the industry also indirectly push business opportunities on to the doorsteps of the forex business division. The forex business has evolved corporate level arrangements, wherein Centrum has its forex counters within the premises of corporate houses across the country. It has also gained a strong foothold in forex business through servicing of entertainment and film-making industries.

According to the Economic Survey 2010-11, it has been reported that NBFCs on the whole, account for 11% + of assets of the total financial system. With the growing importance assigned to financial inclusion, NBFCs have come to be regarded as important financial intermediaries particularly for the small-scale and retail sectors. The NBFCs contribute about one-third of the market share towards the financing of construction segments. The RBI has allowed Banks and Non-Banking Financial Companies to sponsor Infrastructure Debt Funds (IDF), which can be set up as mutual funds and NBFCs.

India, which currently ranks 136<sup>th</sup> in global life insurance penetration, is estimated to emerge as one of the top three life insurance markets by 2020. India's Mutual Fund AUM-to-GDP ratio is likely to grow from 13% to about 20% by 2020, in line with peer economies. India ranks at number 11, in terms of ranking by premium volume in 2010, according to Swiss Re's sigma study "World insurance in 2010". India has surpassed Spain to become the 11<sup>th</sup> largest insurance market in the world, according to the study. In the life insurance business itself, India has surpassed ten major markets in the last ten years.

With the expansion of its Club 7 network, Centrum is already leveraging its travel business to make the most of the opportunities not only in this segment but also in its forex business, which it sees as a major revenue earner, going ahead.

Backed by its core expertise, solid team of professionals and through a mix of acquisitions, strategic alliances and tie-ups in select areas with domestic synergistic partners and focused approach with foresight to build various business lines, Centrum is well positioned to grow its financial retail services to capitalize on the unfolding opportunities.

## 5. THREATS

Inflationary pressures continue to be a major concern for Centrum. Inflation rose to the threatening level of 9.78% in August 2011, the highest in 13 months. It is the highest among the BRIC nations of Brazil, Russia, India and China and is likely to be pushed further up by the rising fuel prices.

The stubbornly high rate of inflation, has forced RBI to tighten its policy repeatedly over the past year-and-a-half. This regime of high interest rates has visibly hurt the economic growth and led to a sharp slowdown in fresh investment announcements by industries. The expensive credit has impacted operational profitability and increased overall capex and project costs. As credit becomes too expensive for consumers and industries along with persistently high inflation it poses a serious threat to the economy as a whole.

Moreover, the Indian rupee declined 5.4% as investors shunned emerging markets on concerns that the world economy is weakening. The phenomenon is a serious threat to the growth of Indian economy, businesses, trade and manufacturing sectors.

The country's economy expanded only 7.7% in the three months that ended on June 30, 2011 from a year earlier, the slowest pace since the last quarter of 2009.

Corporate India is already dealing with a slowdown in growth in the economy and in addition to this the mixed concerns arising from political instability and the fallout of multi-crore scams have depressed the capital markets. These volatile conditions, phase of uncertainty and the subsequent cautionary mood adversely impacts the investment banking business.

## 6. FUTURE OUTLOOK

While the year ahead threatens to be a challenging one, Centrum's focused and visionary approach positions it well to tackle the obstacles ahead. With its ability to anticipate the challenging scenario due to the overall global developments, Centrum has been preparing for the same and is confident of successfully emerging through the difficult conditions that are once again threatening to derail both the global as well as Indian economies.

The Company has strategically focused itself on such diversified business portfolios as are suited to provide growth opportunities even in challenging times. These include Investment Banking,

Corporate Debt Restructuring, Wealth Management, Portfolio Management, Stock Broking, Foreign Exchange, Travel Services and Infrastructure & Real Estate advisory services.

The Company has adequately prepared itself to tackle the volatility in the global and Indian economy, which seems set to create significant challenges for business in general in the coming year.

Centrum will continue its focus on product neutrality and building strong relationships with its clients by offering them solutions according to their needs and as required by the evolving economic scenario. As in the past, the Group intends to continue providing its clients with a high degree of customer service, flexible, tailored, and configurable products and services and a dedicated focus on their financial requirements. Since Centrum services businesses and industries across the spectrum, the Company's Investment Banking business can be expected to have its fair share of challenges in the year ahead yet the strong foundation and the several marquee transactions executed in the past will enable it to evolve and maneuver forward.

The debt scenario is an area where Centrum is well-equipped to capitalize on its strengths. The year 2011-12 has already begun on a positive note for the Company, which has bagged three major deals in Corporate Debt Restructuring. The Company's policy to shift from soft restructuring to a deeper, more focused CDR shall enable it to emerge as a major player in this area, going ahead, especially with its strategic decision to cherry pick the fast-growing sectors of Tourism, Entertainment and Micro Finance. With the Indian economy throwing up huge opportunities in some fast-growing sectors like Power, the Company's future strategy shall revolve around leveraging the same.

While capex plans are being pushed or shelved, incomplete projects that are stranded would need funds. This challenging scenario provides opportunity to selectively assist with project financing.

Considering the opportunity in this field, Centrum is also planning to strengthen its NBFC business by focusing on margin funding through promoter funding and structured finance.

In the forex business, the Money Transfer Service Scheme (MTSS) permission received during the year will enable Centrum to grow

its business by appointment of franchisees across India and to enhance brand building. Centrum has positioned itself to emerge as a unique financial services boutique, offering diverse foreign exchange services to its customers.

Overall, with its diversified offerings, the Company is optimistic of maneuvering forward confidently in the future. India's long-term growth potential is vast and the multifarious opportunities within the financial services industries augur well for the long-term growth potential of the industry, of which Centrum remains an integral participant.

## 7. RISK MANAGEMENT

For Centrum, an effective risk management policy lies at the core of its business philosophy, which is centered on delivering higher and better returns to all its stakeholders.

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

Centrum's risk management strategy has product neutrality, speed of trade execution, reliability of access and delivery of service at its core. Multiple products and diverse revenue streams enable the Company to ensure continued offering of customized solutions to suit client needs at all times – good and bad.

State-of-the-art technology, experienced professionals, a highly qualified IT team for in-house software development, coupled with adequate back-up systems, and compliance with regulatory norms insulates Centrum, from the vagaries of the financial business.

## 8. INTERNAL CONTROLS AND THEIR ADEQUACY

Centrum has always focused on maintaining a strong internal control system which is commensurate with its size and the nature of operations. The Company's internal controls are structured in a manner that ensure reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use or losses, executing transactions with proper



authorization and ensuring compliance of corporate policies, laws and accounting standards.

With a strong monitoring system in place, the Company has an Audit Committee, the details of which have been provided in the Corporate Governance Report. Centrum has also appointed an independent Internal Audit Firm. The Audit Committee regularly reviews the Internal Audit Reports as well as the findings and recommendations of the Internal Auditors. Suggestions for improvement are considered and the Audit Committee follows up on the implementation of corrective actions. The Committee also meets the Company's statutory auditors to ascertain, inter alia, their views on the adequacy of internal control systems and keeps the Board of Directors posted with its observations.

## 9. HUMAN RESOURCES

People constitute the nucleus of Centrum's business strategy and the Company is constantly working towards ensuring the best Human Resource (HR) policies and practices.

The thrust is on hiring, nurturing and retaining the best talent available in the country, which Centrum has successfully managed through focused attention on right fitment. A stringent screening process ensures that Centrum has a highly qualified talent pool of professionals.

Employee engagement at Centrum does not end with hiring of an employee; in fact it begins with the employee's appointment and continues through his whole career span in the organization. The Company has a robust system of employee development and enhancement, which the top leadership leverages on a regular basis to ensure their growth from one level to the next as the individual progresses through Centrum's hierarchy.

The Company has performance appraisal systems that are benchmarked with the best in the industry, offering, on the one hand, a high level of transparency, and on the other, providing adequate scope for continuous self-improvement through a streamlined counseling process.

The coherent efforts in this direction have also been recognized externally. The Company was recently honoured with the prestigious 'Amity HR Excellence Award' for the year 2011 by the Amity University. This prestigious award is based on the

University's comprehensive research on HR practices followed across organisations.

As on June 30, 2011, there were around 900 members, employed with Centrum Group.

## 10. FINANCIAL OVERVIEW

The volatility in the global and Indian economies created significant challenges for businesses and industries in general and Centrum, which offers its services to the overall businesses and industries, was also in turn impacted. The choppy equity market scenario, the overall negative business scenario, especially in later months of the fiscal year, and increasing manpower costs adversely impacted the Company's performance which has led to degrowth of the total income and earnings.

**Income:** The total income for the Company on a standalone basis stood at ₹ 558.58 million as compared to ₹ 664.10 million during the previous year.

**EBIDTA:** The Company reported an EBIDTA of ₹ (82.24) million as compared to ₹ 200.12 million in 2009-10.

**PAT:** For the year under review, the Profit After Tax (PAT) stood at ₹ (131.79) million as against ₹ 84.88 million in 2009-10.

## 11. CAUTIONARY STATEMENT

This report contains several forward-looking statements that involve risks and uncertainties, including, but not limited to, risks inherent in the Centrum's growth strategy, acquisition plans, dependence on certain businesses, dependence on availability of qualified and trained manpower, economic conditions, government policies and other factors. Actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. This report should be read in conjunction with the financial statements included herein and the notes thereto.

### For and on behalf of the Board of Directors

**T. R. Madhavan**  
Executive Chairman

**K. V. Krishnamurthy**  
Director

**Place: Mumbai**

**Date: October 14, 2011**

# Corporate Governance Report

(As required under Clause 49 of the Listing Agreement entered into with Bombay Stock Exchange Limited)

## A. PHILOSOPHY OF CORPORATE GOVERNANCE:

Your Company believes that sound ethical practices, transparency in operations and timely disclosures go a long way in enhancing shareholders' value while safeguarding the interest of all stakeholders. The Company is committed to adhere to the code of corporate governance as it means adoption of best business practices aimed at growth of the Company coupled with bringing benefits to investors, customers, creditors, employees and the society at large.

The objective of the Company is not just to meet the statutory requirements of the Code of Corporate Governance as prescribed under Clause 49 of the Listing Agreement but to develop such systems and follow such practices and procedures to satisfy the spirit of law.

In accordance with clause 49 of the listing agreement with Bombay Stock Exchange Limited and best practices followed in corporate governance, the details of compliance by the Company are as under:

## B. BOARD OF DIRECTORS:

### a. Composition of the Board:

As the Chairman of the Board is an Executive Director, not less than half of the Board of Directors should comprise of Independent Directors, as required under clause 49 of the Listing Agreement.

The present strength of the Board of Directors of the Company is 10 Directors. The Board of Directors consists of 1 Executive Chairman, 4 Non-Executive Directors and 5 Independent Directors.

The Board reviews and approves the strategy and oversees the actions and results of Management to ensure that the long term objectives are achieved.

### b. Meetings of the Board:

The names and categories of the Directors on the Board, their attendance at Board Meetings during the year and at the last Annual General Meeting, as also the details of the Directorship (excluding Private Limited Companies, Foreign Companies and Companies under section 25 of the Companies Act, 1956), Chairmanship and the Committee Memberships held by Directors as on June 30, 2011, are given below:

| Name of Director            | Category               | Attendance Particulars                                   |  |  | No. of outside Directorships | No. of Committee positions held (including in the Company)* |        |
|-----------------------------|------------------------|--|--|--|------------------------------|---|--------|
|                             |                        | No. of Board Meetings held during the tenure of Director | No. of Board Meetings attended by the Director | Attended the Last AGM held on 31.12.10 |                              | Chairman  | Member |
| ^ Mr. T. R. Madhavan        | Executive Chairman     | 1  | 1  | N.A.                                   | 5                            | 1   | 1      |
| ^ Mr. Chandir Gidwani       | Non-Executive Director | 6  | 6  | No                                     | 6                            | 1   | 1      |
| Mr. K. V. Krishnamurthy     | Independent Director   | 6  | 6  | Yes                                    | 11                           | 4   | 3      |
| Mr. Ibrahim S. Belselah     | Independent Director   | 6  | 1  | No                                     | -                            | -   | -      |
| Mrs. Mahakurshid Byramjee   | Non-Executive Director | 6  | Nil  | No                                     | -                            | -   | -      |
| Mr. Rishad Byramjee         | Non-Executive Director | 6  | 4  | No                                     | 2                            | -   | 3      |
| #Mr. Sameer Sain            | Independent Director   | 6  | 1  | No                                     | 2                            | -   | -      |
| Mr. Dhanpal Jhaveri         | Non-Executive Director | 6  | 4  | No                                     | 3                            | -   | 1      |
| @ Mr. Rajesh Narain Gupta   | Independent Director   | 5  | 2  | No                                     | -                            | -   | -      |
| @ Mr. Subimal Bhattacharjee | Independent Director   | 2  | Nil  | N.A.                                   | -                            | -   | -      |
| @ Mr. Rajesh Nanavaty       | Independent Director   | 1  | 1  | N.A.                                   | -                            | 1   | 1      |
| # Mr. P. G. Kakodkar        | Independent Director   | 5  | 2  | No                                     | -                            | -   | -      |
| # Mr. Manmohan Shetty       | Independent Director   | 1  | 1  | No                                     | -                            | -   | -      |
| # Ms. Sonia Gidwani         | Whole Time Director    | 4  | 1  | No                                     | -                            | -   | -      |
| # Mr. G. Narayanan          | Managing Director      | 2  | 1  | Yes                                    | -                            | -   | -      |



\*Chairman includes Member. Only Membership and Chairmanship of Audit Committee and Shareholders / Investors Grievances Committee are considered.

^Mr. T. R. Madhavan was appointed as the Executive Chairman and Mr. Chandir Gidwani has resigned as Chairman of the Company w.e.f. April 19, 2011. However, Mr. Gidwani continues to be on the Board as a Non-Executive Director of the Company.

@Mr. Rajesh Narain Gupta, Mr. Subimal Bhattacharjee and Mr. Rajesh Nanavaty were appointed as Independent Directors w.e.f. October 25, 2010, March 25, 2011 and April 19, 2011 respectively.

#Mr. Manmohan Shetty, Mr. G. Narayanan, Ms. Sonia Gidwani, Mr. P. G. Kakodkar and Mr. Sameer Sain resigned from the Board w.e.f. September 30, 2010, December 31, 2010, March 25, 2011, April 19, 2011 and October 14, 2011 respectively.

Six Board Meetings were held during the year 2010-11 and the gap between any two consecutive meetings did not exceed four months at any point of time. The dates on which Board Meetings were held are as follows:

September 30, 2010  
November 2, 2010  
February 14, 2011  
March 25, 2011  
April 19, 2011  
May 14, 2011

**c. Code of Conduct:**

The Code of Conduct and ethics, which have been formulated for the Board and Senior Management of the Company is posted on the website of the Company, viz. [www.centrum.co.in](http://www.centrum.co.in) The Board of Directors and Senior Management have affirmed their compliance with the code of conduct.

**C. AUDIT COMMITTEE:**

1. The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreement with the Bombay

Stock Exchange Limited read with section 292A of the Companies Act, 1956.

2. The terms of reference of the Audit Committee are broadly as under:

- Overseeing of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by them.
- Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956;
  - Changes, if any, in accounting policies and practices and reasons for the same;
  - Major accounting entries involving estimates based on the exercise of judgment by management;
  - Significant adjustments made in the financial statements arising out of audit findings;
  - Compliance with listing and other legal requirements relating to financial statements;
  - Disclosure of any related party transactions;
  - Qualifications in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
- Reviewing with the management the statement of uses / application of funds raised through an issue.

- Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors on any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- To review the functioning of the Whistle Blower mechanism, in case the same is existing.
- To approve appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

All the items listed in Clause 49 II D of the Listing Agreement are covered in the terms of reference. The Audit committee has been granted powers as prescribed under Clause 49 II C of the Listing Agreement.

### 3. Composition of the Audit Committee:

The Audit Committee of the Company comprises of following Directors:-

- (1) Mr. K. V. Krishnamurthy, Chairman;
- (2) Mr. Rajesh Nanavaty and
- (3) Mr. Rishad Byramjee

The Company Secretary of the Company acts as Secretary of the Committee.

### 4. Meetings and attendance during the year:

During the year the Audit Committee met four times and required members were present in the meetings held on:

- September 30, 2010
- November 2, 2010
- February 14, 2011
- May 14, 2011

### D. REMUNERATION/ COMPENSATION COMMITTEE:

The Committee is authorized to determine and approve the remuneration package for any Executive and Non-Executive Directors of the Company and to deal in such other matters as the Board may from time to time request the committee to examine and recommend/approve and perform such functions as are required to be performed by the Compensation Committee under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("ESOP Guidelines")

The Remuneration Committee comprises of following Directors:

- (1) Mr. K. V. Krishnamurthy, Chairman;
- (2) Mr. Rajesh Nanavaty;
- (3) Mr. Rajesh Narain Gupta and
- (4) Mr. Rishad Byramjee

During the year, the Remuneration Committee meeting was held on April 19, 2011 and required members were present in the meeting.

### Remuneration Policy:

The Company's remuneration policy is driven by the success and performance of the individual employee and the Company. Through its compensation programme, the Company endeavours to attract,

retain, develop and motivate a high performance workforce. Individual performance pay is determined by business performance and the performance of individuals measured through the annual appraisal process. The Company pays remuneration by way of salary, benefits, perquisites, allowances (fixed component) and commission/ incentives (variable component).

Details of remuneration of Directors (for the year ended June 30, 2011):

**(i) Executive Directors' Compensation**

The aggregate value of salary and perquisites including commission paid for the year ended June 30, 2011 to the Managing Director and the Whole Time Director is as follows:

Mr. T. R. Madhavan, Executive Chairman, ₹ 11.85 Lacs (Salary ₹ 11.73 Lacs, Medical ₹ 0.03 Lacs, and Car Allowance ₹ 0.10 Lacs), appointed on April 19, 2011, Mr. G. Narayanan, Managing Director, ₹ 30.24 Lacs (Salary ₹ 26.12 Lacs, Perquisites ₹ 3.91 Lacs, and Car Allowance ₹ 0.20 Lacs), resigned on December 31, 2010 and Ms. Sonia Gidwani, Whole Time Director, ₹ 35.07 Lacs (Salary ₹ 35.07 Lacs), resigned on March 25, 2011. The Executive Chairman will be entitled to a discretionary bonus, as may be decided by the Board of Directors. The Company has not granted any stock option to any of its Directors.

The tenures of the office of Mr. T. R. Madhavan, Executive Chairman of the Company is for a period of 3 years from the date of his appointment i.e. April 19, 2011, and can be terminated by either party by giving one calendar month notice in writing. There is no separate provision for the payment of severance fees.

**(ii) Non – Executive Directors' Compensation:**

Non-Executive Directors of the Company are entitled only to sitting fees for the meeting of Board of Directors and/or Committee meeting attended by them. No other payment is being made to them. The Company pays sitting fees of ₹ 20,000/- per meeting to Non – Executive Directors for attending meetings of the Board and/ or its Committee.

Details of Equity Shares held and sitting fees paid to the Non-Executive Directors during the year ended on June 30, 2011:

| Sr. No. | Name of the Director      | # Equity Shares held | * Sitting Fees (₹) |
|---------|---------------------------|----------------------|--------------------|
| 1       | Mr. Chandir Gidwani       | 1,500                | 1,60,000/-         |
| 2       | Mr. K. V. Krishnamurthy   | Nil                  | 2,80,000/-         |
| 3       | Mrs. Mahakurshid Byramjee | 1,14,352             | Nil                |
| 4       | Mr. Rishad Byramjee       | 12,385               | 1,40,000/-         |
| 5       | Mr. Rajesh Nanavaty       | 50                   | 40,000/-           |
| 6       | Mr. Rajesh Narain Gupta   | Nil                  | 60,000/-           |
| 7       | Mr. Ibrahim S. Belsalah   | Nil                  | Nil                |
| 8       | Mr. Sameer Sain           | Nil                  | 20,000/-           |
| 9       | Mr. Dhanpal Jhaveri       | Nil                  | 80,000/-           |
| 10      | Mr. Subimal Bhattacharjee | Nil                  | Nil                |
| 11      | Mr. P. G. Kakodkar        | Nil                  | 80,000/-           |
| 12      | Mr. Manmohan Shetty       | Nil                  | 80,000/-           |

# The Company has not issued any convertible instruments.

\* Sitting fees include payments for the Board appointed Committee meetings also.

**E. SHAREHOLDERS'/INVESTORS' GRIEVANCES COMMITTEE:**

This Committee comprises of three Directors viz.

- (1) Mr. Rajesh Nanavaty, Chairman;
- (2) Mr. Chandir Gidwani and
- (3) Mr. Rishad Byramjee

The Committee functions with the objective of looking into redressal of Shareholders'/ Investors' grievances relating to non-receipt of dividend, non-receipt of Annual Report, delay in transfer or transmission of shares, and cases of refusal of transfer or transmission of shares etc.

The Company has appointed M/s. Link Intime India Private Limited as the Registrar and Share Transfer Agent. The Committee also oversees the performance of the Registrar and Share Transfer Agent and recommends measures for overall improvement in the quality of investor services. The Company and Registrars have received two complaints during the year and the same were resolved.

The Company has appointed Mr. Gajendra Thakur, Company Secretary as Compliance officer of the Company. The Company has designated the email id 'cs@centrum.co.in' for registering the Complaints of the investors, in compliance with Clause 47(f) of the Listing Agreement.

## F. GENERAL BODY MEETINGS:

Particulars of Annual General Meeting held during the last three years and details of the special resolutions passed thereat:

| Financial Year | Day, Date and Time                       | Venue  | Special Resolutions passed thereat |
|----------------|--|--|------------------------------------|
| 2009 - 2010    | Friday, December 31, 2010 at 10:30 A.M.  | Centrum House, C.S.T. Road, Vidyanaagari Marg, Kalina, Santacruz (East), Mumbai – 400098 | 2                                  |
| 2008 - 2009    | Thursday, December 31, 2009 at 10.30 A.M | Centrum House, C.S.T. Road, Vidyanaagari Marg, Kalina, Santacruz (East), Mumbai – 400098 | 1                                  |
| 2007 - 2008    | Monday, December 29, 2008 at 10.30 A.M.  | Centrum House, C.S.T. Road, Vidyanaagari Marg, Kalina, Santacruz (East), Mumbai – 400098 | 3                                  |

During the Financial year 2010-11, the Company has not passed any special resolution by postal ballot process and as of now the Company does not propose to pass any special resolution through the Postal Ballot process.

## G. DISCLOSURES:

### a. Related Party Transactions

The Company has no material significant transactions with its related parties that may have a potential conflict with the interest of the Company. The details of transactions with related parties are given for information under notes to the accounts of the Balance Sheet as at June 30, 2011.

### b. No Penalty or strictures

During the last three years/periods, there were no strictures or penalties imposed by either SEBI or Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital markets.

### c. Disclosure of Accounting Treatment

In the preparation of financial statements, the Company has followed all the applicable Accounting Standards laid down by the Institute of Chartered Accountants of India.

### d. Disclosures on Risk Management

The Company has laid down procedures to inform the members of the Board about the risk assessment and minimisation procedures. These procedures have been periodically reviewed to ensure that the executive management controls the risk through properly defined framework. The risk management issues are discussed in the Management Discussion & Analysis Report.

### e. Proceeds of Preferential Issue

The details of utilization of proceeds raised through preferential issue of equity shares are disclosed to the Audit Committee and in the Balance Sheet. The Company has not utilized these funds for purposes other than those stated in the Notice convening the Extra Ordinary General Meeting called for the approval of said preferential issue of equity shares.

### f. Management

A Management Discussion and Analysis report forms part of the annual report and includes discussions on various matters specified under clause 49 of the Listing Agreement.

### g. Shareholders

- (i) The information as required under Clause 49 of the Listing Agreement, relating to the Directors proposed to be appointed / re-appointed, is furnished as a part of the Notice convening the Annual General Meeting.
- (ii) The mandatory as well as various additional information of interest to the shareholders is furnished in other sections of the Annual Report.

### h. CEO/CFO Certification

In accordance with the Clause 49 of the Listing Agreement with the Stock Exchange, a certificate from the Executive Chairman was placed before the Board.

### i. Report on Corporate Governance

This Corporate Governance Report forms part of the Annual Report. The Company has fully complied with the provisions of Clause 49 of the Listing Agreement.

## j. Compliance

- (i) Certificate from the Statutory Auditors confirming compliance with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement is annexed to the Directors' Report and forms part of the Annual Report
- (ii) The Company has complied with all the mandatory requirements and has adopted following non – mandatory requirements of the Clause 49 of the Listing Agreement:
- a. The Board:  
No specific tenure has been specified for the Independent Directors. However, they are liable to retire by rotation and seek re-appointment by the Members.
- b. Remuneration Committee  
Please refer to the details given under "Remuneration/ Compensation Committee".
- c. Training of Board members  
The Board members are provided with the necessary documents/brochures, reports and internal policies to enable them to familiarize with the Company's procedures and practices.
- Periodic presentations are made at the Board and Committee meetings, on business and performance updates of the Company, business environment, business strategy and risks involved.

## H. MEANS OF COMMUNICATION:

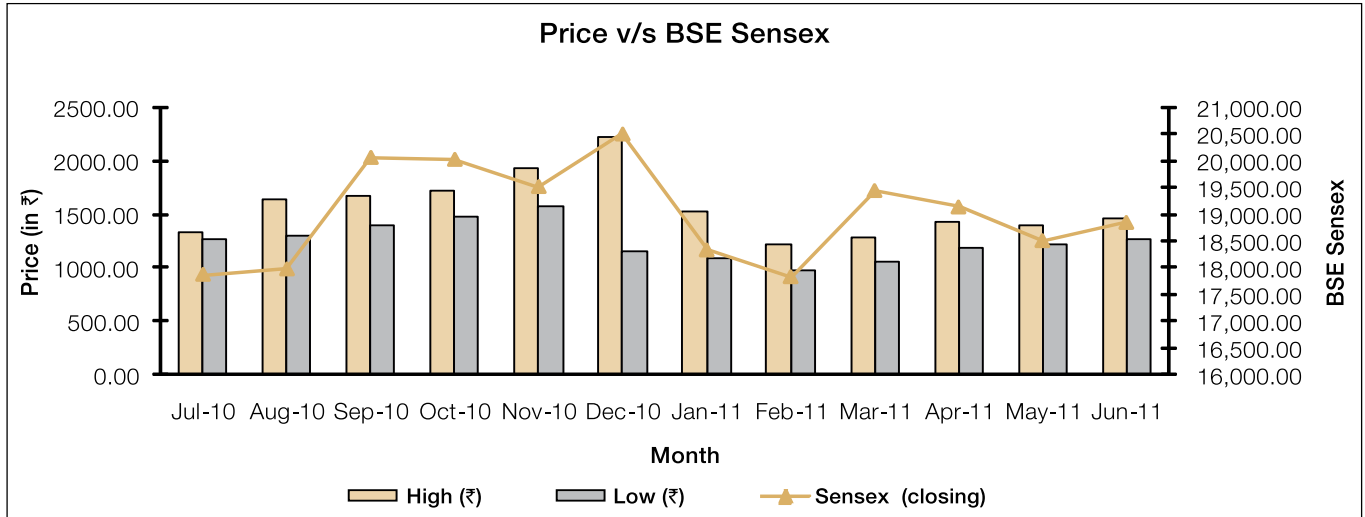
The quarterly/annual financial results are regularly submitted to the Bombay Stock Exchange Limited in accordance with the Listing Agreement with the Bombay Stock Exchange Limited and published in a English newspaper and in a regional language newspaper.

## I. GENERAL SHAREHOLDER INFORMATION:

- a. Annual General Meeting : 30<sup>th</sup> December, 2011 at 10:30 A.M. at  
Centrum House,  
C.S.T. Road, Vidyanagari Marg  
Kalina, Santacruz (East),  
Mumbai – 400 098
- b. Financial year : July 1, 2010 to June 30, 2011
- c. Date of Book Closure : 23<sup>rd</sup> December, 2011 to  
30<sup>th</sup> December, 2011
- d. Dividend Payment Date : Not Applicable
- e. Listing on Stock Exchanges : Bombay Stock Exchange Limited  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai 400001.
- f. Stock code : 501150
- g. Market Price Data : Share prices of the Company for the  
period July 2010 to June 2011

| Date            | High (₹) | Low (₹)  |
|-----------------|----------|----------|
| July, 2010      | 1,325.00 | 1,264.50 |
| August, 2010    | 1,632.75 | 1300.00  |
| September, 2010 | 1,669.00 | 1,390.00 |
| October, 2010   | 1,715.00 | 1,480.00 |
| November, 2010  | 1,930.00 | 1,568.00 |
| December, 2010  | 2,231.25 | 1,149.70 |
| January, 2011   | 1,531.00 | 1,087.00 |
| February, 2011  | 1,224.00 | 966.00   |
| March, 2011     | 1,289.00 | 1,050.00 |
| April, 2011     | 1,435.00 | 1,185.00 |
| May, 2011       | 1,396.00 | 1,211.50 |
| June, 2011      | 1,454.00 | 1,261.00 |

**Performance of share price in comparison with broad based index, viz; BSE Sensex:**



**h. Registrar and Transfer Agents:**

Link Intime India Private Limited  
 C-13 Pannalal Silk Mills Compound,  
 LBS Marg, Bhandup (W), Mumbai 400 078  
 Tel. No. 022 - 25963838; Fax No.: 022 - 25672693  
 Email: mumbai@linkintime.co.in

**i. Share Transfer System:**

Shares lodged for transfer at the Registrar's address are normally processed within 21 days from the date of lodgement, and requests for dematerialization of shares are processed and the confirmation is given to the depositories within 21 days from the date of lodgement, if the documents are clear in all respect.

The Company Secretary who is also the Compliance Officer verifies the transfer Register sent by the Registrar. Investors' grievances, if any, are resolved by the Compliance Officer, failing which, they would be referred to the Shareholders / Investors Grievances Committee.

**j. Categories of Shareholding as on June 30, 2011:**

|                                 | Category  | No. of Shares Held | Percentage of Shareholding |
|---------------------------------|---|--------------------|----------------------------|
| <b>A PROMOTER'S HOLDING</b>     |   |                    |                            |
| 1                               | Promoters   |                    |                            |
|                                 | -Indian Promoters   | 2303150            | 33.22                      |
|                                 | - Foreign Promoters   | Nil                | Nil                        |
| 2                               | Persons acting in Concert   | Nil                | Nil                        |
|                                 | <b>Sub-Total</b>  | <b>2303150</b>     | <b>33.22</b>               |
| <b>B NON-PROMOTERS HOLDINGS</b> |   |                    |                            |
| 3                               | Institutional Investors   | Nil                | Nil                        |
| A                               | Mutual Fund and UTI   | Nil                | Nil                        |
| B                               | Banks, Financial Institutions, Insurance Companies (Central / State Gov. Institutions/ Non-government Institutions) | Nil                | Nil                        |
| C                               | FIs   | Nil                | Nil                        |
| 4                               | Others  |                    |                            |
| A                               | Corporate Bodies  | 2973037            | 42.88                      |
| B                               | Indian Public   | 226813             | 3.28                       |
| C                               | NRI's   | 19                 | 0                          |
| D                               | Foreign Companies/Fund  | 1020158            | 14.71                      |
| E                               | Centrum ESPS Trust  | 409686             | 5.91                       |
| F                               | Any Other (Clearing Member)   | 15                 | 0                          |
| G                               | Any Other (NRN)   | 1001               | 0.01                       |
|                                 | <b>Sub-Total</b>  | <b>4630729</b>     | <b>66.78</b>               |
|                                 | <b>GRAND TOTAL</b>  | <b>6933879</b>     | <b>100</b>                 |

**k. Distribution of Shareholding as on June 30, 2011:**

| Sl. No. | Category (Shares) | No. of Shareholders |                         | No. of Shares  |                   |
|---------|-------------------|---------------------|-------------------------|----------------|-------------------|
|         |                   | Number              | % of Total Shareholders | Number         | % of Total Shares |
| 1       | 1-5000            | 282                 | 84.69                   | 19254          | 0.28              |
| 2       | 5001-10000        | 15                  | 4.5                     | 11000          | 0.16              |
| 3       | 10001-20000       | 8                   | 2.4                     | 11242          | 0.16              |
| 4       | 20001-30000       | 4                   | 1.2                     | 10500          | 0.15              |
| 5       | 30001-40000       | 2                   | 0.6                     | 6900           | 0.1               |
| 6       | 40001-50000       | 2                   | 0.6                     | 9650           | 0.14              |
| 7       | 50001-100000      | 6                   | 1.8                     | 54000          | 0.78              |
| 8       | 100001-Above      | 14                  | 4.21                    | 6811333        | 98.23             |
|         | <b>TOTAL</b>      | <b>333</b>          | <b>100</b>              | <b>6933879</b> | <b>100</b>        |

**l. Dematerialization of shares:**

The shares of the Company are available for dematerialization and Agreements have been signed with National Securities Depository Ltd. (NSDL) & Central Depository Services (India) Ltd. (CDSL). Around 90% of the Company's shares are held in dematerialized mode. Trading in dematerialized form is compulsory for all investors. The Company (through its Registrar and Share Transfer Agents) provides the facility of simultaneous transfer and dematerialization of shares and has confirmed the same to NSDL and CDSL.

**m. Address of Correspondence:**

**1. To the Company:**

Registered Office:  
Bombay Mutual Building,  
2nd Floor, Dr. D.N. Road,  
Fort, Mumbai - 400001  
Tel No. : 022 – 22662434; Fax No.: 022 - 22611105  
Email: info@centrum.co.in; cs@centrum.co.in

**Corporate Office:**

Centrum House,  
C.S.T. Road, Vidyanageri Marg,  
Kalina, Santacruz (East),  
Mumbai - 400098  
Tel No.: 022 – 42159000; Fax No.: – 022 42159533  
Email: info@centrum.co.in; cs@centrum.co.in

**2. Registrar and Share Transfer Agent:**

Link Intime India Private Limited  
Unit: Centrum Capital Limited  
C-13 Pannalal Silk Mills Compound  
LBS Marg, Bhandup (W), Mumbai 400 078  
Tel: 022 - 25963838 ; Fax: 022 - 25672693  
Email: mumbai@linkintime.co.in

**For and on behalf of the Board of Directors**

**T. R. Madhavan**  
**Executive Chairman**

**K. V. Krishnamurthy**  
**Director**

**Place: Mumbai**  
**Date: October 14, 2011**



## Certification by the Executive Chairman

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**To,**  
**The Board of Directors**  
**Centrum Capital Limited**  
**Mumbai**

I, **T. R. Madhavan**, Executive Chairman of Centrum Capital Limited, to the best of my knowledge and belief, certify that:

- a. I have reviewed the Financial Statements and the Cash Flow Statement for the year ended on June 30, 2011;
- b. These statements do not contain any materially untrue statement or omit any material fact nor do they contain statements that might be misleading;
- c. These statements together present a true and fair view of the Company, and are in compliance with the existing accounting standards and/or applicable laws/regulations;
- d. There were, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct;
- e. I am responsible for establishing and maintaining internal controls and have evaluated the effectiveness of internal control systems of the Company and the auditors, the Audit Committee and I have not come across any deficiencies in the design or operation of internal controls during the financial year;
- f. There were no instances of any fraud involving management or employees having a significant role in the Company's internal systems;
- g. There were no significant changes in internal control and/or of accounting policies during the year;
- h. I have not denied any personnel access to the Audit Committee of the Company (in respect of matters involving alleged misconduct);
- i. I further declare that all Board members and senior managerial personnel have affirmed compliance with the code of conduct for the year ended June 30, 2011.

**For Centrum Capital Limited**

**T. R. Madhavan**  
**Executive Chairman**

**Place: Mumbai**  
**Date: October 14, 2011**

# Auditors' Certificate

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**To**

**The Members of Centrum Capital Limited**

We have examined the compliance of conditions of corporate governance by Centrum Capital Limited, for the year ended on June 30, 2011, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For S.R. Batliboi & Co.**

**Firm registration number: 301003E**

**Chartered Accountants**

**per Shrawan Jalan**

**Partner**

**Membership No.:102102**

**Place: Mumbai**

**Date: October 14, 2011**

# Auditors' Report

**To****The Members of Centrum Capital Limited**

1. We have audited the attached Balance Sheet of Centrum Capital Limited ('the Company') as at June 30, 2011 and also the Profit and Loss account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. *The Company has long outstanding debtors amounting to ₹ 102,022,920/- , included in outstanding for more than 12 months, as referred to in Note 17 of Schedule 16 to the financial statements, which are subject to realization and upon which we are unable to comment on. The ultimate shortfall, if any, on realization / on account of non realization of such debtors, thereof cannot be quantified.*
5. Without qualifying our opinion, we draw attention to the following:
  - (a) Note 18 of Schedule 16 to the financial statements in respect of investments aggregating to ₹ 621,997,000/- (June 30, 2010: ₹ 621,997,000/-) in Centrum Broking Private Limited, an associate Company. As more fully described in note 18 of Schedule 16, the Management is of the view that there is no permanent diminution to the carrying value of the investments of ₹ 621,997,000/- in the associate and hence no adjustment has been made in this regard in the accompanying financial statements.
  - (b) Note 12(b) of Schedule 16 to the financial statements, wherein the Company has incurred managerial remuneration of ₹ 7,717,801/- during the year, which is in excess of the limits specified by the relevant provisions of the Companies Act, 1956, by ₹ 1,270,079/- in respect of its wholetime director and managing director. As represented, the Company is in the process of making application to Central Government in this regard, for such excess remuneration paid to managerial personnel. Pending application and consequent receipt of approval from Central Government, no adjustments have been made to the accompanying financial statements.
6. Further to our comments in the Annexure referred to above, we report that:
  - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;

- 
- iv. In our opinion, the balance sheet, profit and loss account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
  - v. On the basis of the written representations received from the directors, as on June 30, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on June 30, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - vi. In our opinion and to the best of our information and according to the explanations given to us, *and subject to, adjustments, if any arising on account of paragraph 4 above, the effects whereof is not ascertainable*, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
    - a) in the case of the balance sheet, of the state of affairs of the Company as at June 30, 2011;
    - b) in the case of the profit and loss account, of the loss for the year ended on that date; and
    - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

**For S.R. Batliboi & Co.**

**Firm registration number: 301003E**

**Chartered Accountants**

**per Shrawan Jalan**

**Partner**

**Membership No.:102102**

**Place: Mumbai**

**Date: October 14, 2011**

## Annexure referred to in paragraph 3 of our report of even date

### Re: Centrum Capital Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) There was no disposal of a substantial part of fixed assets during the year.
- (ii) (a) The stock of bonds and securities have been confirmed by the management with the holding statement provided by the Depository Participants (DP) at reasonable intervals. In our opinion the frequency of such verification is reasonable.
- (b) All the stock of bonds and securities are held in dematerialized form thus physical verification is not applicable. The procedures followed by the management for periodic verification of stock of bonds and securities with the demat statement are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii) (a) to (d) of the Order are not applicable to the Company and hence not commented upon.
- (b) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(e) to clause 4(iii)(g) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of bonds and services. During the course of our audit, no major weakness or continuing failure to correct major weakness in internal control system of the company in respect of these areas.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.

- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, income-tax, wealth-tax, service tax, employees' state insurance, cess and other material statutory dues applicable to it. The provisions relating to sales-tax, customs duty, excise duty are not applicable to the Company.

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, investor education and protection fund, income-tax, wealth-tax, service tax, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. Undisputed dues in respect of profession tax which were outstanding, at the year end for a period of more than six months from the date they became payable are as follows:

| Name of the statute    | Nature of the dues | Amount (₹) | Period to which the amount relates | Due Date   | Date of Payment |
|------------------------|--------------------|------------|------------------------------------|--|-----------------|
| Profession Tax Officer | Profession tax     | 8,422      | 2006-10                            | 15 days from the end of the month in which it is payable | Not yet paid    |

- (c) According to the information and explanation given to us, there are no dues of income tax, sales-tax, wealth tax, customs duty, excise duty and cess which have not been deposited on account of any dispute. The service tax and income tax dues outstanding on account of dispute are as follows:

| Name of the statute                            | Nature of dues      | Amount (₹) | Period to which the amount relates | Forum where dispute is pending         |
|--|---------------------|------------|------------------------------------|--|
| The Finance Act, 1994 (Service tax provisions) | Service tax payable | 1,477,923  | 2002-2006                          | Additional Commissioner of Service tax |
| Income Tax Act, 1961                           | Income Tax          | 1,323,224  | 2007-2008                          | ITAT – Mumbai                          |
| Income Tax Act, 1961                           | Income Tax          | 2,696,060  | 2008-2009                          | Commissioner of Income Tax (A) - 4     |

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
- (xiv) In respect of dealing/trading in shares, securities, debentures and other investments, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein.

The shares, securities, debentures and other investments have been held by the Company, in its own name.

- (xv) According to the information and explanations given to us, the Company has given guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof in our opinion are not prima-facie prejudicial to the interest of the Company.
- (xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

**For S.R. Batliboi & Co.**

**Firm registration number: 301003E**

**Chartered Accountants**

**per Shrawan Jalan**

**Partner**

**Membership No.:102102**

**Place: Mumbai**

**Date: October 14, 2011**



## Balance Sheet as at June 30, 2011

| Particulars                                      | Schedule | June 30, 2011        | June 30, 2010        |
|--|----------|----------------------|----------------------|
| (₹)  |          |                      |                      |
| <b>SOURCES OF FUNDS</b>                          |          |                      |                      |
| <b>Shareholder's Funds</b>                       |          |                      |                      |
| Share capital                                    | 1        | 69,338,790           | 68,280,960           |
| Reserves and surplus                             | 2        | 2,012,173,905        | 1,995,019,194        |
| <b>Total</b>                                     |          | <b>2,081,512,695</b> | <b>2,063,300,154</b> |
| <b>Loan Funds</b>                                |          |                      |                      |
| Secured loans                                    | 3        | 811,325,172          | 30,517,551           |
| Unsecured loans                                  | 4        | 130,117,968          | 215,758,245          |
| <b>Total</b>                                     |          | <b>941,443,140</b>   | <b>246,275,796</b>   |
| <b>Deferred Tax Liability</b>                    |          |                      |                      |
| <b>Total</b>                                     |          | <b>12,782,773</b>    | <b>28,390,217</b>    |
| <b>3,035,738,608</b>                             |          |                      |                      |
| <b>APPLICATION OF FUNDS</b>                      |          |                      |                      |
| <b>Fixed Assets</b>                              |          |                      |                      |
| Gross Block                                      | 5-A      | 348,026,009          | 345,301,486          |
| Less : Accumulated Depreciation/Amortisation     |          | 145,206,443          | 111,484,852          |
| Net Block  |          | 202,819,566          | 233,816,634          |
| Capital Work in Progress                         |          | 344,110              | -                    |
| <b>Total</b>                                     |          | <b>203,163,676</b>   | <b>233,816,634</b>   |
| <b>Intangible Assets</b>                         |          |                      |                      |
| <b>Total</b>                                     | 5-B      | 4,466,678            | 4,138,867            |
| <b>Investments</b>                               |          |                      |                      |
| <b>Total</b>                                     | 6        | 1,996,730,191        | 921,227,861          |
| <b>Current Assets, Loans and Advances</b>        |          |                      |                      |
| Inventories                                      | 7        | 26,749,151           | 18,683,178           |
| Sundry debtors                                   | 8        | 360,510,036          | 383,722,607          |
| Cash and bank balances                           | 9        | 9,748,057            | 26,874,957           |
| Loans and advances                               | 10       | 539,503,900          | 854,085,212          |
| Interest accrued but not due                     |          | 5,671,972            | 3,329,071            |
| <b>Total</b>                                     | (A)      | <b>942,183,116</b>   | <b>1,286,695,024</b> |
| <b>Less : Current Liabilities and Provisions</b> |          |                      |                      |
| Current liabilities                              | 11       | 105,627,040          | 100,239,693          |
| Provisions                                       |          | 5,178,013            | 7,672,527            |
| <b>Total</b>                                     | (B)      | <b>110,805,053</b>   | <b>107,912,220</b>   |
| Net Current Assets                               | (A - B)  | <b>831,378,063</b>   | <b>1,178,782,804</b> |
| <b>Total</b>                                     |          | <b>3,035,738,608</b> | <b>2,337,966,167</b> |

### Significant Accounting Policies & Notes to Accounts

16

The Schedules referred to above and notes to accounts form an integral part of the Balance Sheet

As per our report of even date

For and on behalf of Board of Directors of Centrum Capital Limited

For S. R. Batliboi & Co.  
Firm Registration No.: 301003E  
Chartered Accountants

T. R. Madhavan  
Executive Chairman

K. V. Krishnamurthy  
Director

per Shrawan Jalan  
Partner  
Membership No. : 102102

Gajendra Thakur  
Company Secretary

Place : Mumbai  
Date: October 14, 2011

Place : Mumbai  
Date: October 14, 2011

## Profit and Loss Account for the year ended June 30, 2011

| Particulars  | Schedule | June 30, 2011        | June 30, 2010 |
|--|----------|----------------------|---------------|
| (₹)  |          |                      |               |
| <b>INCOME</b>  |          |                      |               |
| Syndication Fees, Brokerage & Commission   |          | <b>493,575,076</b>   | 493,733,973   |
| [TDS ₹ 26,183,913/- (Previous Year ₹ 23,796,022/-)]                                |          |                      |               |
| Less : Service tax   |          | <b>42,680,060</b>    | 42,659,333    |
| <b>Total</b>   |          | <b>450,895,016</b>   | 451,074,640   |
| Trading in Bonds (net)   |          | <b>61,397,484</b>    | 127,053,870   |
| Other Income   | 12       | <b>46,290,848</b>    | 85,971,202    |
| <b>Total</b>   |          | <b>558,583,348</b>   | 664,099,712   |
| <b>EXPENDITURE</b>   |          |                      |               |
| Personnel expenses   | 13       | <b>238,868,972</b>   | 172,323,652   |
| Operating and other expenses   | 14       | <b>366,018,413</b>   | 255,735,214   |
| Financial expenses   | 15       | <b>59,877,369</b>    | 62,533,454    |
| Depreciation/amortization  |          | <b>35,935,791</b>    | 35,920,390    |
| <b>Total</b>   |          | <b>700,700,545</b>   | 526,512,710   |
| <b>Profit before tax and prior period items</b>                                    |          | <b>(142,117,197)</b> | 137,587,002   |
| Less : Provision for tax   |          |                      |               |
| - Current tax  |          | <b>5,278,000</b>     | 47,675,000    |
| - Deferred tax charge / (credit)   |          | <b>(15,607,444)</b>  | 5,036,094     |
| <b>Total</b>   |          | <b>(10,329,444)</b>  | 52,711,094    |
| <b>Profit after tax</b>  |          | <b>(131,787,753)</b> | 84,875,908    |
| Balance brought forward from previous year   |          | <b>598,720,913</b>   | 517,826,084   |
| <b>Profit available for appropriation</b>  |          | <b>466,933,160</b>   | 602,701,992   |
| <b>Appropriations</b>  |          |                      |               |
| Proposed dividend  |          | -                    | 3,414,048     |
| Tax on dividend  |          | -                    | 567,031       |
| <b>Surplus carried to Balance Sheet</b>  |          | <b>466,933,160</b>   | 598,720,913   |
| Basic and diluted earnings per share of ₹ 10/- each (Refer Note 15 of Schedule 16) |          | <b>(19.26)</b>       | 12.43         |

### Significant Accounting Policies & Notes to Accounts

16

The Schedules referred to above and notes to accounts form an integral part of the Profit & Loss Account

As per our report of even date

For and on behalf of Board of Directors of Centrum Capital Limited

**For S. R. Batliboi & Co.**  
Firm Registration No.: 301003E  
Chartered Accountants

**T. R. Madhavan**  
Executive Chairman

**K. V. Krishnamurthy**  
Director

per Shrawan Jalan  
Partner  
Membership No. : 102102

**Gajendra Thakur**  
Company Secretary

Place : Mumbai  
Date: October 14, 2011

Place : Mumbai  
Date: October 14, 2011

## Cash Flow Statement for the year ended June 30, 2011

(₹)

| Particulars   | June 30, 2011          |                      | June 30, 2010    |               |
|---|------------------------|----------------------|------------------|---------------|
| <b>A. Cash flow from operating activities</b>                 |                        |                      |                  |               |
| <b>Net profit before taxation</b>                             |                        | <b>(142,117,197)</b> |                  | 137,587,002   |
| Adjustments for:  |                        |                      |                  |               |
| Depreciation/amortisation                                     | <b>35,935,791</b>      |                      | 35,920,390       |               |
| Loss on sale of fixed assets                                  | <b>638,811</b>         |                      | 1,408,379        |               |
| Write back of provisions                                      | <b>-</b>               |                      | (128,948)        |               |
| Sundry balances written off                                   | <b>13,264,976</b>      |                      | 870,509          |               |
| Profit on sale of Shares                                      | <b>(2,952,519)</b>     |                      | (2,786,425)      |               |
| Loss on sale of investments                                   | <b>4,498,400</b>       |                      | -                |               |
| Loss on sale of sundry debtors                                | <b>-</b>               |                      | 16,157,327       |               |
| Impairment of investments                                     | <b>1,564,383</b>       |                      | 496,995          |               |
| Interest income   | <b>(42,876,469)</b>    |                      | (73,553,753)     |               |
| Dividend from shares  | <b>(326,668)</b>       |                      | (411,115)        |               |
| Dividend from mutual fund                                     | <b>(6,850)</b>         |                      | (31,313)         |               |
| Bad Debts written off   | <b>11,542,163</b>      |                      | 6,525,685        |               |
| Provision for doubtful debts                                  | <b>26,673,165</b>      |                      | -                |               |
| Provision no longer required written back                     | <b>-</b>               |                      | (8,400,993)      |               |
| Wealth Tax  | <b>160,000</b>         |                      | 200,000          |               |
| Interest expense  | <b>55,167,494</b>      | <b>103,282,677</b>   | 60,683,917       | 36,950,654    |
| <b>Operating profit before working capital changes</b>        |                        | <b>(38,834,520)</b>  |                  | 174,537,657   |
| Movements in working capital :                                |                        |                      |                  |               |
| Decrease / (Increase) in sundry debtors                       | <b>(15,002,756)</b>    |                      | (4,336,889)      |               |
| Decrease / (Increase) in inventories                          | <b>(8,065,973)</b>     |                      | (7,216,856)      |               |
| Decrease / (Increase) loans and advances                      | <b>347,754,109</b>     |                      | 55,538,291       |               |
| Increase / (Decrease) in creditors & other liability          | <b>5,811,166</b>       | <b>330,496,546</b>   | (65,829,429)     | (21,844,883)  |
| <b>Cash generated in operations</b>                           |                        | <b>291,662,026</b>   |                  | 152,692,774   |
| Direct taxes paid (including tax deducted at source)          |                        | <b>(51,715,773)</b>  |                  | (78,628,920)  |
| <b>Net cash from / (used) in operating activities</b>         |                        | <b>239,946,253</b>   |                  | 74,063,854    |
| <b>B. Cash flows from investing activities</b>                |                        |                      |                  |               |
| Purchase of fixed assets                                      | <b>(8,030,946)</b>     |                      | (14,028,835)     |               |
| Proceeds from sale of fixed assets                            | <b>510,000</b>         |                      | 591,492          |               |
| Purchase of investments (including dividend reinvestment)     | <b>-</b>               |                      | (5,031,314)      |               |
| Deposits with other companies                                 | <b>-</b>               |                      | 44,000,000       |               |
| Investment in subsidiaries                                    | <b>(930,500,000)</b>   |                      | (13,584,000)     |               |
| Investment in Joint Ventures/Associates                       | <b>(14,892,170)</b>    |                      | -                |               |
| Sale proceeds from investments                                | <b>16,779,576</b>      |                      | 4,673,925        |               |
| Interest received   | <b>40,533,568</b>      |                      | 93,516,335       |               |
| Dividends received from shares                                | <b>326,668</b>         |                      | 411,115          |               |
| Dividends received from mutual fund                           | <b>6,850</b>           |                      | 31,313           |               |
| <b>Net cash from / (used) in investing activities</b>         |                        | <b>(895,266,454)</b> |                  | 110,580,031   |
| <b>C. Cash flows from financing activities</b>                |                        |                      |                  |               |
| Proceeds from long-term borrowings                            | <b>1,312,191,206</b>   |                      | 7,643,086        |               |
| Repayment of long-term borrowings                             | <b>(836,836,839)</b>   |                      | (59,997,718)     |               |
| Proceeds from short-term borrowings                           | <b>6,745,027,236</b>   |                      | 17,782,218,987   |               |
| Repayment of short-term borrowings                            | <b>(6,516,614,186)</b> |                      | (17,973,487,237) |               |
| Interest paid   | <b>(61,593,036)</b>    |                      | (59,433,881)     |               |
| Dividend paid   | <b>(3,414,048)</b>     |                      | (6,828,096)      |               |
| Tax on dividend paid  | <b>(567,031)</b>       |                      | (1,160,435)      |               |
| <b>Net cash from / (used) in financial activity</b>           |                        | <b>638,193,302</b>   |                  | (311,045,294) |
| <b>Net (Decrease) / Increase in cash and cash equivalents</b> |                        | <b>(17,126,899)</b>  |                  | (126,401,409) |

(₹)

| Particulars                                   | June 30, 2011     |                     | June 30, 2010 |               |
|---|-------------------|---------------------|---------------|---------------|
| <b>Cash and Cash Equivalents</b>              |                   |                     |               |               |
| <b>As at the beginning of the year</b>        |                   |                     |               |               |
| Cash in Hand including foreign currencies     | <b>1,042,720</b>  |                     | 6,233,627     |               |
| Balance with Scheduled Banks-Current Accounts | <b>16,517,677</b> |                     | 145,098,572   |               |
| Debit Balance with other Banks-O/D A/c        | <b>7,779,281</b>  |                     | 181,110       |               |
| Balance with other Banks-Current Accounts     | <b>1,535,279</b>  |                     | 1,763,057     |               |
| <b>Total</b>                                  |                   | <b>26,874,957</b>   |               | 153,276,366   |
| <b>As at the end of the year</b>              |                   |                     |               |               |
| Cash in Hand including foreign currencies     | <b>1,012,301</b>  |                     | 1,042,720     |               |
| Balance with Scheduled Banks-Current Accounts | <b>5,602,744</b>  |                     | 16,517,677    |               |
| Debit Balance with other Banks-O/D A/c        | <b>896,798</b>    |                     | 7,779,281     |               |
| Balance with other Banks-Current Accounts     | <b>2,236,214</b>  |                     | 1,535,279     |               |
| <b>Total</b>                                  |                   | <b>9,748,058</b>    |               | 26,874,957    |
|   |                   | <b>(17,126,899)</b> |               | (126,401,409) |

The above cash flow statements have been prepared under the indirect method set out in Accounting Standard (AS)-3, 'Cash Flow Statement' notified pursuant to the Companies (Accounting Standards) Rules, 2006.

- 1) All figures in brackets are outflow.
- 2) Cash and cash equivalents include unpaid dividend amounting to ₹ 99,996/-.
- 3) Direct Tax paid is treated as arising from operating activities and are not bifurcated between investment and financing activities.
- 4) During the year, the Company has converted its 50% Joint Venture i.e. M/s CentrumDirect Limited (Formerly known as FCH CentrumDirect Limited) into a wholly owned subsidiary by acquiring balance 50% stake of its Joint Venture Partner M/s Future Capital Holdings Limited (FCH), for a consideration of ₹ 100 Crores. Of the said consideration, the Company has paid ₹ 85 crores (Rupees Eighty Five Crores) in cash and the balance of ₹ 15 Crores (Rupees Fifteen Crores) in the form of 105,783 equity shares of ₹ 10/- each at a price of ₹ 1,418/- per share. The Company has allotted the said shares on May 6, 2011.

**As per our report of even date**

**For S. R. Batliboi & Co.**  
**Firm Registration No.: 301003E**  
**Chartered Accountants**

**per Shrawan Jalan**  
**Partner**  
**Membership No. : 102102**

**Place : Mumbai**  
**Date: October 14, 2011**

**For and on behalf of Board of Directors of Centrum Capital Limited**

**T. R. Madhavan**  
**Executive Chairman**

**K. V. Krishnamurthy**  
**Director**

**Gajendra Thakur**  
**Company Secretary**

**Place : Mumbai**  
**Date: October 14, 2011**

## Schedules Forming Part of Balance Sheet as at June 30, 2011

(₹)

| Particulars  | June 30, 2011        | June 30, 2010 |
|--|----------------------|---------------|
| <b>SCHEDULE 1</b>  |                      |               |
| <b>Share Capital</b>   |                      |               |
| <b>Authorised</b>  |                      |               |
| 10,000,000 (Previous year 10,000,000) equity shares of ₹ 10/- each   | <b>100,000,000</b>   | 100,000,000   |
| <b>Issued, Subscribed and Paid-Up:</b> (Refer Note 23 of Schedule 16)  |                      |               |
| 6,933,879 Equity Shares (Previous year: 6,828,096) of ₹ 10/- each fully paid-up  | <b>69,338,790</b>    | 68,280,960    |
| Of the above equity shares:  |                      |               |
| (a) 3,254,000 equity shares were allotted as bonus shares in the year 2000-01 by capitalisation of reserves  | <b>32,540,000</b>    | 32,540,000    |
| (b) 409,686 equity shares were allotted by way of preferential allotment in terms of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 to Centrum ESPS Trust on May 17, 2008  | <b>4,096,860</b>     | 4,096,860     |
| (c) 682,810 equity shares were allotted by way of preferential allotment in terms of SEBI (Disclosure & Investor Protection) Guidelines 2000 to Indivision India Partners on June 5, 2008  | <b>6,828,100</b>     | 6,828,100     |
| (d) 105,783 equity shares were allotted to Future Capital Holdings Limited for consideration other than cash pursuant to Share Purchase agreement dated March 29, 2011 for purchase of 50% share in CentrumDirect Limited (Formerly known as FCH Centrum Direct Limited) | <b>1,057,830</b>     | -             |
| <b>SCHEDULE 2</b>  |                      |               |
| <b>Reserves &amp; Surplus</b>  |                      |               |
| <b>Capital Reserve</b> (Gift of 525,000 equity shares of Rap Media Limited)  | <b>1</b>             | 1             |
| <b>General Reserve</b>   | <b>2,770,000</b>     | 2,770,000     |
| <b>Securities Premium Account</b>  |                      |               |
| Balance as per last account  | <b>1,393,528,280</b> | 1,393,528,280 |
| Add : Received during the year   | <b>148,942,464</b>   | -             |
|  | <b>1,542,470,744</b> | 1,393,528,280 |
| <b>Profit &amp; Loss Account</b>   |                      |               |
|  | <b>466,933,160</b>   | 598,720,913   |
| <b>Total</b>   | <b>2,012,173,905</b> | 1,995,019,194 |

## Schedules Forming Part of Balance Sheet as at June 30, 2011

| (₹)  |                    |               |
|--|--------------------|---------------|
| Particulars  | June 30, 2011      | June 30, 2010 |
| <b>SCHEDULE 3</b>  |                    |               |
| <b>Secured Loans</b>   |                    |               |
| <b>Loans and advances from banks</b>   |                    |               |
| <b>Vehicle Loans</b>   |                    |               |
| (a) From Bank (Secured by hypothecation of vehicles)   | <b>6,669,731</b>   | 9,632,686     |
| (b) From Others (Secured by hypothecation of vehicles)   | <b>94,097</b>      | 440,458       |
| <b>Overdraft / cash credit facilities</b>  |                    |               |
| (a) The Federal Bank Limited (Secured by pledge of Government securities)  | -                  | 14,343,751    |
| (b) Standard Chartered Bank (Secured by hypothecation of sundry debtors)   | <b>12,242,391</b>  | -             |
| (c) The Dhanalaxmi Bank Limited (Secured by pledge of bonds)   | <b>20,649,440</b>  | -             |
| <b>Term Loan</b>   |                    |               |
| (a) The Federal Bank Limited<br>(Secured by hypothecation of assets procured at Centrum House,<br>Mumbai and personal guarantee of Chandir Gidwani, Chairman of the Company) | -                  | 6,100,656     |
| (b) City Union Bank Limited  | <b>150,000,000</b> | -             |
| Interest accrued and due on above loan<br>(Secured by corporate guarantee of Businessmatch Services (I) Pvt. Ltd.)   | <b>1,669,513</b>   | -             |
| (c) Future Capital Holdings Limited<br>(Secured by pledge of 29,52,217 equity shares of CentrumDirect Limited)   | <b>620,000,000</b> | -             |
| <b>Total</b>   | <b>811,325,172</b> | 30,517,551    |
| <b>SCHEDULE 4</b>  |                    |               |
| <b>Unsecured Loans</b>   |                    |               |
| <b>Other Loans &amp; Advances</b>  |                    |               |
| <b>From Banks</b>  |                    |               |
| The Federal Bank Limited - Overdraft<br>[Due within one year ₹ 20,437,849/-, (Previous year ₹ Nil)]  | <b>20,437,849</b>  | -             |
| <b>From Others</b>   |                    |               |
| Inter Corporate Deposits<br>[Due within one year ₹ 50,000,000/-, (Previous year ₹ Nil)]  | <b>52,500,000</b>  | 2,500,000     |
| From subsidiaries (Refer note 21 of Schedule 16)<br>[Due within one year ₹ Nil, (Previous year ₹ 204,658,173)]   | <b>57,180,119</b>  | 204,658,173   |
| Interest accrued and due on above loan   | -                  | 8,600,072     |
| <b>Total</b>   | <b>130,117,968</b> | 215,758,245   |

# Schedules Forming Part of Balance Sheet as at June 30, 2011

| Description of Assets           | GROSS BLOCK         |           |            |                     | DEPRECIATION       |              |            |                    | NET BLOCK           |                     |
|---------------------------------|---------------------|-----------|------------|---------------------|--------------------|--------------|------------|--------------------|---------------------|---------------------|
|                                 | As at July 01, 2010 | Additions | Deductions | As at June 30, 2011 | Upto July 01, 2010 | For the year | Deductions | Upto June 30, 2011 | As at June 30, 2011 | As at June 30, 2010 |
| <b>SCHEDULE 5-A</b>             |                     |           |            |                     |                    |              |            |                    |                     |                     |
| <b>Tangible Assets</b>          |                     |           |            |                     |                    |              |            |                    |                     |                     |
| Building                        | 1,297,850           | -         | -          | <b>1,297,850</b>    | 245,975            | 21,154       | -          | <b>267,129</b>     | <b>1,030,721</b>    | 1,051,875           |
| Computers - Hardware            | 47,919,399          | 51,319    | -          | <b>47,970,718</b>   | 20,662,513         | 6,981,590    | -          | <b>27,644,103</b>  | <b>20,326,615</b>   | 27,256,886          |
| Vehicles                        | 49,009,470          | 4,487,874 | 2,273,377  | <b>51,223,967</b>   | 15,022,206         | 4,364,138    | 1,124,566  | <b>18,261,778</b>  | <b>32,962,189</b>   | 33,987,264          |
| Furniture & Fixtures            | 18,296,408          | 324,811   | -          | <b>18,621,219</b>   | 4,754,765          | 1,164,968    | -          | <b>5,919,733</b>   | <b>12,701,486</b>   | 13,541,643          |
| Air Conditioners                | 11,709,612          | -         | -          | <b>11,709,612</b>   | 1,562,203          | 556,208      | -          | <b>2,118,411</b>   | <b>9,591,201</b>    | 10,147,409          |
| Office Equipments               | 14,324,004          | 133,896   | -          | <b>14,457,900</b>   | 1,829,447          | 682,370      | -          | <b>2,511,817</b>   | <b>11,946,083</b>   | 12,494,557          |
| Leasehold Improvement           | 179,143,701         | -         | -          | <b>179,143,701</b>  | 43,806,701         | 21,075,729   | -          | <b>64,882,430</b>  | <b>114,261,271</b>  | 135,337,000         |
| <b>Total (A)</b>                | 321,700,444         | 4,997,900 | 2,273,377  | <b>324,424,967</b>  | 87,883,810         | 34,846,157   | 1,124,566  | <b>121,605,401</b> | <b>202,819,566</b>  | 233,816,634         |
| <b>Leased Assets</b>            |                     |           |            |                     |                    |              |            |                    |                     |                     |
| Plant & Machinery               | 23,601,042          | -         | -          | <b>23,601,042</b>   | 23,601,042         | -            | -          | <b>23,601,042</b>  | -                   | -                   |
| <b>Total (B)</b>                | 23,601,042          | -         | -          | <b>23,601,042</b>   | 23,601,042         | -            | -          | <b>23,601,042</b>  | -                   | -                   |
| <b>Total (A) +(B)</b>           | 345,301,486         | 4,997,900 | 2,273,377  | <b>348,026,009</b>  | 111,484,852        | 34,846,157   | 1,124,566  | <b>145,206,443</b> | <b>202,819,566</b>  | 233,816,634         |
| <b>Capital Work in Progress</b> | -                   | -         | -          | -                   | -                  | -            | -          | -                  | <b>344,110</b>      | -                   |
| <b>SCHEDULE 5-B</b>             |                     |           |            |                     |                    |              |            |                    |                     |                     |
| <b>Intangible Assets</b>        |                     |           |            |                     |                    |              |            |                    |                     |                     |
| Goodwill                        | 10,180,000          | -         | -          | <b>10,180,000</b>   | 10,180,000         | -            | -          | <b>10,180,000</b>  | -                   | -                   |
| Computers - Software            | 9,543,441           | 1,417,446 | -          | <b>10,960,887</b>   | 5,404,574          | 1,089,635    | -          | <b>6,494,209</b>   | <b>4,466,678</b>    | 4,138,867           |
| <b>Total</b>                    | 19,723,441          | 1,417,446 | -          | <b>21,140,887</b>   | 15,584,574         | 1,089,635    | -          | <b>16,674,209</b>  | <b>4,466,678</b>    | 4,138,867           |
| <b>Grand Total</b>              | 365,024,927         | 6,415,346 | 2,273,377  | <b>369,166,896</b>  | 127,069,426        | 35,935,792   | 1,124,566  | <b>161,880,652</b> | <b>207,630,354</b>  | 237,955,501         |
| <b>Previous Year</b>            | 361,920,699         | 5,955,581 | 2,851,353  | <b>365,024,927</b>  | 92,000,518         | 35,920,390   | 851,482    | <b>127,069,426</b> | <b>237,955,501</b>  |                     |



## Schedules Forming Part of Balance Sheet as at June 30, 2011

(₹)

| Particulars   | Face Value | June 30, 2011                      | June 30, 2010 | June 30, 2011        | June 30, 2010 |
|---|------------|------------------------------------|---------------|----------------------|---------------|
|   |            | No. of shares / debentures / units |               |                      |               |
| <b>SCHEDULE 6</b>   |            |                                    |               |                      |               |
| <b>Investments</b>  |            |                                    |               |                      |               |
| <b>Long Term Investments (At cost)</b>  |            |                                    |               |                      |               |
| <b>Trade (Unquoted)</b>   |            |                                    |               |                      |               |
| <b>Equity Shares of Subsidiary Companies-Fully Paid up</b>  |            |                                    |               |                      |               |
| Centrum Infrastructure & Realty Limited   | 10         | 50,000                             | 50,000        | 500,000              | 500,000       |
| Centrum Wealth Management Limited (Formerly known as Centrum Investments Limited)   | 10         | 50,000                             | 50,000        | 500,000              | 500,000       |
| Centrum Financial Services Limited [ Shares acquired during the year 3,500,000 (Previous year : Nil)]   | 10         | 4,750,000                          | 1,250,000     | 90,500,000           | 10,000,000    |
| Accounts Receivables Management Services (I) Limited  | 10         | 40,000                             | 40,000        | 400,000              | 400,000       |
| CentrumDirect Limited (Formerly known as FCH CentrumDirect Limited) [Shares acquired during the year 2,952,217 (Previous year : Nil)]   | 10         | 5,904,434                          | 2,952,217     | 1,133,471,490        | 133,471,490   |
| <b>Total</b>  |            |                                    |               | <b>1,225,371,490</b> | 144,871,490   |
| <b>100% Interest in limited liability corporation</b>   |            |                                    |               |                      |               |
| Centrum Capital Holdings LLC  |            |                                    |               | 30,686,675           | 30,686,675    |
| Centrum Securities (Europe) Limited   |            |                                    |               | 11,200,500           | 11,200,500    |
| <b>Total</b>  |            |                                    |               | <b>41,887,175</b>    | 41,887,175    |
| <b>Equity Shares of Joint Ventures-Fully Paid up</b>  |            |                                    |               |                      |               |
| Future Capital Securities Limited (Formerly known as FCH Centrum Wealth Managers Limited) (Refer Note 20 of Schedule 16) [Shares sold during the year 1,402,800 (Previous year : Nil)]      | 10         | -                                  | 1,402,800     | -                    | 14,498,400    |
| Commonwealth Centrum Advisors Limited [Shares acquired during the year 2,529,670 (Previous year : Nil)]   |            | 2,529,670                          | -             | 14,892,170           | -             |
| <b>Total</b>  |            |                                    |               | <b>14,892,170</b>    | 14,498,400    |
| <b>Equity Shares of Associates - Fully Paid up</b>  |            |                                    |               |                      |               |
| Centrum Securities Private Limited  | 10         | 100,000                            | 100,000       | 1,000,000            | 1,000,000     |
| Centrum Broking Private Limited   | 10         | 699,000                            | 699,000       | 71,997,000           | 71,997,000    |
| Essel-Centrum Holdings Limited (Partly Paid up)   | 10         | 500,000                            | 500,000       | 1,000,000            | 1,000,000     |
| <b>Total</b>  |            |                                    |               | <b>73,997,000</b>    | 73,997,000    |
| <b>Preference Shares of Associate-Fully Paid up</b>   |            |                                    |               |                      |               |
| 12% Redeemable Non-cumulative Preference shares of Centrum Broking Private Limited (5,000,000 shares redeemable at par at the end of 5 years from the date of allotment i.e. March 5, 2009) | 100        | 5,500,000                          | 5,500,000     | 550,000,000          | 550,000,000   |
| <b>Total</b>  |            |                                    |               | <b>550,000,000</b>   | 550,000,000   |

## Schedules Forming Part of Balance Sheet as at June 30, 2011

(₹)

| Particulars   | Face Value | June 30, 2011                      | June 30, 2010 | June 30, 2011     | June 30, 2010 |
|---|------------|------------------------------------|---------------|-------------------|---------------|
|   |            | No. of shares / debentures / units |               |                   |               |
| <b>Preference Shares</b>  |            |                                    |               |                   |               |
| 1% Preference shares of Indra Investments Advisory Private Limited (100,000 shares redeemable at par at the end of 20 years from the date of allotment i.e. October 18, 2008) | 100        | <b>100,000</b>                     | 100,000       | <b>10,000,000</b> | 10,000,000    |
| 9% Preference shares of SRR Consultants Private Limited (10,000 shares redeemable at par at the end of 20 years from the date of allotment i.e. August 29, 2008)              | 10         | <b>10,000</b>                      | 10,000        | <b>10,000,000</b> | 10,000,000    |
| 1% Preference shares of Ray Realtors Private Limited (20,000 shares redeemable at par at the end of 20 years from the date of allotment i.e. February 09, 2010)               | 10         | <b>20,000</b>                      | 20,000        | <b>5,000,000</b>  | 5,000,000     |
| <b>Total</b>  |            |                                    |               | <b>25,000,000</b> | 25,000,000    |
| <b>Quoted - Non-Trade</b>   |            |                                    |               |                   |               |
| <b>Equity Shares - Fully Paid up</b>  |            |                                    |               |                   |               |
| Nikumbh Dairy Products Limited  | 10         | <b>4,000</b>                       | 4,000         | <b>109,500</b>    | 109,500       |
| Birla Transasia Carpets Limited   | 10         | <b>9,100</b>                       | 9,100         | <b>153,159</b>    | 153,159       |
| Kaiser Press Limited  | 10         | <b>500</b>                         | 500           | <b>5,000</b>      | 5,000         |
| Dynemic Products Limited  | 10         | <b>10,000</b>                      | 10,000        | <b>350,000</b>    | 350,000       |
| Lumax Auto Technologies Limited   | 10         | <b>5,000</b>                       | 27,500        | <b>225,000</b>    | 1,237,500     |
| Jagjanani Textiles Limited  | 10         | <b>10,000</b>                      | 10,000        | <b>250,000</b>    | 250,000       |
| Hilton Metal Forging Limited  | 10         | <b>5,000</b>                       | 5,000         | <b>350,000</b>    | 350,000       |
| Rap Media Limited   | 10         | <b>608,550</b>                     | 608,550       | <b>12,104,675</b> | 12,104,675    |
| <b>Total</b>  |            |                                    |               | <b>13,547,334</b> | 14,559,834    |
| <b>Unquoted - Non-Trade</b>   |            |                                    |               |                   |               |
| <b>Equity Shares - Fully Paid up</b>  |            |                                    |               |                   |               |
| The Ratnakar Bank Limited   | 10         | <b>216,530</b>                     | 216,530       | <b>2,165,300</b>  | 2,165,300     |
| Softchip Technologies Limited   | 10         | <b>907,200</b>                     | 907,200       | <b>9,072,000</b>  | 9,072,000     |
| Pan India Motors Private Limited  | 10         | <b>11,800,000</b>                  | 11,800,000    | <b>43,000,000</b> | 43,000,000    |
| <b>Total</b>  |            |                                    |               | <b>54,237,300</b> | 54,237,300    |
| <b>8.40% Non Convertible Debentures</b>   |            |                                    |               |                   |               |
| The Ratnakar Bank Limited   | 1,000,000  | -                                  | 2             | -                 | 2,000,000     |
| <b>Total</b>  |            |                                    |               | <b>-</b>          | 2,000,000     |

## Schedules Forming Part of Balance Sheet as at June 30, 2011

(₹)

| Particulars  | Face Value | June 30, 2011                     | June 30, 2010 | June 30, 2011        | June 30, 2010 |
|--|------------|-----------------------------------|---------------|----------------------|---------------|
|  |            | No. of shares/ debentures / units |               |                      |               |
| <b>Current Investments - At lower of cost and market value</b>   |            |                                   |               |                      |               |
| <b>In Units of Mutual Funds</b>  |            |                                   |               |                      |               |
| Reliance Money Manager-Daily Dividend Reinvestment Option (Formerly Reliance Liquid Plus Fund-Inst.Option-Daily Dividend Plan) [Net Asset Value as on June 30, 2011 ₹ Nil (Previous year ₹ 614,592/-)] | 1,000      | -                                 | 613.75        | -                    | 614,450       |
| Reliance Medium Term Fund - Daily Dividend Plan [Net Asset Value as on June 30, 2011 ₹ Nil (Previous year ₹ 200,112/-)]  | 10         | -                                 | 11,705.24     | -                    | 200,107       |
|  |            |                                   |               | -                    | 814,557       |
| <b>Total</b>   |            |                                   |               | <b>1,998,932,469</b> | 921,865,756   |
| Provision for Diminution in the Value of Investment  |            |                                   |               | <b>2,202,278</b>     | 637,895       |
| <b>Total</b>   |            |                                   |               | <b>1,996,730,191</b> | 921,227,861   |
| Aggregate value of quoted investments [Market value ₹ 12,965,008/- (Previous year ₹ 25,062,778/-)]   |            |                                   |               | <b>11,345,056</b>    | 13,921,939    |
| Aggregate value of unquoted investments  |            |                                   |               | <b>1,985,385,135</b> | 907,305,922   |

(₹)

| Purchase and Redemption during the year                   | PURCHASE |        | REDEMPTION |         |
|---|----------|--------|------------|---------|
|   | Units    | Amount | Units      | Amount  |
| Reliance Money Manager-Daily Dividend Reinvestment Option | -        | -      | 613.75     | 614,450 |
| Reliance Medium Term Fund - Daily Dividend Plan           | -        | -      | 11,705.24  | 200,107 |

(₹)

| Purchase and Redemption during previous year         | PURCHASE |        | REDEMPTION |        |
|--|----------|--------|------------|--------|
|  | Units    | Amount | Units      | Amount |
| Reliance Liquid Fund-Inst.Option-Daily Dividend Plan | 23.63    | 23,655 | -          | -      |
| Reliance Medium Term Fund - Daily Dividend Plan      | 447.96   | 7,658  | -          | -      |

## Schedules Forming Part of Balance Sheet as at June 30, 2011

(₹)

| Particulars  | June 30, 2011 | June 30, 2010 | June 30, 2011 | June 30, 2010 |
|--|---------------|---------------|---------------|---------------|
|  | Quantity      | Quantity      |               |               |
| <b>SCHEDULE 7</b>  |               |               |               |               |
| <b>Inventories (at lower of cost and net realisable value)</b>     |               |               |               |               |
| <b>Unquoted bonds</b>  |               |               |               |               |
| 0.00% IDFC 2026  | 1             | -             | 260,200       | -             |
| 23.328% ICICI Bank 2021  | 100           | -             | 23,457,809    | -             |
| 9.70% Power Finance 2021   | 3             | -             | 3,031,142     | -             |
| 8.42% J & K SDL 2020   | -             | 2,500         | -             | 257,692       |
| 7.50% GOI 2034   | -             | 150,000       | -             | 14,296,042    |
| 8.10% APSDL 2019   | -             | 30,700        | -             | 3,113,134     |
| 9.20% WBIDFC 2020  | -             | 1             | -             | 1,016,310     |
| Net realizable value ₹ 26,757,036/- (Previous year ₹ 19,078,543/-) |               |               | 26,749,151    | 18,683,177    |

(₹)

| Particulars  | June 30, 2011      | June 30, 2010      |
|--|--------------------|--------------------|
| <b>SCHEDULE 8</b>  |                    |                    |
| <b>Sundry Debtors (Unsecured, considered good, unless otherwise stated) (Refer Note 17 of Schedule 16)</b>   |                    |                    |
| <b>Debtors outstanding for a period exceeding six months</b>   |                    |                    |
| Considered good  | 256,288,820        | 266,822,816        |
| Considered doubtful  | 30,436,600         | 1,016,100          |
| <b>Total</b>   | <b>286,725,420</b> | <b>267,838,916</b> |
| <b>Other Debts</b>   |                    |                    |
| Considered good  | 104,221,216        | 116,899,791        |
| <b>Total</b>   | <b>390,946,636</b> | <b>384,738,707</b> |
| Less : Provision for doubtful debts  | 30,436,600         | 1,016,100          |
| <b>Total</b>   | <b>360,510,036</b> | <b>383,722,607</b> |
| Included in Sundry Debtors are:  |                    |                    |
| Dues from companies under the same management  |                    |                    |
| -Centrum Wealth Management Limited   | 2,475,000          | -                  |
| -Future Capital Securities Limited (Formerly known as FCH Centrum Wealth Managers Limited)<br>[Maximum amount outstanding during the year ₹ 7,466,750/- (Previous Year ₹ 5,595,432/-)] | -                  | 3,304,600          |
| <b>SCHEDULE 9</b>  |                    |                    |
| <b>Cash and Bank Balances</b>  |                    |                    |
| Cash on Hand including foreign currencies  | 1,012,301          | 1,042,720          |
| Balances with Scheduled Banks:   |                    |                    |
| On current accounts  | 5,502,748          | 16,430,497         |
| On unpaid dividend accounts  | 99,996             | 87,180             |
| Debit balance in Overdraft Account   | 896,798            | 7,779,281          |
| Balance with other banks   |                    |                    |
| On current accounts  | 2,236,214          | 1,535,279          |
| <b>Total</b>   | <b>9,748,057</b>   | <b>26,874,957</b>  |
| Bank Balance with others include:  |                    |                    |
| National Bank of Dubai - AED Current Account [Maximum amount outstanding during the year ₹ 2,428,033/- (Previous Year ₹ 3,063,659/-)]  | 2,236,214          | 1,535,279          |

## Schedules Forming Part of Balance Sheet as at June 30, 2011

| (₹)  |                    |               |
|--|--------------------|---------------|
| Particulars  | June 30, 2011      | June 30, 2010 |
| <b>SCHEDULE 10</b>   |                    |               |
| <b>Loans and Advances</b> (Refer Note 11 of Schedule 16)   |                    |               |
| (Unsecured, considered good unless otherwise stated)   |                    |               |
| Advances and loans to subsidiaries   | <b>190,720,688</b> | 546,654,332   |
| Loan to Joint Venture  | -                  | 14,655,066    |
| Advance for incorporation of subsidiaries (Refer Note 24 of Schedule 16)   | <b>8,343,264</b>   | 8,281,223     |
| Advance tax (net of provision for tax)   | <b>82,263,919</b>  | 35,826,146    |
| Advance for purchase of shares   | <b>10,000,000</b>  | 10,000,000    |
| Loans to employees & others  | <b>33,725,692</b>  | 30,448,094    |
| Advances recoverable in cash or in kind or for value to be received  |                    |               |
| Considered good  | <b>124,134,401</b> | 119,388,467   |
| Considered doubtful  | <b>453,488</b>     | 453,488       |
| Service tax (Input / Credit Account)   | <b>19,339,434</b>  | 18,196,743    |
| Deposits - Others  | <b>70,976,502</b>  | 70,635,141    |
| <b>Total</b>   | <b>539,957,388</b> | 854,538,700   |
| Less: Provision for doubtful advances  | <b>453,488</b>     | 453,488       |
| <b>Total</b>   | <b>539,503,900</b> | 854,085,212   |
| Included in Loans and Advances are: Dues from Director of the Company [Maximum amount outstanding during the year ₹ 3,000,000/- (Previous year ₹ 3,000,000/-)] | <b>3,000,000</b>   | 3,000,000     |
| <b>SCHEDULE 11</b>   |                    |               |
| <b>Current Liabilities</b>   |                    |               |
| Sundry creditors   |                    |               |
| (a) total outstanding dues of Micro, Medium and small Enterprises (Refer Note 16 in Schedule 16)   | -                  | -             |
| (b) total outstanding dues of creditors other than Micro, Medium and Small Enterprises   | <b>32,047,099</b>  | 19,499,682    |
| Advance from customers   | <b>728,606</b>     | 4,956,036     |
| Interest accrued but not due   | <b>2,174,530</b>   | -             |
| Unpaid dividend  | <b>99,996</b>      | 87,197        |
| Other liabilities  | <b>70,576,808</b>  | 75,696,778    |
| <b>Total A</b>   | <b>105,627,040</b> | 100,239,693   |
| <b>Provisions</b>  |                    |               |
| Provision for wealth tax (net of advance tax)  | <b>660,340</b>     | 500,340       |
| Provision for Leave encashment   | <b>3,459,453</b>   | 2,246,037     |
| Provision for Gratuity   | <b>1,058,220</b>   | 945,071       |
| Proposed Dividend  | -                  | 3,414,048     |
| Tax on proposed dividend   | -                  | 567,031       |
| <b>Total B</b>   | <b>5,178,013</b>   | 7,672,527     |
| <b>Total (A+B)</b>   | <b>110,805,053</b> | 107,912,220   |

# Schedules Forming Part of Profit & Loss Account

for the year ended June 30, 2011

| (₹)   |                    |               |
|---|--------------------|---------------|
| Particulars   | June 30, 2011      | June 30, 2010 |
| <b>SCHEDULE 12</b>  |                    |               |
| <b>Other Income</b>   |                    |               |
| Interest  |                    |               |
| Bank deposits (TDS ₹ Nil, Previous year ₹ 669,854/-)        | -                  | 3,769,091     |
| Others (TDS ₹ 3,748,482/-, Previous year ₹ 9,325,880/-)     | <b>42,876,469</b>  | 69,784,662    |
| Dividend income   |                    |               |
| Dividend on Equity Shares - Non-trade                       | <b>226,668</b>     | 411,115       |
| Dividend on Units of Mutual Fund - Non-trade                | <b>6,850</b>       | 31,313        |
| Dividend on Preference Shares - Non-trade                   | <b>100,000</b>     | -             |
| Profit on Sale of Investments - Long Term - Non-trade (net) | <b>2,952,519</b>   | 2,786,425     |
| Miscellaneous income  | -                  | 128,947       |
| Provision no longer required written back                   | -                  | 8,400,993     |
| Other Income  | <b>128,342</b>     | 658,656       |
| <b>Total</b>  | <b>46,290,848</b>  | 85,971,202    |
| <b>SCHEDULE 13</b>  |                    |               |
| <b>Personnel expenses</b>                                   |                    |               |
| Salaries wages and bonus                                    | <b>225,415,990</b> | 163,239,683   |
| Contribution to provident & other funds                     |                    |               |
| - E.S.I.C.  | <b>27,694</b>      | 21,691        |
| - Provident Fund  | <b>7,077,694</b>   | 5,265,737     |
| Gratuity Expenses   | <b>2,742,666</b>   | 1,433,013     |
| Leave Encashment  | <b>1,950,957</b>   | 1,176,667     |
| Staff welfare expenses                                      | <b>1,653,971</b>   | 1,186,861     |
| <b>Total</b>  | <b>238,868,972</b> | 172,323,652   |

# Schedules Forming Part of Profit & Loss Account

for the year ended June 30, 2011

| (₹)  |                    |                    |
|--|--------------------|--------------------|
| Particulars  | June 30, 2011      | June 30, 2010      |
| <b>SCHEDULE 14</b>   |                    |                    |
| <b>Operating &amp; Other Expenses</b>  |                    |                    |
| Rent   | 104,944,005        | 85,114,877         |
| Rates & Taxes [including wealth tax ₹ 160,000/- (Previous year ₹ 200,000/-)] | 17,964,020         | 13,872,457         |
| Electricity  | 3,659,204          | 3,758,421          |
| Foreign exchange loss (net)  | 210,708            | 353,940            |
| Repair and maintenance - others  | 1,250,338          | 601,330            |
| Insurance  | 1,183,021          | 969,173            |
| Advertising  | 277,421            | 335,185            |
| Business promotion   | 8,178,449          | 4,712,046          |
| Meeting and seminars   | 1,663,055          | 1,657,739          |
| Subscription and membership fees   | 1,521,970          | 1,238,675          |
| Commission and brokerage   | 12,037,354         | 10,702,342         |
| Travelling and conveyance  | 18,227,411         | 15,932,119         |
| Vehicle Expenses   | 9,932,237          | 9,361,546          |
| Loss On Sale Of Debtors  | -                  | 16,157,327         |
| Communication costs  | 5,510,745          | 5,533,979          |
| Printing and stationery  | 2,530,430          | 1,872,220          |
| Legal & professional fees  | 109,881,061        | 61,414,447         |
| Office Expenses  | 5,507,161          | 5,141,268          |
| Impairment of Investments  | 1,564,383          | 496,995            |
| Bad Debts Written Off  | 11,542,163         | 6,525,685          |
| Provision for Doubtful Debts   | 26,673,165         | -                  |
| Director's sitting fees  | 940,000            | 760,000            |
| Auditor's remuneration   |                    |                    |
| Audit Fees   | 800,000            | 800,000            |
| Taxation and others  | -                  | 336,336            |
| Sundry Balance Written Off   | 13,264,976         | 870,509            |
| Loss on sale of investments (Refer note 22 of Schedule 16)                   | 4,498,400          | -                  |
| Donation and contributions to charitable institutions                        | 233,310            | 5,181,000          |
| Loss on sale of fixed assets (net)   | 638,811            | 1,408,379          |
| Miscellaneous expenses   | 1,384,615          | 627,219            |
| <b>Total</b>   | <b>366,018,413</b> | <b>255,735,214</b> |
| <b>SCHEDULE 15</b>   |                    |                    |
| <b>Financial Expenses</b>  |                    |                    |
| Interest   |                    |                    |
| - on inter corporate deposits  | 33,980,357         | 39,124,351         |
| - on banks   | 21,146,735         | 18,185,131         |
| - others   | 40,402             | 3,374,434          |
| Bank charges   | 4,709,875          | 1,849,538          |
| <b>Total</b>   | <b>59,877,369</b>  | <b>62,533,454</b>  |



# Schedule – 16 Notes to Accounts

## 1. NATURE OF OPERATIONS

Centrum Capital Limited (the 'Company') is an Investment Banking Company and a Category-I Merchant Banker. The Company is engaged in equity capital market, private equity, corporate finance, project finance, stressed asset resolution and offers a complete gamut of financial services. The Company is also engaged in trading of bonds.

## 2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

### a) Basis of preparation

The financial statements have been prepared to comply in all material respects with the Notified accounting standard by Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956 ('the Act'). The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

### b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

### c) Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

### d) Depreciation

Depreciation on fixed assets is provided on straight line basis at the rates based on estimated useful life of the asset which is envisaged by schedule XIV of the Companies Act, 1956, except for leasehold improvements. Leasehold improvements are amortised over a period of 9 years.

Individual asset costing ₹ 5,000 or less are fully depreciated in the year of purchase.

| Particulars                            | Rates ( SLM) | Schedule XIV Rates ( SLM) |
|--|--------------|---------------------------|
| Building                               | 1.63%        | 1.63%                     |
| Computers                              | 16.21%       | 16.21%                    |
| Air Conditioners and Office equipments | 4.75%        | 4.75%                     |
| Vehicles                               | 9.50%        | 9.50%                     |
| Furnitures and Fixtures                | 6.33%        | 6.33%                     |

### e) Impairment

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 recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

**f) Intangible Assets**

**Goodwill**

Goodwill is amortized using the straight-line method over a period of ten years.

**Computer Softwares**

The Company capitalises software and related implementation cost where it is reasonably estimated that the software has an enduring useful life. Softwares including operating system licenses are amortized over their estimated useful life of 6 – 9 years.

**g) Leases**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

**h) Investments**

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried 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.

**i) Inventories**

Inventories are valued as lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business.

**j) 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.

**Syndication fees**

Syndication fees and brokerage income are accounted on achievements of the milestones as per the mandates / agreements with the clients, where there are no mandates / agreements, as per the terms confirmed and agreed by clients. Non refundable upfront fees received from the clients is accounted as income immediately. In the event of project stipulates performance measures, revenue is considered earned when such performance measure have been completed.

**Income from trading in bonds**

Income from trading in bonds is accounted when the risk and rewards of ownership of the bonds are passed to the customer, which is generally on sale of bonds.

**Interest income**

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

**Dividends**

Revenue is recognized when the shareholders' right to receive payment is established by the balance sheet date. Dividend from subsidiaries is recognized even if same are declared after the balance sheet date but pertains to period on or before the date of balance sheet as per the requirement of schedule VI of the Companies Act, 1956.

### **Profit / Loss on sale of investments**

Profit or loss on sale of investments is determined on the basis of the weighted average cost method.

### **k) Foreign currency transactions**

#### **(i) Initial Recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

#### **(ii) Conversion**

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

#### **(iii) Exchange Differences**

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise. Exchange differences arising in respect of fixed assets acquired from outside India on or before accounting period commencing after December 7, 2006 are capitalized as a part of fixed asset.

### **l) Retirement and other employee benefits**

Retirement benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the fund is due. There are no other obligations other than the contribution payable to the fund.

- (i) 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 the financial year. The Company makes contribution to a scheme administered by the Life Insurance Corporation of India ("LIC") to discharge the gratuity liability to employees. The Company records its gratuity liability based on an actuarial valuation made by an independent actuary as at year end. Contribution made to the LIC fund and provision made for the funded amounts are expensed in the books of accounts.
- (ii) Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per Projected Unit Credit Method.
- (iii) All actuarial gains / losses are immediately taken to the Profit and Loss account and are not deferred.

### **m) Income taxes**

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each balance sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. 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.

**n) Segment Reporting Policies**

**Identification of segments :**

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

**Allocation of common costs:**

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

**Unallocated items:**

Includes general corporate income and expense items which are not allocated to any business segment.

**o) Earnings Per Share**

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

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

**p) Provisions**

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

**q) Cash and Cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand.

**r) Borrowing costs**

Borrowing costs are recognized as an expense in the period in which these are incurred.

### 3. SEGMENT INFORMATION

#### Business Segment

As of June 30, 2011, the Company has for the purpose of segment reporting identified two major business i.e. Investment Banking and Trading in Bonds. Segments have been identified and reported based on the nature of operation involved, the risks and returns, the organization structure and the internal financial reporting systems.

Segment information for secondary segment reporting (by geographical segment).

Company's operations are mainly conducted in India. Company has a representative office at Dubai. Consequently the commercial risks and returns involved the basis of geographic segmentation are relatively insignificant. Accordingly, secondary segment disclosures based on geographic segments have not been reported.

Segment wise details are given in Annexure -1.

### 4. RELATED PARTY DISCLOSURES

In terms of Accounting Standard 18 (AS-18) 'Related Party Disclosures', notified in the Companies (Accounting Standards) Rules, 2006, the disclosures of transactions with the related parties as defined in AS-18 are given below :

|  |   |
|--|---|
| Subsidiary Companies   | <ul style="list-style-type: none"> <li>- Centrum Infrastructure &amp; Realty Limited</li> <li>- Centrum Financial Services Limited</li> <li>- Centrum Wealth Management Limited (Formerly known as Centrum Investments Limited)</li> <li>- Accounts Receivables Management Services (I) Limited</li> <li>- Centrum Capital Holdings LLC</li> <li>- Centrum Securities LLC (Subsidiary of Centrum Capital Holdings LLC)</li> <li>- Centrum Securities (Europe) Limited</li> <li>- CentrumDirect Limited (Formerly known as FCH CentrumDirect Limited) (w.e.f. March 29, 2011) [Refer note 21 of Schedule 16]</li> <li>- Club 7 Holidays Limited (Subsidiary of CentrumDirect Limited) (w.e.f. March 29, 2011)</li> </ul> |
| Joint Ventures   | <ul style="list-style-type: none"> <li>- Commonwealth Centrum Advisors Limited (w.e.f. February 15, 2011)</li> <li>- Future Capital Securities Limited (Formerly known as FCH Centrum Wealth Managers Limited) (upto March 28, 2011)</li> <li>- CentrumDirect Limited (Formerly known as FCH CentrumDirect Limited) (upto March 28, 2011)</li> </ul>  |
| Names of other related parties with whom transactions have taken place during the year |   |
| Enterprise controlled by Key Management Personnel                                      | <ul style="list-style-type: none"> <li>- Businessmatch Services (India) Private Limited</li> <li>- Sonchajyo Investments &amp; Finance Private Limited</li> </ul>   |
| Associates / entities where company has significant influence                          | <ul style="list-style-type: none"> <li>- Centrum Broking Private Limited</li> <li>- Centrum Securities Private Limited</li> <li>- Club 7 Holidays Limited (Subsidiary of CentrumDirect Limited) (upto March 28, 2011)</li> </ul>  |
| Key Management Personnel   | <ul style="list-style-type: none"> <li>- Mr. T. R. Madhavan, Executive Chairman (w.e.f April 19, 2011)</li> <li>- Mr. Chandir Gidwani, Non-Executive Director (Chairman upto April 19, 2011)</li> <li>- Ms. Sonia Gidwani, Whole Time Director (upto March 25, 2011)</li> <li>- Mr. G. Narayanan, Managing Director (upto December 31, 2010)</li> </ul>   |

(₹)

| Nature of transaction | Joint Ventures | Subsidiary Companies | Enterprise controlled by Key Management Personnel | Key Management Personnel | Associates / Entities where company has significant influence |
|-----------------------|----------------|----------------------|---|--------------------------|---|
|                       | 2011           | 2011                 | 2011  | 2011                     | 2011  |
|                       | (2010)         | (2010)               | (2010)  | (2010)                   | (2010)  |

**TRANSACTIONS DURING THE YEAR WITH RELATED PARTIES****Investment in shares / Interest in the Limited Liability Company (LLC)**

|                                       |                   |                      |          |          |          |
|---------------------------------------|-------------------|----------------------|----------|----------|----------|
| CentrumDirect Limited                 | -                 | 1,000,000,000        | -        | -        | -        |
|                                       | (-)               | (-)                  | (-)      | (-)      | (-)      |
| Centrum Financial Services Limited    | -                 | 80,500,000           | -        | -        | -        |
|                                       | (-)               | (-)                  | (-)      | (-)      | (-)      |
| Centrum Capital Holdings LLC          | -                 | -                    | -        | -        | -        |
|                                       | (-)               | (2,383,500)          | (-)      | (-)      | (-)      |
| Centrum Securities (Europe) Limited   | -                 | -                    | -        | -        | -        |
|                                       | (-)               | (11,200,500)         | (-)      | (-)      | (-)      |
| Commonwealth Centrum Advisors Limited | 14,892,170        | -                    | -        | -        | -        |
|                                       | (-)               | (-)                  | (-)      | (-)      | (-)      |
| <b>Total</b>                          | <b>14,892,170</b> | <b>1,080,500,000</b> | <b>-</b> | <b>-</b> | <b>-</b> |
|                                       | (-)               | (13,584,000)         | (-)      | (-)      | (-)      |

**Share Application money refund**

|  |          |              |          |          |          |
|--|----------|--------------|----------|----------|----------|
| Accounts Receivables Management Services (I) Limited | -        | -            | -        | -        | -        |
|  | (-)      | (29,600,000) | (-)      | (-)      | (-)      |
| <b>Total</b>   | <b>-</b> | <b>-</b>     | <b>-</b> | <b>-</b> | <b>-</b> |
|  | (-)      | (29,600,000) | (-)      | (-)      | (-)      |

**Advances given**

|   |                      |                    |          |          |                    |
|---|----------------------|--------------------|----------|----------|--------------------|
| Centrum Infrastructure & Realty Limited | -                    | 4,607,943          | -        | -        | -                  |
|   | (-)                  | (27,250,000)       | (-)      | (-)      | (-)                |
| Centrum Securities Private Limited      | -                    | -                  | -        | -        | -                  |
|   | (-)                  | (-)                | (-)      | (-)      | (1,500,000)        |
| Future Capital Securities Limited       | 144,464,614          | -                  | -        | -        | -                  |
|   | (8,500,000)          | (-)                | (-)      | (-)      | (-)                |
| Centrum Wealth Management Limited       | -                    | 34,625,000         | -        | -        | -                  |
|   | (-)                  | (-)                | (-)      | (-)      | (-)                |
| Centrum Broking Private Limited         | -                    | -                  | -        | -        | 213,500,000        |
|   | (-)                  | (-)                | (-)      | (-)      | (72,500,000)       |
| Centrum Financial Services Limited      | -                    | 592,402,003        | -        | -        | -                  |
|   | (-)                  | (1,952,893,062)    | (-)      | (-)      | (-)                |
| CentrumDirect Limited                   | 902,241,755          | -                  | -        | -        | -                  |
|   | (-)                  | (-)                | (-)      | (-)      | (-)                |
| <b>Total</b>                            | <b>1,046,706,369</b> | <b>631,634,946</b> | <b>-</b> | <b>-</b> | <b>213,500,000</b> |
|   | (8,500,000)          | (1,980,143,062)    | (-)      | (-)      | (74,000,000)       |

**Repayment of Advances given**

|   |                      |                    |          |          |                    |
|---|----------------------|--------------------|----------|----------|--------------------|
| Centrum Infrastructure & Realty Limited | -                    | 11,903,788         | -        | -        | -                  |
|   | (-)                  | (11,155,000)       | (-)      | (-)      | (-)                |
| Centrum Securities Private Limited      | -                    | -                  | -        | -        | 4,674,208          |
|   | (-)                  | (-)                | (-)      | (-)      | (-)                |
| Future Capital Securities Limited       | 128,861,730          | -                  | -        | -        | -                  |
|   | (7,500,000)          | (-)                | (-)      | (-)      | (-)                |
| Centrum Broking Private Limited         | -                    | -                  | -        | -        | 100,650,000        |
|   | (-)                  | (-)                | (-)      | (-)      | (73,174,201)       |
| CentrumDirect Limited                   | 902,241,755          | -                  | -        | -        | -                  |
|   | (-)                  | (-)                | (-)      | (-)      | (-)                |
| Centrum Financial Services Limited      | -                    | 975,664,802        | -        | -        | -                  |
|   | (-)                  | (2,072,174,546)    | (-)      | (-)      | (-)                |
| <b>Total</b>                            | <b>1,031,103,485</b> | <b>987,568,590</b> | <b>-</b> | <b>-</b> | <b>105,324,208</b> |
|   | (7,500,000)          | (2,083,829,546)    | (-)      | (-)      | (73,174,201)       |

(₹)

| Nature of transaction                               | Joint Ventures                        | Subsidiary Companies          | Enterprise controlled<br>by Key Management<br>Personnel | Key Management<br>Personnel | Associates / Entities<br>where company has<br>significant influence |
|---|---------------------------------------|-------------------------------|---|-----------------------------|---|
|   | 2011                                  | 2011                          | 2011  | 2011                        | 2011  |
|   | (2010)                                | (2010)                        | (2010)  | (2010)                      | (2010)  |
| <b>Loan / Advances taken</b>                        |                                       |                               |   |                             |   |
| CentrumDirect Limited                               | 452,356,356<br>(2,122,000,000)        | 148,316,082<br>(-)            | -<br>(-)  | -<br>(-)                    | -<br>(-)  |
| Centrum Financial Services Limited                  | -<br>(-)                              | 508,991,001<br>(-)            | -<br>(-)  | -<br>(-)                    | -<br>(-)  |
| <b>Total</b>  | <b>452,356,356</b><br>(2,122,000,000) | <b>657,307,083</b><br>(-)     | -<br>(-)  | -<br>(-)                    | -<br>(-)  |
| <b>Repayment of Loan / Advances taken</b>           |                                       |                               |   |                             |   |
| Centrum Financial Services Limited                  | -<br>(-)                              | 508,991,001<br>(-)            | -<br>(-)  | -<br>(-)                    | -<br>(-)  |
| CentrumDirect Limited                               | 636,458,173<br>(2,240,449,700)        | 111,692,319<br>(-)            | -<br>(-)  | -<br>(-)                    | -<br>(-)  |
| Future Capital Securities Limited                   | -<br>(8,000,000)                      | -<br>(-)                      | -<br>(-)  | -<br>(-)                    | -<br>(-)  |
| <b>Total</b>  | <b>636,458,173</b><br>(2,248,449,700) | <b>620,683,320</b><br>(-)     | -<br>(-)  | -<br>(-)                    | -<br>(-)  |
| <b>Purchase of assets</b>                           |                                       |                               |   |                             |   |
| CentrumDirect Limited                               | -<br>(183,918)                        | -<br>(-)                      | -<br>(-)  | -<br>(-)                    | -<br>(-)  |
| <b>Total</b>  | -<br>(183,918)                        | -<br>(-)                      | -<br>(-)  | -<br>(-)                    | -<br>(-)  |
| <b>Purchase of Air tickets</b>                      |                                       |                               |   |                             |   |
| Club 7 Holidays Limited                             | -<br>(-)                              | 5,199,676<br>(-)              | -<br>(-)  | -<br>(-)                    | 11,441,011<br>(9,262,625)   |
| <b>Total</b>  | -<br>(-)                              | <b>5,199,676</b><br>(-)       | -<br>(-)  | -<br>(-)                    | <b>11,441,011</b><br>(9,262,625)                                    |
| <b>Purchase of Foreign currency</b>                 |                                       |                               |   |                             |   |
| CentrumDirect Limited                               | 807,524<br>(445,575)                  | 1,107,743<br>(-)              | -<br>(-)  | -<br>(-)                    | -<br>(-)  |
| <b>Total</b>  | <b>807,524</b><br>(445,575)           | <b>1,107,743</b><br>(-)       | -<br>(-)  | -<br>(-)                    | -<br>(-)  |
| <b>Reimbursement of Expenses claimed</b>            |                                       |                               |   |                             |   |
| CentrumDirect Limited - Rent                        | 126,000<br>(240,000)                  | -<br>(-)                      | -<br>(-)  | -<br>(-)                    | -<br>(-)  |
| Centrum Wealth Management<br>Limited – Rent         | -<br>(-)                              | 2,475,000<br>(-)              | -<br>(-)  | -<br>(-)                    | -<br>(-)  |
| Future Capital Securities Limited -<br>Rent         | 13,778,225<br>(26,075,742)            | -<br>(-)                      | -<br>(-)  | -<br>(-)                    | -<br>(-)  |
| Centrum Infrastructure and Realty<br>Limited - Rent | -<br>(-)                              | -<br>(635,222)                | -<br>(-)  | -<br>(-)                    | -<br>(-)  |
| Centrum Broking Private Limited -<br>Rent           | -<br>(-)                              | -<br>(-)                      | -<br>(-)  | -<br>(-)                    | 7,356,624<br>(3,414,024)  |
| <b>Total</b>  | <b>13,904,225</b><br>(26,315,742)     | <b>2,475,000</b><br>(635,222) | -<br>(-)  | -<br>(-)                    | <b>7,356,624</b><br>(3,414,024)                                     |



(₹)

| Nature of transaction                             | Joint Ventures                   | Subsidiary Companies              | Enterprise controlled<br>by Key Management<br>Personnel | Key Management<br>Personnel | Associates / Entities<br>where company has<br>significant influence |
|---|----------------------------------|-----------------------------------|---|-----------------------------|---|
|   | 2011                             | 2011                              | 2011  | 2011                        | 2011  |
|   | (2010)                           | (2010)                            | (2010)  | (2010)                      | (2010)  |
| <b>Commission and Brokerage paid</b>              |                                  |                                   |   |                             |   |
| Future Capital Securities Limited                 | 2,762,422<br>(4,831,212)         | -<br>(-)                          | -<br>(-)  | -<br>(-)                    | -<br>(-)  |
| Centrum Broking Private Limited                   | -<br>(-)                         | -<br>(-)                          | -<br>(-)  | -<br>(-)                    | 2,578,692<br>(228,278)  |
| <b>Total</b>                                      | <b>2,762,422</b><br>(4,831,212)  | -<br>(-)                          | -<br>(-)  | -<br>(-)                    | <b>2,578,692</b><br>(228,278)                                       |
| <b>Rent expenses</b>                              |                                  |                                   |   |                             |   |
| Businessmatch Services (India)<br>Private Limited | -<br>(-)                         | -<br>(-)                          | 976,935<br>(931,875)                                    | -<br>(-)                    | -<br>(-)  |
| CentrumDirect Limited                             | 4,442,346<br>(2,901,761)         | 2,573,425<br>(-)                  | -<br>(-)  | -<br>(-)                    | -<br>(-)  |
| <b>Total</b>                                      | <b>4,442,346</b><br>(2,901,761)  | <b>2,573,425</b><br>(-)           | <b>976,935</b><br>(931,875)                             | -<br>(-)                    | -<br>(-)  |
| <b>Commission &amp; Brokerage received</b>        |                                  |                                   |   |                             |   |
| Future Capital Securities Limited                 | 1,687,150<br>(15,004,300)        | -<br>(-)                          | -<br>(-)  | -<br>(-)                    | -<br>(-)  |
| <b>Total</b>                                      | <b>1,687,150</b><br>(15,004,300) | -<br>(-)                          | -<br>(-)  | -<br>(-)                    | -<br>(-)  |
| <b>Interest income</b>                            |                                  |                                   |   |                             |   |
| Centrum Financial Services Limited                | -<br>(-)                         | 13,548,894<br>(60,195,058)        | -<br>(-)  | -<br>(-)                    | -<br>(-)  |
| CentrumDirect Limited                             | 11,501,587<br>(-)                | -<br>(-)                          | -<br>(-)  | -<br>(-)                    | -<br>(-)  |
| Centrum Wealth Management<br>Limited              | -<br>(-)                         | 191,392<br>(-)                    | -<br>(-)  | -<br>(-)                    | -<br>(-)  |
| Future Capital Securities Limited                 | 6,734,978<br>(642,650)           | -<br>(-)                          | -<br>(-)  | -<br>(-)                    | -<br>(-)  |
| Centrum Infrastructure and Realty<br>Limited      | -<br>(-)                         | 843,883<br>(1,591,479)            | -<br>(-)  | -<br>(-)                    | -<br>(-)  |
| Centrum Broking Private Limited                   | -<br>(-)                         | -<br>(-)                          | -<br>(-)  | -<br>(-)                    | 8,562,295<br>(69,042)   |
| Centrum Securities Private Limited                | -<br>(-)                         | -<br>(-)                          | -<br>(-)  | -<br>(-)                    | 260,387<br>(680,608)  |
| <b>Total</b>                                      | <b>18,236,565</b><br>(642,650)   | <b>14,584,168</b><br>(61,786,537) | -<br>(-)  | -<br>(-)                    | <b>8,822,683</b><br>(749,650)                                       |
| <b>Interest expense</b>                           |                                  |                                   |   |                             |   |
| Future Capital Securities Limited                 | -<br>(204,784)                   | -<br>(-)                          | -<br>(-)  | -<br>(-)                    | -<br>(-)  |
| Centrum Financial Services Limited                | -<br>(-)                         | 4,632,267<br>(-)                  | -<br>(-)  | -<br>(-)                    | -<br>(-)  |
| CentrumDirect Limited                             | 6,862,327<br>(36,812,982)        | 525,215<br>(-)                    | -<br>(-)  | -<br>(-)                    | -<br>(-)  |
| <b>Total</b>                                      | <b>6,862,327</b><br>(37,017,766) | <b>5,157,482</b><br>(-)           | -<br>(-)  | -<br>(-)                    | -<br>(-)  |

(₹)

| Nature of transaction                               | Joint Ventures                      | Subsidiary Companies      | Enterprise controlled<br>by Key Management<br>Personnel | Key Management<br>Personnel      | Associates / Entities<br>where company has<br>significant influence |
|---|-------------------------------------|---------------------------|---|----------------------------------|---|
|   | 2011                                | 2011                      | 2011  | 2011                             | 2011  |
|   | (2010)                              | (2010)                    | (2010)  | (2010)                           | (2010)  |
| <b>Directors sitting fees</b>                       |                                     |                           |   |                                  |   |
| Mr. Chandir Gidwani                                 | -<br>(-)                            | -<br>(-)                  | -<br>(-)  | 160,000<br>(100,000)             | -<br>(-)  |
| <b>Total</b>  | -<br>(-)                            | -<br>(-)                  | -<br>(-)  | <b>160,000</b><br>(100,000)      | -<br>(-)  |
| <b>Professional fees expense</b>                    |                                     |                           |   |                                  |   |
| Centrum Broking Private Limited                     | -<br>(-)                            | -<br>(-)                  | -<br>(-)  | -<br>(-)                         | 1,000,000<br>(3,333,332)  |
| Sonchajyo Investment and Finance<br>Private Limited | -<br>(-)                            | -<br>(-)                  | 361,854<br>(360,000)                                    | -<br>(-)                         | -<br>(-)  |
| <b>Total</b>  | -<br>(-)                            | -<br>(-)                  | <b>361,854</b><br>(360,000)                             | -<br>(-)                         | <b>1,000,000</b><br>(3,333,332)                                     |
| <b>Managerial remuneration</b>                      |                                     |                           |   |                                  |   |
| Mr. T. R. Madhavan                                  | -<br>(-)                            | -<br>(-)                  | -<br>(-)  | 1,185,900<br>(4,290,491)         | -<br>(-)  |
| Ms. Sonia Gidwani                                   | -<br>(-)                            | -<br>(-)                  | -<br>(-)  | 3,507,722<br>(4,864,960)         | -<br>(-)  |
| Mr. G Narayanan                                     | -<br>(-)                            | -<br>(-)                  | -<br>(-)  | 3,024,179<br>(2,532,258)         | -<br>(-)  |
| <b>Total</b>  | -<br>(-)                            | -<br>(-)                  | -<br>(-)  | <b>7,717,801</b><br>(11,687,709) | -<br>(-)  |
| <b>Corporate Guarantees given during the year</b>   |                                     |                           |   |                                  |   |
| CentrumDirect Limited                               | -<br>(120,000,000)                  | 150,000,000<br>(-)        | -<br>(-)  | -<br>(-)                         | -<br>(-)  |
| Future Capital Securities Limited                   | 100,000,000<br>(-)                  | -<br>(-)                  | -<br>(-)  | -<br>(-)                         | -<br>(-)  |
| <b>Total</b>  | <b>100,000,000</b><br>(120,000,000) | <b>150,000,000</b><br>(-) | -<br>(-)  | -<br>(-)                         | -<br>(-)  |
| <b>GUARANTEES OUTSTANDING AT THE YEAR END</b>       |                                     |                           |   |                                  |   |
| <b>Corporate guarantees given</b>                   |                                     |                           |   |                                  |   |
| CentrumDirect Limited                               | -<br>(510,000,000)                  | 660,000,000<br>(-)        | -<br>(-)  | -<br>(-)                         | -<br>(-)  |
| Future Capital Securities Limited                   | 100,000,000<br>(-)                  | -<br>(-)                  | -<br>(-)  | -<br>(-)                         | -<br>(-)  |
| Centrum Broking Private Limited                     | -<br>(-)                            | -<br>(-)                  | -<br>(-)  | -<br>(-)                         | 410,100,000<br>(660,100,000)  |
| <b>Total</b>  | <b>100,000,000</b><br>(510,000,000) | <b>660,000,000</b><br>(-) | -<br>(-)  | -<br>(-)                         | <b>410,100,000</b><br>(660,100,000)                                 |
| <b>Guarantees obtained</b>                          |                                     |                           |   |                                  |   |
| Mr. Chandir Gidwani                                 | -<br>(-)                            | -<br>(-)                  | -<br>(-)  | -<br>(120,000,000)               | -<br>(-)  |
| <b>Total</b>  | -<br>(-)                            | -<br>(-)                  | -<br>(-)  | -<br>(120,000,000)               | -<br>(-)  |
| <b>AMOUNT RECEIVABLE AS AT THE YEAR END</b>         |                                     |                           |   |                                  |   |
| <b>Sundry Debtors</b>                               |                                     |                           |   |                                  |   |
| Future Capital Securities Limited                   | -<br>(3,304,600)                    | -<br>(-)                  | -<br>(-)  | -<br>(-)                         | -<br>(-)  |
| <b>Total</b>  | -<br>(3,304,600)                    | -<br>(-)                  | -<br>(-)  | -<br>(-)                         | -<br>(-)  |

(₹)

| Nature of transaction                          | Joint Ventures | Subsidiary Companies | Enterprise controlled by Key Management Personnel | Key Management Personnel | Associates / Entities where company has significant influence |
|--|----------------|----------------------|---|--------------------------|---|
|  | 2011           | 2011                 | 2011  | 2011                     | 2011  |
|  | (2010)         | (2010)               | (2010)  | (2010)                   | (2010)  |
| <b>Rent Receivable</b>                         |                |                      |   |                          |   |
| Centrum Broking Private Limited                | -              | -                    | -   | -                        | 5,045,993   |
|  | (-)            | (-)                  | (-)   | (-)                      | (-)   |
| Centrum Wealth Management Limited              | -              | 2,475,000            | -   | -                        | -   |
|  | (-)            | (-)                  | (-)   | (-)                      | (-)   |
| <b>Total</b>                                   | -              | <b>2,475,000</b>     | -   | -                        | <b>5,045,993</b>  |
|  | (-)            | (-)                  | (-)   | (-)                      | (-)   |
| <b>Interest receivable</b>                     |                |                      |   |                          |   |
| Centrum Financial Services Limited             | -              | 1,585,908            | -   | -                        | -   |
|  | (-)            | (18,403,571)         | (-)   | (-)                      | (-)   |
| Centrum Infrastructure and Realty Limited      | -              | 126,036              | -   | -                        | -   |
|  | (-)            | (351,458)            | (-)   | (-)                      | (-)   |
| Centrum Securities Private Limited             | -              | -                    | -   | -                        | 37,207  |
|  | (-)            | (-)                  | (-)   | (-)                      | (329,556)   |
| Future Capital Securities Limited              | -              | -                    | -   | -                        | -   |
|  | (578,384)      | (-)                  | (-)   | (-)                      | (-)   |
| Centrum Wealth Management Limited              | -              | 191,392              | -   | -                        | -   |
|  | (-)            | (-)                  | (-)   | (-)                      | (-)   |
| Centrum Broking Private Limited                | -              | -                    | -   | -                        | 2,560,422   |
|  | (-)            | (-)                  | (-)   | (-)                      | (4,439)   |
| <b>Total</b>                                   | -              | <b>1,903,336</b>     | -   | -                        | <b>2,597,629</b>  |
|  | (578,384)      | (18,755,029)         | (-)   | (-)                      | (333,995)   |
| <b>Security Deposits</b>                       |                |                      |   |                          |   |
| Businessmatch Services (India) Private Limited | -              | -                    | 3,000,000   | -                        | -   |
|  | (-)            | (-)                  | (3,000,000)                                       | (-)                      | (-)   |
| Mr. Chandir Gidwani                            | -              | -                    | -   | 3,000,000                | -   |
|  | (-)            | (-)                  | (-)   | (3,000,000)              | (-)   |
| <b>Total</b>                                   | -              | -                    | <b>3,000,000</b>                                  | <b>3,000,000</b>         | -   |
|  | (-)            | (-)                  | (3,000,000)                                       | (3,000,000)              | (-)   |
| <b>Loan/Advances receivable</b>                |                |                      |   |                          |   |
| Centrum Financial Services Limited             | -              | 31,500,000           | -   | -                        | -   |
|  | (-)            | (414,762,799)        | (-)   | (-)                      | (-)   |
| Centrum Securities Private Limited             | -              | -                    | -   | -                        | 1,153,696   |
|  | (-)            | (-)                  | (-)   | (-)                      | (5,827,904)   |
| Centrum Wealth Management Limited              | -              | 34,625,000           | -   | -                        | -   |
|  | (-)            | (-)                  | (-)   | (-)                      | (-)   |
| Future Capital Securities Limited              | -              | -                    | -   | -                        | -   |
|  | (14,655,066)   | (-)                  | (-)   | (-)                      | (-)   |
| Centrum Broking Private Limited                | -              | -                    | -   | -                        | 112,850,000   |
|  | (-)            | (-)                  | (-)   | (-)                      | (-)   |
| Centrum ESPS Trust                             | -              | -                    | -   | -                        | 4,096,860   |
|  | (-)            | (-)                  | (-)   | (-)                      | (4,096,860)   |
| Centrum Capital Holdings LLC                   | -              | 4,476,811            | -   | -                        | -   |
|  | (-)            | (4,585,950)          | (-)   | (-)                      | (-)   |
| Centrum Infrastructure and Realty Limited      | -              | 124,595,688          | -   | -                        | -   |
|  | (-)            | (131,891,533)        | (-)   | (-)                      | (-)   |
| Centrum Securities (Europe) Limited            | -              | 4,388,409            | -   | -                        | -   |
|  | (-)            | (4,194,085)          | (-)   | (-)                      | (-)   |
| <b>Total</b>                                   | -              | <b>199,585,908</b>   | -   | -                        | <b>118,100,556</b>  |
|  | (14,655,066)   | (555,434,367)        | (-)   | (-)                      | (9,924,764)   |

(₹)

| Nature of transaction | Joint Ventures | Subsidiary Companies | Enterprise controlled by Key Management Personnel | Key Management Personnel | Associates / Entities where company has significant influence |
|-----------------------|----------------|----------------------|---|--------------------------|---|
|                       | 2011           | 2011                 | 2011  | 2011                     | 2011  |
|                       | (2010)         | (2010)               | (2010)  | (2010)                   | (2010)  |

**AMOUNT PAYABLE AS AT THE YEAR END****Interest payable**

|                       |             |                |     |     |     |
|-----------------------|-------------|----------------|-----|-----|-----|
| CentrumDirect Limited | -           | 525,215        | -   | -   | -   |
|                       | (8,600,072) | (-)            | (-) | (-) | (-) |
| <b>Total</b>          | -           | <b>525,215</b> | -   | -   | -   |
|                       | (8,600,072) | (-)            | (-) | (-) | (-) |

**Loans / advances payable**

|                                 |               |                   |     |     |             |
|---------------------------------|---------------|-------------------|-----|-----|-------------|
| CentrumDirect Limited           | -             | 57,180,119        | -   | -   | -           |
|                                 | (204,658,173) | (-)               | (-) | (-) | (-)         |
| Centrum Broking Private Limited | -             | -                 | -   | -   | -           |
|                                 | (-)           | (-)               | (-) | (-) | (2,164,638) |
| <b>Total</b>                    | -             | <b>57,180,119</b> | -   | -   | -           |
|                                 | (204,658,173) | (-)               | (-) | (-) | (2,164,638) |

**Outstanding Payable on Purchase of Forex**

|                       |          |                |     |     |     |
|-----------------------|----------|----------------|-----|-----|-----|
| CentrumDirect Limited | -        | 439,619        | -   | -   | -   |
|                       | (73,917) | (-)            | (-) | (-) | (-) |
| <b>Total</b>          | -        | <b>439,619</b> | -   | -   | -   |
|                       | (73,917) | (-)            | (-) | (-) | (-) |

**Outstanding Payable on Purchase of Air tickets**

|                         |     |                  |     |     |             |
|-------------------------|-----|------------------|-----|-----|-------------|
| Club 7 Holidays Limited | -   | 2,116,850        | -   | -   | -           |
|                         | (-) | (-)              | (-) | (-) | (1,188,488) |
| <b>Total</b>            | -   | <b>2,116,850</b> | -   | -   | -           |
|                         | (-) | (-)              | (-) | (-) | (1,188,488) |

**INVESTMENTS IN EQUITY SHARES AS ON JUNE 30, 2011**

|  |                   |                      |     |     |                   |
|--|-------------------|----------------------|-----|-----|-------------------|
| CentrumDirect Limited                                | -                 | 1,133,471,490        | -   | -   | -                 |
|  | (133,471,490)     | (-)                  | (-) | (-) | (-)               |
| Future Capital Securities Limited                    | -                 | -                    | -   | -   | -                 |
|  | (14,498,400)      | (-)                  | (-) | (-) | (-)               |
| Centrum Broking Private Limited                      | -                 | -                    | -   | -   | 71,997,000        |
|  | (-)               | (-)                  | (-) | (-) | (71,997,000)      |
| Centrum Securities Private Limited                   | -                 | -                    | -   | -   | 1,000,000         |
|  | (-)               | (-)                  | (-) | (-) | (1,000,000)       |
| Essel-Centrum Holdings Limited                       | -                 | -                    | -   | -   | 1,000,000         |
|  | (-)               | (-)                  | (-) | (-) | (1,000,000)       |
| Centrum Infrastructure & Realty Limited              | -                 | 500,000              | -   | -   | -                 |
|  | (-)               | (500,000)            | (-) | (-) | (-)               |
| Centrum Wealth Management Limited                    | -                 | 500,000              | -   | -   | -                 |
|  | (-)               | (500,000)            | (-) | (-) | (-)               |
| Centrum Financial Services Limited                   | -                 | 90,500,000           | -   | -   | -                 |
|  | (-)               | (10,000,000)         | (-) | (-) | (-)               |
| Accounts Receivables Management Services (I) Limited | -                 | 400,000              | -   | -   | -                 |
|  | (-)               | (400,000)            | (-) | (-) | (-)               |
| Centrum Capital Holdings LLC                         | -                 | 30,686,675           | -   | -   | -                 |
|  | (-)               | (30,686,675)         | (-) | (-) | (-)               |
| Centrum Securities (Europe) Limited                  | -                 | 11,200,500           | -   | -   | -                 |
|  | (-)               | (11,200,500)         | (-) | (-) | (-)               |
| Commonwealth Centrum Advisors Limited                | 14,892,170        | -                    | -   | -   | -                 |
|  | (-)               | (-)                  | (-) | (-) | (-)               |
| <b>Total</b>   | <b>14,892,170</b> | <b>1,267,258,665</b> | -   | -   | <b>73,997,000</b> |
|  | (147,969,890)     | (53,287,175)         | (-) | (-) | (73,997,000)      |

**INVESTMENTS IN PREFERENCE SHARES**

|                                 |     |     |     |     |                    |
|---------------------------------|-----|-----|-----|-----|--------------------|
| Centrum Broking Private Limited | -   | -   | -   | -   | 550,000,000        |
|                                 | (-) | (-) | (-) | (-) | (550,000,000)      |
| <b>Total</b>                    | -   | -   | -   | -   | <b>550,000,000</b> |
|                                 | (-) | (-) | (-) | (-) | (550,000,000)      |

## 5. OPERATING LEASE

- i) The Company has entered into cancellable leasing arrangements for corporate and branch offices and residential premises. The lease rentals of ₹ 16,803,044/- (previous year ₹ 9,612,922/-) have been included under the head Rent under Schedule 14 of Profit and Loss account.
- ii) The Company has also entered into non-cancellable leasing arrangement for corporate office and other offices.

(₹)

| Particulars   | July 1, 2010 - June 30, 2011 | July 1, 2009 - June 30, 2010 |
|---|------------------------------|------------------------------|
| Lease rental paid   | <b>88,140,961</b>            | 75,501,955                   |
| Future minimum lease payments are as under                | As at June 30, 2011          | As at June 30, 2010          |
| Payment not later than one year                           | <b>90,009,247</b>            | 85,723,092                   |
| Payment later than one year but not later than five years | <b>39,681,496</b>            | 123,514,993                  |
| Payment later than 5 years                                | -                            | -                            |

### GENERAL DESCRIPTION OF COMPANY'S SIGNIFICANT LEASING ARRANGEMENT:

Corporate Office premises in Mumbai are obtained on operating lease. The lease rent payable (including amenities) is ₹ 7,143,591/- per month for the period July 1, 2010 to December 9, 2010. The lease rent was revised in December 2010 and consequently the lease rent payable is ₹ 7,500,772/- per month for the period December 10, 2010 to June 30, 2011. The lease term is for a period of 9 years with a lock in period of 5 years and there after as per the mutual agreement between the lessor and the Company. There is an escalation clause in the lease agreement @ 5 % every year which will be reviewed mutually every year by the Company and the lessor hence effect of escalation is not taken in the above disclosure. There are no subleases.

## 6. INTEREST IN JOINT VENTURE

CentrumDirect Limited (CDL) and Future Capital Securities Limited (FCSL) were Joint Ventures of the Company until March 28, 2011. Subsequent to which CDL was converted into a subsidiary & FCSL was sold off. Further, taking into account materiality and other factors by the management, financial statements of CDL and FCSL were drawn upto March 31, 2011. Accordingly, Profit & Loss account figures in the following disclosure have been included only upto for a period of nine months ended March 31, 2011. Further, during the year, the Company acquired 50% interest in Commonwealth Centrum Advisors Limited (w.e.f. February 15, 2011). Accordingly, the following disclosures include Balance Sheet as well as Profit & Loss Account numbers of Commonwealth Centrum Advisors Limited.

(₹)

| Particulars  | June 30, 2011        | June 30, 2010  |
|--|----------------------|----------------|
| Assets   | <b>14,694,765</b>    | 867,720,829    |
| Liabilities  | <b>44,557</b>        | 315,430,300    |
| Revenue  | <b>9,496,011,135</b> | 12,146,130,959 |
| Depreciation/ Amortization   | <b>12,872,320</b>    | 12,451,986     |
| Other expenses   | <b>9,539,051,774</b> | 12,180,047,269 |
| Loss before tax  | <b>(55,912,959)</b>  | (46,368,296)   |
| Capital expenditure, commitments and contingent liabilities                  |                      |                |
| Bank Guarantees  | -                    | 724,658        |
| Capital Commitments  | -                    | 1,341,853      |
| Dividend on 12% Cumulative, Non Convertible and Redeemable Preference Shares | -                    | 6,000,000      |

**7. ALLOTMENT TO CENTRUM ESPS TRUST AS PER SECURITIES AND EXCHANGE BOARD OF INDIA (EMPLOYEE STOCK OPTION SCHEME AND EMPLOYEE STOCK PURCHASE SCHEME) GUIDELINES, 1999**

The Company had allotted 409,686 Equity Shares of ₹ 10/- each at a premium of ₹ 740.05 per share aggregating to ₹ 750.05 per share to Centrum ESPS Trust. The face value of ₹ 10/- per share payable on the said shares has been received by the Company by using the proceeds of loan taken from the Company. The premium amount shall be accounted as and when received. The Trust will allocate the said shares as per the resolutions passed in the meeting of the shareholders of the Company and in accordance with the terms and conditions mentioned in the Employee Stock Purchase Scheme 2008 approved by the Remuneration/Compensation Committee of the Board of the Company.

**8. (A) CONTINGENT LIABILITIES NOT PROVIDED FOR**

| (₹)   |                        |                        |
|---|------------------------|------------------------|
| Particulars   | As at June 30,<br>2011 | As at June 30,<br>2010 |
| Corporate Guarantees given by the Company:  |                        |                        |
| (i) Associate   | <b>410,100,000</b>     | 660,100,000            |
| (ii) Subsidiary   |                        |                        |
| Limit   | <b>660,000,000</b>     | 510,000,000            |
| Outstanding   | <b>422,539,229</b>     | 327,177,342            |
| (iii) Others  |                        |                        |
| Limit   | <b>100,000,000</b>     | -                      |
| Outstanding   | <b>77,500,000</b>      | -                      |
| Partly paid equity shares of Essel-Centrum Holdings Limited   | <b>4,000,000</b>       | 4,000,000              |
| Income Tax in respect of Assessment Year 2007-2008 in respect of which the Company has gone on appeal | <b>1,323,224</b>       | 1,323,224              |
| Income Tax in respect of Assessment Year 2008-2009 in respect of which the Company has gone on appeal | <b>2,696,060</b>       | -                      |
| Capital Commitments   | <b>1,032,327</b>       | -                      |

(B) In view of assessment order received from income tax authorities demanding ₹ 2,696,060/- towards liability on account of disallowance under section 14A of Income Tax Act, 1961 for assessment year 2008-2009. Based on the facts / merits of the case under question, the Company has duly preferred an appeal and in view of which no provision is considered necessary by the management of the Company.

**9. GRATUITY AND POST EMPLOYMENT BENEFIT PLANS**

The Company has a defined benefit gratuity plan. Every employee who has completed 5 years or more of service gets a gratuity on leaving the services of the Company, at 15 days salary (last drawn basic salary) for each completed year of service. The Company makes contribution to an approved gratuity fund which is covered under the group gratuity scheme of the Life Insurance Corporation of India.

The following table summarizes the components of net benefit expense recognized in the Profit and Loss account and funded status and amount recognized in the balance sheet for gratuity.

## PROFIT AND LOSS ACCOUNT

### Net employee benefit expense (recognised in Employee Cost):

(₹)

| Particulars  | For the year ended June 30, 2011 | For the year ended June 30, 2010 |
|--|----------------------------------|----------------------------------|
| Current service cost                               | <b>1,572,873</b>                 | 1,185,127                        |
| Interest cost on benefit obligation                | <b>339,101</b>                   | 250,396                          |
| Expected return on plan assets                     | <b>(263,495)</b>                 | (258,629)                        |
| Past Service Cost( non vested Benefit) Recognised  | -                                | -                                |
| Past Service Cost (vested Benefit) Recognised      | -                                | -                                |
| Recognition of transition liability                | -                                | -                                |
| Net actuarial (gain) / loss recognised in the year | <b>1,094,187</b>                 | 256,119                          |
| Net benefit expense                                | <b>2,742,666</b>                 | 1,433,013                        |

## BALANCE SHEET

### Details for provision for gratuity:

(₹)

| Particulars                                      | For the year ended June 30, 2011 | For the year ended June 30, 2010 |
|--|----------------------------------|----------------------------------|
| Liability at the end of the year                 | <b>6,882,664</b>                 | 4,238,758                        |
| Fair Value of Plan Assets at the end of the year | <b>5,824,444</b>                 | 3,293,687                        |
| Difference                                       | <b>1,058,220</b>                 | 945,071                          |
| Unrecognized past service cost                   | -                                | -                                |
| Unrecognized transition liability                | -                                | -                                |
| Amount recognized in the Balance Sheet           | <b>1,058,220</b>                 | 945,071                          |

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

(₹)

| Particulars                            | For the year ended June 30, 2011 | For the year ended June 30, 2010 |
|--|----------------------------------|----------------------------------|
| Opening defined benefit obligation     | <b>4,238,758</b>                 | 3,230,917                        |
| Interest cost                          | <b>339,101</b>                   | 250,396                          |
| Current service cost                   | <b>1,572,873</b>                 | 1,185,127                        |
| Past service cost (non vested benefit) | -                                | -                                |
| Past service cost (vested benefit)     | -                                | -                                |
| Settlement                             | -                                | -                                |
| Liability transfer in                  | -                                | -                                |
| Liability transfer out                 | -                                | -                                |
| Benefit paid                           | <b>(405,288)</b>                 | (886,538)                        |
| Actuarial (gain)/loss on obligation    | <b>1,137,220</b>                 | 458,856                          |
| Closing defined benefit obligation     | <b>6,882,664</b>                 | 4,238,758                        |



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

(₹)

| Particulars                                    | For the year ended June 30, 2011 | For the year ended June 30, 2010 |
|--|----------------------------------|----------------------------------|
| Opening fair value of plan assets              | <b>3,293,687</b>                 | 3,232,865                        |
| Expected Return on Plan Assets                 | <b>263,495</b>                   | 258,629                          |
| Contributions by employer                      | <b>2,629,517</b>                 | 485,994                          |
| Transfer from other Company                    | -                                | -                                |
| Transfer to other Company                      | -                                | -                                |
| Benefit paid                                   | <b>(405,288)</b>                 | (886,538)                        |
| Actuarial gain/(loss) on Plan Assets           | <b>43,033</b>                    | 202,737                          |
| Closing fair value of plan assets              | <b>5,824,444</b>                 | 3,293,687                        |
| Total Actuarial Gain / (Loss) to be recognized | <b>(1,094,187)</b>               | 256,119                          |

**The Company expects to contribute ₹ 1,978,175/- to gratuity for the year July 1, 2011 to June 30, 2012 (Previous year ₹ 1,412,273/-).**

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

| Particulars              | For the year ended June 30, 2011 | For the year ended June 30, 2010 |
|--------------------------|----------------------------------|----------------------------------|
| Investments with insurer | <b>100%</b>                      | 100%                             |

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

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

| Particulars                       | For the year ended June 30, 2011 | For the year ended June 30, 2010 |
|-----------------------------------|----------------------------------|----------------------------------|
| Discount rate                     | <b>8.50%</b>                     | 8.00%                            |
| Expected rate of return on assets | <b>8.00%</b>                     | 8.00%                            |
| Salary escalation                 | <b>5.00%</b>                     | 5.00%                            |
| Employee turnover                 | <b>2.00%</b>                     | 2.00%                            |

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

**Amounts for the current year are as follows**

(₹)

| Particulars                                | Gratuity                       | Gratuity                       |
|--|--------------------------------|--------------------------------|
|  | July 01, 2010 to June 30, 2011 | July 01, 2009 to June 30, 2010 |
| Defined benefit obligation                 | <b>6,882,664</b>               | 4,238,758                      |
| Plan assets                                | <b>5,824,444</b>               | 3,293,687                      |
| Surplus / (deficit)                        | <b>(1,058,220)</b>             | (945,071)                      |
| Experience adjustments on plan liabilities | <b>1,550,180</b>               | 624,134                        |
| Experience adjustments on plan assets      | <b>43,033</b>                  | 202,737                        |

## 10. DERIVATIVE INSTRUMENTS AND UN-HEDGED FOREIGN CURRENCY EXPOSURE

- There were no contracts outstanding as at balance sheet date.
- Particulars of Unhedged Foreign Currency Exposure are detailed below at the exchange rate prevailing as at balance sheet date

(₹)

| Particulars                         | June 30, 2011   | June 30, 2010  |
|-------------------------------------|---|--|
| Bank balance                        | <b>2,236,214</b><br>(AED 181,210.81 @ Closing rate of 1AED = ₹ 12.34) | 1,535,279<br>(AED 121,365.91 @ Closing rate of 1AED = ₹ 12.65) |
| Centrum Capital Holdings LLC        | <b>4,476,812</b><br>(USD 98,750 @ Closing rate of 1USD = ₹ 45.33)     | 4,587,925<br>(USD 98,750 @ Closing rate of 1USD = ₹ 46.46)     |
| Centrum Securities (Europe) Limited | <b>4,388,409</b><br>(GBP 60,433.50 @ Closing rate of 1GBP = ₹ 72.62)  | 4,230,345<br>(GBP 60,433.50 @ Closing rate of 1GBP = ₹ 70.00)  |

## 11. LOANS AND ADVANCES (INCLUDING INTEREST) INCLUDES AMOUNTS DUE FROM:

(₹)

| Particulars  | As at June 30, 2011 | Maximum outstanding during the year | As at June 30, 2010 | Maximum outstanding during the year |
|--|---------------------|-------------------------------------|---------------------|-------------------------------------|
| <b>SUBSIDIARY COMPANIES</b>  |                     |                                     |                     |                                     |
| Centrum Infrastructure and Realty Limited                          | <b>124,721,724</b>  | <b>132,391,533</b>                  | 132,242,991         | 133,446,533                         |
| Centrum Wealth Management Limited                                  | <b>34,816,392</b>   | <b>34,816,392</b>                   | -                   | -                                   |
| Centrum Financial Services Limited                                 | <b>33,085,908</b>   | <b>559,462,799</b>                  | 414,762,799         | 698,912,273                         |
| Accounts Receivables Management Services (I) Limited               | -                   | -                                   | -                   | 29,600,000                          |
| Centrum Capital Holdings LLC                                       | <b>4,476,812</b>    | <b>4,585,950</b>                    | 4,585,950           | 4,601,750                           |
| Centrum Securities (Europe) Limited                                | <b>4,388,409</b>    | <b>4,388,409</b>                    | 4,194,085           | 4,540,519                           |
| <b>JOINT VENTURE COMPANIES / PARTIES UNDER THE SAME MANAGEMENT</b> |                     |                                     |                     |                                     |
| Future Capital Securities Limited                                  | -                   | <b>117,160,878</b>                  | 15,233,451          | 20,396,479                          |
| Centrum Broking Private Limited                                    | <b>115,410,422</b>  | <b>115,410,422</b>                  | 4,439               | 59,445,194                          |
| Centrum Securities Private Limited                                 | <b>1,190,903</b>    | <b>10,426,688</b>                   | 6,157,460           | 10,426,688                          |
| Centrum ESPS Trust   | <b>4,096,860</b>    | <b>4,096,860</b>                    | 4,096,860           | 4,096,860                           |
| <b>PARTIES IN WHICH DIRECTORS ARE INTERESTED</b>                   |                     |                                     |                     |                                     |
| Businessmatch Services (India) Private Limited                     | <b>3,000,000</b>    | <b>3,000,000</b>                    | 3,000,000           | 3,000,000                           |

## 12. (A) DIRECTORS REMUNERATION DETAILS

(₹)

| Particulars                 | June 30, 2011    | June 30, 2010 |
|-----------------------------|------------------|---------------|
| Salary and Bonus            | <b>7,296,224</b> | 10,520,407    |
| Contribution to Funds       | -                | 135,242       |
| Reimbursement of Allowances | <b>421,577</b>   | 1,032,060     |
| <b>Total</b>                | <b>7,717,801</b> | 11,687,709    |

**Note:** As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the directors is not ascertainable and, therefore, not included above.

- The Company has paid excess remuneration aggregating to ₹ 1,270,079/- during the year under consideration to the Managing Director and Whole Time Director of the Company, which is subject to the approval of the Central Government of India.

### 13. DEFERRED TAX ASSET / LIABILITY

In accordance with the Accounting Standard 22 on Accounting for Taxes on Income, the Company has made adjustments in its accounts for deferred tax liabilities / assets.

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities are

| Particulars                                    | June 30, 2011       | June 30, 2010      |
|--|---------------------|--------------------|
| (₹)  |                     |                    |
| <b>Deferred tax liabilities:</b>               |                     |                    |
| Difference between book and tax depreciation   | 9,017,393           | 10,367,863         |
| On a/c of leasehold expenses claimed in IT     | 20,155,147          | 20,636,585         |
| <b>Total (A)</b>                               | <b>29,172,540</b>   | <b>31,004,448</b>  |
| <b>Deferred tax (assets):</b>                  |                     |                    |
| Provision for Gratuity                         | (36,711)            | (313,953)          |
| Provision for leave encashment                 | (393,693)           | (43,035)           |
| On a/c of Depreciation on leasehold in Company | (7,305,255)         | (5,112,741)        |
| On a/c of Provision for Bad debts              | (8,654,108)         | 2,855,498          |
| <b>Total (B)</b>                               | <b>(16,389,767)</b> | <b>(2,614,231)</b> |
| <b>Net deferred tax liability / (assets)</b>   | <b>Total (A-B)</b>  |                    |
|  | <b>12,782,773</b>   | <b>28,390,217</b>  |

### 14 (A) EARNINGS IN FOREIGN EXCHANGE (ACCRUAL BASIS)

| Particulars                   | June 30, 2011     | June 30, 2010  |
|-------------------------------|-------------------|----------------|
| Commission / Syndication fees | 36,727,576        | 977,752        |
| <b>Total</b>                  | <b>36,727,576</b> | <b>977,752</b> |

### 14 (B) EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS)

| Particulars         | June 30, 2011     | June 30, 2010     |
|---------------------|-------------------|-------------------|
| Travelling          | 1,915,267         | 1,027,555         |
| Meetings & Seminars | -                 | 436,276           |
| Professional Fees   | 221,043           | -                 |
| Branch Expenses     | 29,270,801        | 24,775,238        |
| <b>Total</b>        | <b>31,407,111</b> | <b>26,239,069</b> |

### 15. EARNINGS PER SHARE

| Particulars  | For the year ended June 30, 2011 | For the year ended June 30, 2010 |
|--|----------------------------------|----------------------------------|
| Profit after taxes (net of prior period items) attributable to equity shareholders | (131,787,753)                    | 84,875,908                       |
| Number of Equity Shares of ₹ 10/- each issued and outstanding                      |                                  |                                  |
| - At the end of the Year   | 6,933,879                        | 6,828,096                        |
| - Weighted average number of equity shares outstanding                             | 6,844,326                        | 6,828,096                        |
| Basic and Diluted Earnings Per Share   | (19.26)                          | 12.43                            |
| Nominal Value of Equity Shares   | 10/-                             | 10/-                             |

16. The Company has initiated the process of identification of 'suppliers' registered under the Micro, Small and Medium Enterprises Development ('MSMED') Act, 2006, by obtaining confirmations from all suppliers. The Company has not received intimation from all the 'suppliers' regarding their status under MSMED Act, 2006 and hence disclosures if any, relating to amounts unpaid as at the year end together with interest paid/payable as required have not been furnished.
17. Included in sundry debtors is an amount of ₹ 257,110,420/- from certain parties, which are long outstanding and falling within the following ageing brackets:-

| Ageing              | Amount (₹)         |
|---------------------|--------------------|
| More than 12 months | 177,142,920        |
| Less than 12 months | 79,967,500         |
| <b>Total</b>        | <b>257,110,420</b> |

Based on various factors taken into account by the management of the Company viz. debtors confirmation, post-dated cheque, pledge of shares in a few cases and management discussion with several debtors in other cases; the above debtors, in view of the management are fully recoverable and accordingly the same need not be subject to any further provisioning.

18. Based on the audited balance sheet of Centrum Broking Private Limited ('CBPL' - audited by a firm of Chartered Accountants other than S. R. Batliboi & Co.) as on June 30, 2011, it has accumulated losses of ₹ 389,035,483/- that has resulted into erosion of its net worth. During the current financial year ended on June 30, 2011, CBPL has incurred losses of ₹ 146,321,557/-. Accordingly, based on certification from independent valuer on the basis of financial estimates provided by the management of CBPL confirming fair valuation higher than the cost of Investments in CBPL in the books of the Company and which is duly approved by the Audit Committee of the Board of Directors of the Company, the management of the Company believes that no impairment is necessitated in respect of said Investments.
19. The Company has delayed submission of its annual financial results to the stock exchange. The said delay has been duly informed to the stock exchange by the Company.
20. Additional Information pursuant to the provisions of paragraphs 3, 4C and 4D of Part II of Schedule VI of the Companies Act, 1956.

Particulars of traded bonds:

| Particulars     | Opening Stock              | Purchases                         | Sales                              | Closing Stock              |
|-----------------|----------------------------|-----------------------------------|------------------------------------|----------------------------|
| Quantity (Nos.) | 183,201<br>(50,156)        | 50,702,630<br>(60,001,707)        | 50,885,727<br>(59,868,662)         | 104<br>(183,201)           |
| Amount (₹)      | 18,683,178<br>(11,466,322) | 4,996,584,596<br>(14,672,925,516) | 15,049,916,106<br>(14,792,762,529) | 26,749,151<br>(18,683,178) |

Note: Figures in brackets are for previous year.

21. During the year, 50% share holding of CentrumDirect Limited, formerly known as FCH CentrumDirect Limited (CDL) was transferred from Future Capital Holdings Limited (FCH) to Centrum Capital Limited (CCL), in accordance with the Share Purchase Agreement executed on March 29, 2011 between CCL, FCH & CDL. This has resulted in the change of CDL from being a Joint Venture (by virtue of control till previous year) to 100% subsidiary of CCL w.e.f. March 29, 2011.
22. During the year, 50% share holding of Future Capital Securities Limited (FCSL) [formerly known as FCH Centrum Wealth Managers Limited] was transferred from Centrum Capital Limited (CCL) to Future Capital Holdings Limited (FCH), in accordance with the Share Purchase Agreement executed on March 29, 2011 between FCH, CCL & FCSL. As a result, FCSL has ceased to be a Joint Venture (by virtue of control till previous year) w.e.f. March 29, 2011. This has resulted in a loss of ₹ 4,498,400/-.

23. Pending approval from the Bombay Stock Exchange for listing of 105,783 equity shares allotted to Future Capital Holdings Limited during the current year, confirmation pertaining to issued & paid up capital received from the Registrar & Transfer Agent stands at 6,828,096 equity shares as against actual issued and paid up capital of 6,933,879 equity shares.
24. The Company has made advances towards pre-incorporation expenses for setting up subsidiaries in USA and UK namely Centrum Capital Holdings LLC and Centrum Securities (Europe) Limited amounting to USD 98,750 INR equivalent ₹ 4,476,812/- and GBP 53,246 INR equivalent ₹ 3,866,725/- respectively.

## 25. PREVIOUS YEAR COMPARATIVES

Previous year's figures have been regrouped / rearranged wherever necessary to conform to current year's classification.

**As per our report of even date**

**For S. R. Batliboi & Co.  
Firm Registration No.: 301003E  
Chartered Accountants**

**per Shrawan Jalan  
Partner  
Membership No. : 102102**

**Place : Mumbai  
Date: October 14, 2011**

**For and on behalf of Board of Directors of Centrum Capital Limited**

**T. R. Madhavan  
Executive Chairman**

**K. V. Krishnamurthy  
Director**

**Gajendra Thakur  
Company Secretary**

**Place : Mumbai  
Date: October 14, 2011**

## Annexure 1 to Note 3 of Schedule 16

### Segment Information for the year ended June 30, 2011

#### (i) Information about Primary business Segments

| Particulars   | Investment Banking            | Trading in Bonds             | Unallocated                      | Total                            |
|---|-------------------------------|------------------------------|----------------------------------|----------------------------------|
| (₹)   |                               |                              |                                  |                                  |
| <b>REVENUE</b>  |                               |                              |                                  |                                  |
| Income from operations  | 450,895,016<br>(451,074,640)  | 61,397,484<br>(127,053,870)  | 46,290,848<br>(85,971,202)       | 558,583,348<br>(664,099,712)     |
| Total revenue   | 450,895,016<br>(451,074,640)  | 61,397,484<br>(127,053,870)  | 46,290,848<br>(85,971,202)       | 558,583,348<br>(664,099,712)     |
| <b>RESULT</b>   |                               |                              |                                  |                                  |
| Segment result  | (102,206,860)<br>(53,218,120) | (31,033,692)<br>(59,081,596) | 46,290,848<br>(85,971,202)       | (86,949,704)<br>(198,270,918)    |
| Interest expense  | 8,377,808<br>(5,533,070)      | 12,768,927<br>(12,975,084)   | 34,020,759<br>(42,175,762)       | 55,167,494<br>(60,683,916)       |
| Profit/(Loss) before taxation and prior period items          | (110,584,667)<br>(47,685,049) | (43,802,619)<br>(46,106,512) | 12,270,089<br>(43,795,440)       | (142,117,197)<br>(137,587,001)   |
| Tax expenses  | -                             | -                            | (10,329,444)<br>(52,711,094)     | (10,329,444)<br>(52,711,094)     |
| Net Profit/(Loss)   | -                             | -                            | -                                | (131,787,753)<br>(84,875,907)    |
| <b>OTHER INFORMATION</b>                                      |                               |                              |                                  |                                  |
| Segment assets  | 580,608,836<br>(720,377,821)  | 59,343,582<br>(71,833,183)   | 2,506,591,242<br>(1,653,667,383) | 3,146,543,661<br>(2,445,878,387) |
| Total Assets  | 580,608,836<br>(720,377,821)  | 59,343,582<br>(71,833,183)   | 2,506,591,242<br>(1,653,667,383) | 3,146,543,661<br>(2,445,878,387) |
| Segment liabilities   | 38,852,063<br>(20,571,636)    | 26,553,993<br>(19,681,666)   | 986,842,138<br>(342,324,931)     | 1,052,248,193<br>(382,578,233)   |
| Total liabilities   | 38,852,063<br>(179,756,314)   | 26,553,993<br>(19,892,473)   | 986,842,138<br>(450,864,090)     | 1,052,248,193<br>(650,512,877)   |
| Capital expenditure   | 5,566,256<br>(5,062,244)      | 849,090<br>(893,337)         | -                                | 6,415,346<br>(5,955,581)         |
| Depreciation  | 30,234,166<br>(29,693,546)    | 4,611,991<br>(5,240,038)     | -                                | 34,846,157<br>(34,933,584)       |
| Amortisation  | 945,418<br>(838,785)          | 144,216<br>(148,021)         | -                                | 1,089,634<br>(986,806)           |
| Provision for bad and doubtful debt and bad debts written off | 38,215,328<br>(6,525,685)     | -                            | -                                | 38,215,328<br>(6,525,685)        |

- (i) All of the Company's operations are conducted in India. Consequently the commercial risks and returns involved on the basis of geographic segmentation are relatively insignificant. Accordingly, secondary segment disclosures based on geographic segments have not been reported.
- (ii) The Company is organised into two main business segments namely:
- Investments Banking - Comprising financial services and merchant banking activities.
  - Trading in Bonds - Comprising of purchase and sale of bonds.
- (iii) Items that relate to the enterprise as a whole or at corporate level not attributable to a particular segment are included under "Unallocated".
- (iv) There are no Intersegment transfers.

**(Figures in brackets are that of previous year)**

# Balance Sheet Abstract

## Statement pursuant to Part IV of Schedule VI to the Companies Act, 1956 Balance Sheet Abstract and Company's General Business Profile

### I. Registration Details

|                    |            |            |    |
|--------------------|------------|------------|----|
| Registration No.   | 11-19986   | State Code | 11 |
| Balance Sheet Date | 30-06-2011 |            |    |

### II. Capital raised during the year (Rupees in thousands)

|              |     |                   |       |
|--------------|-----|-------------------|-------|
| Public Issue | Nil | Right Issue       | Nil   |
| Bonus Issue  | Nil | Private Placement | 1,058 |

### III. Position of Mobilisation and Deployment of Funds (Rupees in thousands)

|                   |           |              |           |
|-------------------|-----------|--------------|-----------|
| Total Liabilities | 3,035,739 | Total Assets | 3,035,739 |
|-------------------|-----------|--------------|-----------|

#### Sources of Funds (Rupees in thousands)

|                         |         |                    |           |
|-------------------------|---------|--------------------|-----------|
| Paid-up Capital         | 69,339  | Reserves & Surplus | 2,012,174 |
| Secured Loans           | 811,325 | Unsecured Loans    | 130,118   |
| Deferred Taxation (net) | 12,783  |                    |           |

#### Application of Funds (Rupees in thousands)

|                    |         |                              |           |
|--------------------|---------|------------------------------|-----------|
| Net Fixed Assets   | 207,630 | Investments                  | 1,996,730 |
| Net Current Assets | 831,378 | Deferred Revenue Expenditure | Nil       |

### IV. Performance of Company (Rupees in thousands)

|                             |           |                           |           |
|-----------------------------|-----------|---------------------------|-----------|
| Total Income                | 558,583   | Total Expenditure         | 700,701   |
| Profit/(Loss) before taxes  | (142,117) | Profit/(Loss) after taxes | (131,788) |
| Earning Per Share in Rupees | (19.26)   | Dividend rate %           | Nil       |

### V. Generic Names of Principal Products/Services of Company (as per monetary terms)

|                     |                    |
|---------------------|--------------------|
| Item Code No.       | N. A.              |
| Product Description | Merchant Banking   |
|                     | Investment Banking |
|                     | Investments        |

For and on behalf of Board of Directors of Centrum Capital Limited

**T. R. Madhavan**  
Executive Chairman

**K. V. Krishnamurthy**  
Director

**Gajendra Thakur**  
Company Secretary

Place: Mumbai  
Date: October 14, 2011

## Statement Pursuant to Section 212 of the Companies Act, 1956

|      |   | ( ₹ )                                  |                                  |                       |  |                                   |                             |                       |                                    |                         |  |
|------|---|--|----------------------------------|-----------------------|--|-----------------------------------|-----------------------------|-----------------------|------------------------------------|-------------------------|--|
| 1    | Name of the Subsidiary Company  | Centre Infrastructure & Realty Limited | Centre Wealth Management Limited | Centre Direct Limited | Accounts Receivables Management Services (India) Limited | Centre Financial Services Limited | Centre Capital Holdings LLC | Centre Securities LLC | Centre Securities (Europe) Limited | Club 7 Holidays Limited |  |
| 2    | Financial Year / Period of the Subsidiary ended on  | June 30, 2011                          | June 30, 2011                    | June 30, 2011         | June 30, 2011  | June 30, 2011                     | June 30, 2011               | June 30, 2011         | June 30, 2011                      | June 30, 2011           |  |
| 3    | Holding Company's Interest  | 50,000                                 | 50,000                           | 5,904,434             | 40,000   | 4,750,000                         | -                           | -                     | 150,000                            | 114,000                 |  |
| 4    | Number of Equity Shares (of ₹ 10/- each)  | 100%                                   | 100%                             | 100%                  | 80%  | 100%                              | 100%                        | 99%                   | 100%                               | 76%                     |  |
| 4    | The net aggregate amount of the Subsidiary Company's Profit / (Loss) so far as it concerns the members of Centrum Capital Limited |  |                                  |                       |  |                                   |                             |                       |                                    |                         |  |
| (i)  | Not dealt with in the Holding Company's accounts  |  |                                  |                       |  |                                   |                             |                       |                                    |                         |  |
| (a)  | For the financial year of the Subsidiary  | (11,693,107)                           | (32,295,330)                     | 27,141,874            | 104,432  | 1,684,580                         | 7,047,609                   | 6,914,070             | (1,878,392)                        | 9,956,943               |  |
| (b)  | For the previous financial year of the Subsidiary Company since it became the holding Company's Subsidiary                        | (21,766,989)                           | (108,193)                        | -                     | 1,676,605  | 4,554,927                         | 1,698,951                   | 1,535,312             | (1,875,327)                        | -                       |  |
| (ii) | Dealt with in the Holding Company's accounts  |  |                                  |                       |  |                                   |                             |                       |                                    |                         |  |
| (a)  | For the financial year of the Subsidiary  | NIL                                    | NIL                              | NIL                   | NIL  | NIL                               | NIL                         | NIL                   | NIL                                | NIL                     |  |
| (b)  | For the previous financial year of the Subsidiary Company since it became the holding Company's Subsidiary                        | NIL                                    | NIL                              | NIL                   | NIL  | NIL                               | NIL                         | NIL                   | NIL                                | NIL                     |  |
| 5    | Material changes, if any, between the end of the financial year of the Subsidiary Company and that of the Holding Company         | N.A.                                   | N.A.                             | N.A.                  | N.A.   | N.A.                              | N.A.                        | N.A.                  | N.A.                               | N.A.                    |  |

**For and on behalf of Board of Directors of Centrum Capital Limited**

**T. R. Madhavan**  
Executive Chairman

**K. V. Krishnamurthy**  
Director

**Gajendra Thakur**  
Company Secretary

**Place: Mumbai**

**Date: October 14, 2011**



# Auditor's Report on the Consolidated Financial Statements

## The Board of Directors of Centrum Capital Limited

1. We have audited the attached consolidated balance sheet of Centrum Capital Limited ('the Company') and its subsidiaries (together referred as 'the Group') and its associates and joint ventures, as at June 30, 2011, and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Group's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of subsidiaries, whose financial statements reflect total assets of ₹ 28,704,451/- (net of liabilities) as at June 30, 2011 and total revenue of ₹ 187,676,196/- and cash flows amounting to ₹ 4,989,282/- and of Joint Venture Companies whose financial statements reflect total assets of ₹ 14,650,208/- (net of liabilities) as at June 30, 2011 and total revenue of ₹ 87/- and cash flows amounting to ₹ 7,315,008/-. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
4. *The Group has long outstanding debtors amounting to ₹ 102,022,920/-, included in outstanding for more than 12 months, as referred to in Note 18 of Schedule 17 to the financial statements, which are subject to realization and upon which we are unable to comment on. The ultimate shortfall, if any, on realization / on account of non realization of such debtors, thereof cannot be quantified.*
5. Without qualifying our opinion, we draw attention to the following:
  - (a) Note 19 of Schedule 17 to the financial statements in respect of investments aggregating to ₹ 550,000,000/- (June 30, 2010: ₹ 550,000,000/-) in Centrum Broking Private Limited, an associate Company. As more fully described in note 19 of Schedule 17, the Management is of the view that there is no permanent diminution to the carrying value of the investments in preference shares of ₹ 550,000,000/- in the associate and hence no adjustment has been made in this regard in the accompanying financial statements.
  - (b) Note 20 of Schedule 17 to the financial statements, wherein the holding Company of the group has incurred managerial remuneration of ₹ 7,717,801/- during the year, which is in excess of the limits specified by the relevant provisions of the Companies Act, 1956, by ₹ 1,270,079/- in respect of its wholetime director and managing director. As represented, the Company is in the process of making application to Central Government in this regard, for such excess remuneration paid to managerial personnel. Pending application and consequent receipt of approval from Central Government, no adjustments have been made to the accompanying financial statements.
6. We report that the consolidated financial statements have been prepared by the Group's management in accordance with the requirements of Accounting Standards (AS) 21, "Consolidated Financial Statements", AS 23, "Accounting for Investments in Associates in Consolidated Financial Statements," and AS 27, "Financial reporting of Interest in Joint Ventures" [notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended)].

- 
7. Based on our audit and on consideration of report of other auditor on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, *subject to, adjustments, if any arising on account of paragraph 4 above, the effects whereof is not ascertainable*, we are of the opinion that the attached consolidated financial statements, give a true and fair view in conformity with the accounting principles generally accepted in India:
- a. in the case of the consolidated balance sheet, of the state of affairs of the Group as at June 30, 2011;
  - b. in the case of the consolidated profit and loss account of the loss for the year ended on that date; and
  - c. in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

**For S.R. Batliboi & Co.**

**Firm registration number: 301003E**

**Chartered Accountants**

**per Shrawan Jalan**

**Partner**

**Membership No.: 102102**

**Place: Mumbai**

**Date: October 14, 2011**

## Consolidated Balance Sheet as at June 30, 2011

| Particulars  | Schedule | June 30, 2011        | June 30, 2010        |
|--|----------|----------------------|----------------------|
| (₹)  |          |                      |                      |
| <b>SOURCES OF FUNDS</b>  |          |                      |                      |
| <b>Shareholder's Funds</b>   |          |                      |                      |
| Share capital  | 1        | 69,338,790           | 68,280,960           |
| Reserves and surplus   | 2-A      | 2,122,421,370        | 2,147,321,168        |
| <b>Total</b>   |          | <b>2,191,760,160</b> | <b>2,215,602,128</b> |
| <b>Minority Interest</b> (Refer note 9 of Schedule 17)                           | 2-B      | <b>7,512,823</b>     | <b>3,548,425</b>     |
| <b>Loan Funds</b>  |          |                      |                      |
| Secured loans  | 3-A      | 1,251,799,061        | 212,128,466          |
| Unsecured loans  | 3-B      | 339,587,849          | 455,797,721          |
| <b>Total</b>   |          | <b>1,591,386,910</b> | <b>667,926,187</b>   |
| <b>Deferred Tax Liability (net)</b> (Refer note 14 of Schedule 17)               |          | <b>21,326,260</b>    | <b>30,093,569</b>    |
| <b>Total</b>   |          | <b>3,811,986,153</b> | <b>2,917,170,309</b> |
| <b>APPLICATION OF FUNDS</b>  |          |                      |                      |
| <b>Fixed Assets</b>  |          |                      |                      |
| Gross Block  | 4-A      | 522,097,525          | 441,154,589          |
| Less : Accumulated Depreciation  |          | 230,897,580          | 149,443,645          |
| <b>Net Block</b>   |          | <b>291,199,945</b>   | <b>291,710,944</b>   |
| Capital Work in Progress   |          | 15,200,535           | -                    |
| Share in capital work-in-progress (including capital advances) of Joint Ventures |          | -                    | 1,234,906            |
| <b>Total</b>   |          | <b>306,400,480</b>   | <b>292,945,850</b>   |
| <b>Intangible Assets</b>   | 4-B      | <b>476,191,246</b>   | <b>19,495,269</b>    |
| <b>Investments</b>   | 5        | <b>722,211,743</b>   | <b>721,450,410</b>   |
| <b>Current Assets, Loans and Advances</b>  |          |                      |                      |
| Inventories  | 6        | 26,749,151           | 18,683,178           |
| Sundry debtors   | 7        | 733,702,597          | 564,367,724          |
| Cash and bank balances   | 8        | 491,562,547          | 277,922,942          |
| Loans and advances   | 9        | 1,583,657,158        | 1,229,932,918        |
| Interest accrued but not due   |          | 3,566,305            | 53,718,787           |
| <b>Total (A)</b>   |          | <b>2,839,237,758</b> | <b>2,144,625,549</b> |
| <b>Less : Current Liabilities and Provisions</b>                                 | 10       |                      |                      |
| Current liabilities  |          | 522,620,036          | 252,724,825          |
| Provisions   |          | 11,382,695           | 10,639,096           |
| <b>Total (B)</b>   |          | <b>534,002,731</b>   | <b>263,363,921</b>   |
| <b>Net Current Assets (A - B)</b>  |          | <b>2,305,235,027</b> | <b>1,881,261,628</b> |
| Miscellaneous Expenditure (to the extent not written off or adjusted)            | 11       | 1,947,657            | 2,017,152            |
| <b>Total</b>   |          | <b>3,811,986,153</b> | <b>2,917,170,309</b> |

### Significant Accounting Policies & Notes to Accounts

17

The Schedules referred to above and notes to accounts form an integral part of the Consolidated Balance Sheet.

As per our report of even date

For and on behalf of Board of Directors of Centrum Capital Limited

For S. R. Batliboi & Co.  
Firm Registration No.: 301003E  
Chartered Accountants

T. R. Madhavan  
Executive Chairman

K. V. Krishnamurthy  
Director

per Shrawan Jalan  
Partner  
Membership No. : 102102

Gajendra Thakur  
Company Secretary

Place : Mumbai  
Date: October 14, 2011

Place : Mumbai  
Date: October 14, 2011

# Consolidated Profit And Loss Account

for the year ended June 30, 2011

(₹)

| Particulars  | Schedule | June 30, 2011         | June 30, 2010  |
|--|----------|-----------------------|----------------|
| <b>INCOME</b>  |          |                       |                |
| Income from operations   | 12       | <b>16,134,423,284</b> | 12,745,015,935 |
| Other Income   | 13       | <b>137,186,514</b>    | 132,274,003    |
| <b>Total</b>   |          | <b>16,271,609,798</b> | 12,877,289,938 |
| <b>EXPENDITURE</b>   |          |                       |                |
| Share in Cost of Forex sold of Joint Venture   |          | <b>9,271,051,515</b>  | 11,901,912,748 |
| Cost of Forex sold   |          | <b>6,019,768,729</b>  | -              |
| Personnel expenses   | 14       | <b>430,588,483</b>    | 327,870,745    |
| Administrative and other expenses  | 15       | <b>580,188,351</b>    | 435,320,995    |
| Financial Expenses   | 16       | <b>124,966,371</b>    | 79,326,256     |
| Depreciation/amortization  |          | <b>117,392,496</b>    | 49,241,985     |
| <b>Total</b>   |          | <b>16,543,955,945</b> | 12,793,672,729 |
| <b>Profit before tax</b>   |          | <b>(272,346,147)</b>  | 83,617,209     |
| Less : Provision for tax   |          |                       |                |
| - Current tax [Includes provision for tax for earlier years ₹ 283,150/-, (Previous year ₹ Nil)]  |          | <b>16,450,280</b>     | 50,647,834     |
| - Reversal of excess provision of tax for earlier year (Net)   |          | -                     | 1,383,957      |
| - Deferred tax charge / (credit) (Refer note 14 of Schedule 17)  |          | <b>(13,793,861)</b>   | 3,688,704      |
| - Fringe benefit tax [Includes shares in Fringe benefit tax of Joint Ventures of ₹ 6,499/-, (Previous year ₹ Nil)]   |          | <b>6,499</b>          | -              |
| <b>Profit after tax &amp; before extraordinary items, prior period adjustments, share in loss of associates &amp; minority interest</b>                      |          | <b>(275,009,065)</b>  | 27,896,714     |
| <b>Extraordinary item</b>  |          |                       |                |
| Profit on disposal of investment in Joint Venture (Refer note 17 of Schedule 17)   |          | <b>86,137,188</b>     | -              |
| <b>Profit after tax &amp; before prior period adjustments, share in loss of associates &amp; minority interest</b>   |          | <b>(188,871,877)</b>  | 27,896,714     |
| Prior period adjustments [Net of shares in prior period adjustments of Joint Venture ₹ 1,110,112/-, (Previous year ₹ Nil)]                                   |          | <b>(1,110,112)</b>    | -              |
| <b>Profit after tax, and before share in associates loss, minority interest</b>  |          | <b>(189,981,989)</b>  | 27,896,714     |
| Share in loss of associates (Refer note 16 of Schedule 17)   |          | -                     | -              |
| Minority interest (Refer note 9 of Schedule 17) [Including shares in profit of Minority Interest of Joint Ventures ₹ 920,510/-, (Previous year ₹ 186,711/-)] |          | <b>(1,376,002)</b>    | (148,610)      |
| <b>(Loss) / Profit after tax and share in associates loss, minority interest</b>   |          | <b>(191,357,991)</b>  | 27,748,104     |
| Balance brought forward from previous year   |          | <b>284,759,996</b>    | 260,992,971    |
| <b>Profit available for appropriation</b>  |          | <b>93,402,005</b>     | 288,741,075    |
| <b>Appropriations</b>  |          |                       |                |
| Proposed dividend  |          | -                     | 3,414,048      |
| Tax on dividend  |          | -                     | 567,031        |
| <b>Surplus carried to Consolidated Balance Sheet</b>   |          | <b>93,402,005</b>     | 284,759,996    |
| Basic and diluted earnings per share of ₹ 10/- each (Refer Note 15 of Schedule 17)   |          | <b>(27.96)</b>        | 4.06           |

## Significant Accounting Policies & Notes to Accounts

17

The Schedules referred to above and notes to accounts form an integral part of the Consolidated Profit & Loss Account.

As per our report of even date

For and on behalf of Board of Directors of Centrum Capital Limited

For S. R. Batliboi & Co.  
Firm Registration No.: 301003E  
Chartered Accountants

T. R. Madhavan  
Executive Chairman

K. V. Krishnamurthy  
Director

per Shrawan Jalan  
Partner  
Membership No. : 102102

Gajendra Thakur  
Company Secretary

Place : Mumbai  
Date: October 14, 2011

Place : Mumbai  
Date: October 14, 2011

## Cash Flow Statement for the year ended June 30, 2011

(₹)

| Particulars   | June 30, 2011          |                      | June 30, 2010   |               |
|---|------------------------|----------------------|-----------------|---------------|
| <b>A. Cash flow from operating activities</b>   |                        |                      |                 |               |
| <b>Net profit before taxation</b>   |                        | <b>(272,346,147)</b> |                 | 83,617,209    |
| Adjustments for:  |                        |                      |                 |               |
| Depreciation/amortisation   | <b>117,392,496</b>     |                      | 49,241,985      |               |
| Loss on sale of fixed assets  | <b>724,551</b>         |                      | 1,760,310       |               |
| Write back of provisions  | <b>(1,103,022)</b>     |                      | (164,931)       |               |
| Provision for leave encashment  | <b>(16,184)</b>        |                      | (188,098)       |               |
| Provision for gratuity  | <b>(2,019)</b>         |                      | (190,945)       |               |
| Sundry balances written off   | <b>13,946,976</b>      |                      | 958,179         |               |
| Loss on sale of sundry debtors  | <b>-</b>               |                      | 19,618,970      |               |
| Profit on sale of Shares  | <b>(2,952,519)</b>     |                      | (4,436,738)     |               |
| Loss on investment (net)  | <b>737,874</b>         |                      | -               |               |
| Impairment of investments   | <b>22,596,890</b>      |                      | 496,995         |               |
| Interest income   | <b>(132,398,762)</b>   |                      | (108,303,343)   |               |
| Dividend from shares  | <b>(326,686)</b>       |                      | (1,152,165)     |               |
| Dividend from mutual fund   | <b>(1,298,796)</b>     |                      | (3,286,831)     |               |
| Preliminary/share issue expenses written off  | <b>130,777</b>         |                      | 124,003         |               |
| Bad Debts written off   | <b>17,432,671</b>      |                      | 12,189,703      |               |
| Provision for doubtful debts and advances   | <b>31,752,108</b>      |                      | 1,069,839       |               |
| Provision no longer required written back   | <b>-</b>               |                      | (8,400,993)     |               |
| Wealth Tax  | <b>160,000</b>         |                      | 200,000         |               |
| Unrealised loss / (gain) (net)  | <b>236,075</b>         |                      | (138,977)       |               |
| Prior period adjustment   | <b>-</b>               |                      | (5,200)         |               |
| Interest expense  | <b>175,499,344</b>     | <b>242,511,774</b>   | 74,219,202      | 33,610,965    |
| <b>Operating profit before working capital changes</b>  |                        | <b>(29,834,373)</b>  |                 | 117,228,174   |
| Movements in working capital :  |                        |                      |                 |               |
| Decrease / (Increase) in sundry debtors   | <b>(77,986,626)</b>    |                      | (36,011,322)    |               |
| Decrease / (Increase) in inventories  | <b>(8,065,973)</b>     |                      | (7,216,856)     |               |
| Decrease / (Increase) loans and advances  | <b>828,064,263</b>     |                      | (285,429,312)   |               |
| Increase / (Decrease) in creditors & other liability  | <b>126,208,766</b>     | <b>868,220,430</b>   | (57,982,854)    | (386,640,344) |
| <b>Cash used in operations</b>  |                        | <b>838,386,057</b>   |                 | (269,412,170) |
| Direct taxes paid (including tax deducted at source and fringe benefit tax)   |                        | <b>(55,415,936)</b>  |                 | (95,438,467)  |
| <b>Net cash used in operating activities</b>  |                        | <b>782,970,121</b>   |                 | (364,850,637) |
| <b>B. Cash flows from investing activities</b>  |                        |                      |                 |               |
| Purchase of fixed assets  | <b>(29,817,723)</b>    |                      | (22,298,121)    |               |
| Proceeds from sale of fixed assets  | <b>510,000</b>         |                      | 1,266,357       |               |
| Purchase of investments (including dividend reinvestment)<br>[Including ₹ Nil towards investment in equity of subsidiary companies (Previous year ₹ 13,584,000/- )] | <b>-</b>               |                      | (35,078,196)    |               |
| Investment in Fixed Deposit   | <b>(19,875,000)</b>    |                      | -               |               |
| Deposits with other companies   | <b>(585,332)</b>       |                      | 68,631,530      |               |
| Investment in subsidiaries  | <b>(850,000,000)</b>   |                      | -               |               |
| Sale proceeds from investments  | <b>72,493,610</b>      |                      | 96,861,042      |               |
| Interest received   | <b>168,249,771</b>     |                      | 87,436,531      |               |
| Dividends received from shares  | <b>326,686</b>         |                      | 436,365         |               |
| Dividends received from mutual fund   | <b>1,298,796</b>       |                      | 4,002,631       |               |
| <b>Net cash from / (used) in investing activities</b>   |                        | <b>(657,399,192)</b> |                 | 201,258,139   |
| <b>C. Cash flows from financing activities</b>  |                        |                      |                 |               |
| Proceeds from issue of Preference Shares  | <b>75,000,000</b>      |                      | -               |               |
| Proceeds from long-term borrowings  | <b>2,566,117,185</b>   |                      | 1,812,073,602   |               |
| Repayment of long-term borrowings   | <b>(2,412,330,142)</b> |                      | (1,882,308,789) |               |
| Repayment of short-term borrowings (net)  | <b>(105,678,483)</b>   |                      | 212,091,108     |               |

(₹)

| Particulars  | June 30, 2011       | June 30, 2010 |
|--|---------------------|---------------|
| Interest paid  | (172,999,614)       | (71,914,574)  |
| Dividend paid  | (3,414,048)         | (6,828,096)   |
| Tax on dividend paid   | (567,031)           | (1,160,435)   |
| <b>Net cash from financial activity</b>                                | <b>(53,872,133)</b> | 61,952,816    |
| <b>Net (Decrease)/ Increase In Cash And Cash Equivalents</b>           | <b>71,698,796</b>   | (101,639,682) |
| <b>Cash And Cash Equivalents</b>                                       |                     |               |
| <b>As at the beginning of the year</b>                                 |                     |               |
| Cash in Hand including foreign currencies                              | 79,788,840          | 81,601,513    |
| Cheques on hand  | 14,462,945          | 11,109,715    |
| Balance with Scheduled Banks-Current Accounts                          | 162,028,504         | 267,407,685   |
| Debit Balance with other Banks-O/D A/c                                 | 7,779,281           | 181,110       |
| Balance with other Banks-Current Accounts                              | 15,119,848          | 19,262,602    |
| <b>Total</b>   | <b>279,179,418</b>  | 379,562,625   |
| <b>Less: Effect of exchange difference on cash and cash equivalent</b> | <b>(1,256,476)</b>  | -             |
| <b>Add: Taken over on acquisition of subsidiary/Joint Venture</b>      | <b>163,708,417</b>  | -             |
| <b>Less: On account of disposal of Joint Venture</b>                   | <b>(21,767,608)</b> | -             |
| <b>As at the end of the year</b>                                       |                     |               |
| Cash in Hand including foreign currencies                              | 202,066,880         | 79,788,840    |
| Cheques on hand  | 23,362,704          | 14,462,945    |
| Balance with Scheduled Banks-Current Accounts                          | 234,324,677         | 162,028,505   |
| Debit Balance with other Banks-O/D A/c                                 | 896,798             | 7,779,281     |
| Balance with other Banks-Current Accounts                              | 30,911,488          | 15,119,848    |
|  | <b>491,562,547</b>  | 279,179,419   |
| <b>Less: Effect of exchange difference on cash and cash equivalent</b> | <b>-</b>            | (1,256,476)   |
| <b>Total</b>   | <b>491,562,547</b>  | 277,922,943   |
|  | <b>71,698,796</b>   | (101,639,682) |

The above cash flow statements have been prepared under the indirect method set out in (AS)-3, 'Cash Flow Statement' notified pursuant to the Companies (Accounting Standards) Rules, 2006.

- 1) All figures in brackets are outflow.
- 2) Cash and cash equivalents include unpaid dividend amounting to ₹ 99,996/-.
- 3) Direct Tax paid is treated as arising from operating activities and are not bifurcated between investment and financing activities.
- 4) During the year, the Company has converted its 50% Joint Venture i.e. M/s CentrumDirect Limited (Formerly known as FCH CentrumDirect Limited) into a wholly owned subsidiary by acquiring balance 50% stake of its Joint Venture Partner M/s Future Capital Holdings Limited (FCH), for a consideration of ₹ 100 Crores. Of the said consideration, the Company has paid ₹ 85 crores (Rupees Eighty Five Crores) in cash and the balance of ₹ 15 Crores (Rupees Fifteen Crores) in the form of 105,783 equity shares of ₹ 10/- each at a price of ₹ 1,418/- per share. The Company has allotted the said shares on May 6, 2011.

**As per our report of even date**

**For S. R. Batliboi & Co.**  
**Firm Registration No.: 301003E**  
**Chartered Accountants**

**per Shrawan Jalan**  
**Partner**  
**Membership No. : 102102**

**Place : Mumbai**  
**Date: October 14, 2011**

**For and on behalf of Board of Directors of Centrum Capital Limited**

**T. R. Madhavan**  
**Executive Chairman**

**K. V. Krishnamurthy**  
**Director**

**Gajendra Thakur**  
**Company Secretary**

**Place : Mumbai**  
**Date: October 14, 2011**

# Schedules Forming Part of Consolidated Balance Sheet

as at June 30, 2011

| Particulars  | June 30, 2011        | June 30, 2010 |
|--|----------------------|---------------|
| (₹)  |                      |               |
| <b>SCHEDULE 1</b>  |                      |               |
| <b>Share capital</b>   |                      |               |
| <b>Authorised</b>  |                      |               |
| 10,000,000 (Previous year 10,000,000) equity shares of ₹ 10/- each   | <b>100,000,000</b>   | 100,000,000   |
| <b>Issued, Subscribed and Paid-Up</b>  |                      |               |
| 6,933,879 Equity Shares (Previous year: 6,828,096) of ₹ 10/- each fully paid-up  | <b>69,338,790</b>    | 68,280,960    |
| Of the above equity shares:  |                      |               |
| (a) 3,254,000 equity shares were allotted as bonus shares in the year 2000-01 by capitalisation of reserves.   | <b>32,540,000</b>    | 32,540,000    |
| (b) 409,686 were allotted by way of preferential allotment in terms of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 to Centrum ESPS Trust on May 17, 2008  | <b>4,096,860</b>     | 4,096,860     |
| (c) 682,810 were allotted by way of preferential allotment in terms of SEBI (Disclosure & Investor Protection) Guidelines 2000 to Indivision India Partners on June 5, 2008  | <b>6,828,100</b>     | 6,828,100     |
| (d) 105,783 equity shares were allotted to Future Capital Holdings Limited for consideration other than cash pursuant to Share Purchase agreement dated March 29, 2011 for purchase of 50% share in CentrumDirect Limited (Formerly known as FCH Centrum Direct Limited) | <b>1,057,830</b>     | -             |
| <b>SCHEDULE 2-A</b>  |                      |               |
| <b>Reserves &amp; Surplus</b>  |                      |               |
| <b>Capital Reserve</b> (Gift of 525,000 equity shares of Rap Media Limited)  | <b>1</b>             | 1             |
| <b>General Reserve</b>   |                      |               |
| Opening General Reserve  | <b>2,770,000</b>     | 2,770,000     |
|  | <b>2,770,000</b>     | 2,770,000     |
| <b>Capital Reserve on Consolidation</b>  |                      |               |
| Opening Capital Reserve on Consolidation   | <b>483,308,220</b>   | 466,262,891   |
| Add / (Less): Adjustment during the year   | <b>470,400</b>       | -             |
|  | <b>483,778,620</b>   | 466,262,891   |
| <b>Securities Premium Account</b>  |                      |               |
| Opening balance of Securities Premium Account  | <b>1,393,528,280</b> | 1,393,528,280 |
| Add : Received during the year   | <b>148,942,464</b>   | -             |
|  | <b>1,542,470,744</b> | 1,393,528,280 |
| <b>Profit and Loss Account</b>   |                      |               |
| Balance in Consolidated Profit & Loss Account  | <b>93,402,005</b>    | 284,759,996   |
|  | <b>93,402,005</b>    | 284,759,996   |
| <b>Total</b>   | <b>2,122,421,370</b> | 2,147,321,168 |
| <b>SCHEDULE 2-B</b>  |                      |               |
| <b>Minority Interest</b>   |                      |               |
| Opening Minority Interest  | <b>3,548,425</b>     | 3,399,815     |
| Add: Minority interest on conversion of Joint Venture into Subsidiary [Refer note 9 (b) of Schedule 17]  | <b>2,588,396</b>     | -             |
| Add: Addition during the year  | <b>1,376,002</b>     | 148,610       |
| <b>Total</b>   | <b>7,512,823</b>     | 3,548,425     |

# Schedules Forming Part of Consolidated Balance Sheet

as at June 30, 2011

| (₹)   |                      |               |
|---|----------------------|---------------|
| Particulars   | June 30, 2011        | June 30, 2010 |
| <b>SCHEDULE 3-A</b>   |                      |               |
| <b>Secured Loans</b>  |                      |               |
| <b>Loans and advances from banks</b>  |                      |               |
| <b>Vehicle Loans</b>  |                      |               |
| (a) From Bank (Secured by hypothecation of vehicles)  | <b>7,962,142</b>     | 9,632,686     |
| (b) From Others (Secured by hypothecation of vehicles)  | <b>94,097</b>        | 440,458       |
| <b>Overdraft / cash credit facilities</b>   |                      |               |
| (a) The Federal Bank Limited (Secured by pledge of government securities)   | -                    | 14,343,751    |
| (b) The Standard Chartered Bank (Secured by hypothecation of sundry debtors)  | <b>12,242,391</b>    | -             |
| (c) The Dhanalakshmi Bank Limited (Secured by pledge of bonds)  | <b>20,649,440</b>    | -             |
| (d) HDFC Bank Limited (Secured against first charge of hypothecation of stock)  | <b>215,259,168</b>   | -             |
| (e) Axis Bank Limited (Secured against first pari passu charge by way of hypothecation of company's entire current assets)  | <b>207,280,061</b>   | -             |
| (f) Bank of India - Overdraft   | <b>15,914,227</b>    | -             |
| (g) Bank of India - Cash Credit   | <b>728,022</b>       | -             |
| (The loans in items no (f) & (g) above are secured against pledge of term deposit of ₹ 170 lakhs and interest thereon till date as a principal security and equitable mortgage of Flat in the name of Club 7 Holidays Ltd. at Kolkata & Navarangour & Equitable mortgage of flat in the name of directors at Kolkata, as collateral security) |                      |               |
| <b>Term Loan</b>  |                      |               |
| (a) The Federal Bank Limited<br>(Secured by hypothecation of assets procured at Centrum House, Mumbai and personal guarantee of Chairman of the Company)  | -                    | 6,100,656     |
| (b) The City Union Bank Limited<br>(Secured by corporate guarantee of Businessmatch Services (I) Pvt. Ltd.)   | <b>151,669,513</b>   | -             |
| (c) Future Capital Holdings Limited<br>(Secured by pledge of 29,52,217 equity shares of CentrumDirect Limited)  | <b>620,000,000</b>   | -             |
| (d) Share in secured loans of Joint Ventures  | -                    | 181,610,915   |
| <b>Total</b>  | <b>1,251,799,061</b> | 212,128,466   |
| <b>SCHEDULE 3-B</b>   |                      |               |
| <b>Unsecured Loans</b>  |                      |               |
| <b>From Banks</b>   |                      |               |
| The Federal Bank Limited - Overdraft  | <b>20,437,849</b>    | -             |
| <b>From Others</b>  |                      |               |
| Inter Corporate Deposits  | <b>319,150,000</b>   | 328,000,000   |
| From Joint Venture Company  | -                    | 102,329,087   |
| Interest accrued and due on above loan  | -                    | 6,435,014     |
| Share in unsecured loans of Joint Ventures  | -                    | 19,033,620    |
|   | <b>339,587,849</b>   | 455,797,721   |
| <b>Amount due within one year</b>   | <b>319,150,000</b>   | 328,000,000   |



# Schedules Forming Part of Consolidated Balance Sheet

as at June 30, 2011

| Description of Assets   | GROSS BLOCK        |                   |                  |                  |             |            |                     |                    |                   |                  | DEPRECIATION     |              |            |                     |                     | NET BLOCK           |  |
|---|--------------------|-------------------|------------------|------------------|-------------|------------|---------------------|--------------------|-------------------|------------------|------------------|--------------|------------|---------------------|---------------------|---------------------|--|
|   | As at July 1, 2010 | FCSL* ELIMINATION | CDL* ELIMINATION | CDL # Adjustment | Additions   | Deductions | As at June 30, 2011 | Up to July 1, 2010 | FCSL* ELIMINATION | CDL* ELIMINATION | CDL # Adjustment | For the year | Deductions | Up to June 30, 2011 | As at June 30, 2011 | As at June 30, 2010 |  |
|   |                    |                   |                  |                  |             |            |                     |                    |                   |                  |                  |              |            |                     |                     |                     |  |
| <b>SCHEDULE 4-A</b>   |                    |                   |                  |                  |             |            |                     |                    |                   |                  |                  |              |            |                     |                     |                     |  |
| <b>Tangible Assets</b>  |                    |                   |                  |                  |             |            |                     |                    |                   |                  |                  |              |            |                     |                     |                     |  |
| Building  | 1,297,850          | -                 | -                | 3,360,492        | -           | -          | 4,658,342           | 245,975            | -                 | -                | 374,588          | 34,810       | -          | 655,373             | 4,002,969           | 1,051,875           |  |
| Computers - Hardware  | 48,184,088         | -                 | -                | 29,035,450       | 347,758     | -          | 77,567,306          | 20,836,311         | -                 | -                | 19,904,606       | 8,058,090    | -          | 48,799,007          | 28,768,299          | 27,347,767          |  |
| Vehicles  | 49,009,470         | -                 | -                | 9,547,062        | 5,246,577   | 2,273,377  | 61,529,732          | 15,022,206         | -                 | -                | 3,306,138        | 4,607,242    | 1,124,566  | 21,811,020          | 39,716,712          | 33,987,264          |  |
| Furniture & Fixtures  | 8,236,995          | -                 | -                | 41,235,614       | 933,060     | -          | 50,407,669          | 3,640,555          | -                 | -                | 13,528,261       | 1,807,102    | -          | 18,975,918          | 31,431,751          | 4,598,440           |  |
| Air Conditioners  | 11,709,612         | -                 | -                | 6,793,356        | 36,600      | -          | 18,479,568          | 1,562,203          | -                 | -                | 1,522,263        | 635,874      | -          | 3,720,340           | 14,759,228          | 10,147,409          |  |
| Office Equipments   | 14,564,791         | -                 | -                | 12,069,900       | 460,656     | 71,000     | 27,024,347          | 1,927,314          | -                 | -                | 2,724,630        | 842,769      | 23,709     | 5,471,004           | 21,553,343          | 12,637,477          |  |
| Leasehold Development   | 189,588,695        | -                 | -                | 89,022,761       | 218,063     | -          | 258,829,519         | 45,035,138         | -                 | -                | 39,298,817       | 23,529,921   | -          | 107,863,976         | 150,965,643         | 144,553,557         |  |
| <b>Total (A)</b>  | 322,593,511        | -                 | -                | 171,004,635      | 7,242,714   | 2,344,377  | 498,496,483         | 88,289,702         | -                 | -                | 80,659,303       | 39,515,808   | 1,148,275  | 207,296,538         | 291,199,945         | 234,323,809         |  |
| <b>Leased Assets</b>  |                    |                   |                  |                  |             |            |                     |                    |                   |                  |                  |              |            |                     |                     |                     |  |
| Plant & Machinery   | 23,601,042         | -                 | -                | -                | -           | -          | 23,601,042          | 23,601,042         | -                 | -                | -                | -            | -          | 23,601,042          | -                   | -                   |  |
| <b>Total (B)</b>  | 23,601,042         | -                 | -                | -                | -           | -          | 23,601,042          | 23,601,042         | -                 | -                | -                | -            | -          | 23,601,042          | -                   | -                   |  |
| Share in Tangible Assets of Joint Ventures (C)                                  | 94,960,036         | (12,757,264)      | (85,503,241)     | -                | 11,012,122  | 7,711,653  | -                   | 37,572,901         | (6,104,792)       | (40,330,574)     | -                | 9,574,482    | 712,017    | -                   | -                   | 57,387,135          |  |
| <b>Total (A + B + C)</b>  | 441,154,589        | (12,757,264)      | (85,503,241)     | 171,004,635      | 18,254,836  | 10,056,030 | 522,097,525         | 148,443,645        | (6,104,792)       | (40,330,574)     | 80,659,303       | 49,090,290   | 1,860,292  | 230,897,580         | 291,199,945         | 291,710,944         |  |
| <b>SCHEDULE 4-B</b>   |                    |                   |                  |                  |             |            |                     |                    |                   |                  |                  |              |            |                     |                     |                     |  |
| <b>Intangible Assets</b>  |                    |                   |                  |                  |             |            |                     |                    |                   |                  |                  |              |            |                     |                     |                     |  |
| Goodwill  | 10,180,000         | -                 | -                | -                | -           | -          | 10,180,000          | 10,180,000         | -                 | -                | -                | -            | -          | 10,180,000          | -                   | -                   |  |
| Goodwill on consolidation   | -                  | -                 | -                | -                | 524,252,659 | -          | 524,252,659         | -                  | -                 | -                | -                | 63,360,266   | -          | 63,360,266          | 460,892,393         | -                   |  |
| Computers - Software  | 10,163,910         | -                 | -                | 15,699,485       | 1,650,724   | -          | 27,514,119          | 5,534,334          | -                 | -                | 5,036,630        | 1,644,102    | -          | 12,215,266          | 15,298,853          | 4,629,576           |  |
| Share in Tangible Assets of Joint Ventures (Refer Notes below)                  | 18,304,411         | (11,268,318)      | (7,849,742)      | -                | 6,810,894   | 5,997,245  | -                   | 3,438,718          | (3,408,457)       | (2,518,415)      | -                | 3,297,838    | 809,684    | -                   | -                   | 14,865,693          |  |
| <b>Total</b>  | 38,648,321         | (11,268,318)      | (7,849,742)      | 15,699,485       | 532,714,277 | 5,997,245  | 561,946,778         | 19,153,052         | (3,408,457)       | (2,518,415)      | 5,036,630        | 68,302,206   | 809,684    | 85,755,532          | 476,191,246         | 19,495,269          |  |
| <b>Grand Total</b>  | 479,802,910        | (24,025,582)      | (93,352,983)     | 186,704,120      | 550,969,113 | 16,053,275 | 1,084,044,303       | 168,596,697        | (9,513,249)       | (42,848,989)     | 85,696,133       | 117,392,496  | 2,669,976  | 316,653,112         | 767,391,191         | 311,206,213         |  |
| Previous Year   | 467,240,223        | -                 | -                | -                | 16,954,767  | 4,392,080  | 479,802,910         | 120,812,088        | -                 | -                | -                | 49,241,985   | 1,457,376  | 168,596,697         | 311,206,213         | -                   |  |
| Capital Work in Progress  | -                  | -                 | -                | -                | -           | -          | -                   | -                  | -                 | -                | -                | -            | -          | -                   | 15,200,535          | -                   |  |
| Share in capital work in progress (including capital advance) of Joint Ventures | -                  | -                 | -                | -                | -           | -          | -                   | -                  | -                 | -                | -                | -            | -          | -                   | -                   | 1,234,906           |  |

Notes :-

\* CentrumDirect Limited (CDL) and Future Capital Securities Limited (FCSL) were Joint Ventures of the Company until March 29, 2011. Consequently to which CDL was converted into a subsidiary & FCSL was sold off. Further, taking into account materiality and other factors by the management, financial statements of CDL and FCSL were drawn upto March 31, 2011. Accordingly, Group's share of fixed assets as on March 31, 2011 in each of these joint ventures have been duly eliminated.

# Consequent to CDL being converted into a subsidiary, Gross Block of each line item wise standing as on April 01, 2011 have been duly adjusted to reflect consolidation as a subsidiary.

# Schedules Forming Part of Consolidated Balance Sheet

as at June 30, 2011

(₹)

| Particulars   | Face Value | June 30, 2011                     | June 30, 2010 | June 30, 2011      | June 30, 2010      |
|---|------------|-----------------------------------|---------------|--------------------|--------------------|
|   |            | No. of shares/ debentures / units |               |                    |                    |
| <b>SCHEDULE 5</b>   |            |                                   |               |                    |                    |
| <b>Investments</b>  |            |                                   |               |                    |                    |
| <b>Long Term Investments (At cost)</b>  |            |                                   |               |                    |                    |
| <b>Non Trade (Unquoted)</b>   |            |                                   |               |                    |                    |
| <b>Equity / Preference Shares of Associates - Fully Paid up</b>   |            |                                   |               |                    |                    |
| Centrum Securities Private Limited  | 10         | 100,000                           | 100,000       | 1,000,000          | 1,000,000          |
| Centrum Broking Private Limited   | 10         | 699,000                           | 699,000       | 71,997,000         | 71,997,000         |
| Essel-Centrum Holdings Limited (Partly Paid up)   | 10         | 500,000                           | 500,000       | 1,000,000          | 1,000,000          |
| 12% Redeemable Non Cumulative Preference Shares of Centrum Broking Private Limited (5,000,000 shares redeemable at par at the end of 5 years from the date of allotment i.e. March 5, 2009) | 100        | 5,500,000                         | 5,500,000     | 550,000,000        | 550,000,000        |
| Share in accumulated loss of associates (Equity Investments)  |            |                                   |               | (73,997,000)       | (73,997,000)       |
| <b>Total</b>  |            |                                   |               | <b>550,000,000</b> | <b>550,000,000</b> |
| <b>Preference Shares</b>  |            |                                   |               |                    |                    |
| 1% Preference shares of Indra Investments Advisory Private Limited (100,000 shares redeemable at par at the end of 20 years from the date of allotment i.e. October 18, 2008)               | 100        | 100,000                           | 100,000       | 10,000,000         | 10,000,000         |
| 9% Preference shares of SRR Consultants Private Limited (10,000 shares redeemable at par at the end of 20 years from the date of allotment i.e. August 29, 2008)                            | 10         | 10,000                            | 10,000        | 10,000,000         | 10,000,000         |
| 1% Preference shares of Ray Realtors Private Limited (20,000 shares redeemable at par at the end of 20 years from the date of allotment i.e. February 09, 2010)                             | 10         | 20,000                            | 20,000        | 5,000,000          | 5,000,000          |
| <b>Total</b>  |            |                                   |               | <b>25,000,000</b>  | <b>20,000,000</b>  |
| <b>Non-Trade (Quoted) - Others</b>  |            |                                   |               |                    |                    |
| <b>Equity Shares - Fully Paid up</b>  |            |                                   |               |                    |                    |
| Nikumbh Dairy Products Limited  | 10         | 4,000                             | 4,000         | 109,500            | 109,500            |
| Birla Transasia Carpets Limited   | 10         | 9,100                             | 9,100         | 153,159            | 153,159            |
| Kaiser Press Limited  | 10         | 500                               | 500           | 5,000              | 5,000              |
| Dynemic Products Limited  | 10         | 10,000                            | 10,000        | 350,000            | 350,000            |
| Lumax Auto Technologies Limited   | 10         | 27,500                            | 27,500        | 225,000            | 1,237,500          |
| Jagjanani Textiles Limited  | 10         | 10,000                            | 10,000        | 250,000            | 250,000            |
| Hilton Metal Forging Limited  | 10         | 5,000                             | 5,000         | 350,000            | 350,000            |
| Rap Media Limited   | 10         | 608,550                           | 608,550       | 12,104,675         | 12,104,675         |
| Tata Consultancy  | 1          | 560                               | -             | 122,500            | -                  |
| Shares in quoted non trade investments of Joint Venture   |            |                                   |               | -                  | 61,250             |
| <b>Total</b>  |            |                                   |               | <b>13,669,834</b>  | <b>14,621,084</b>  |
| <b>Non-Trade (Unquoted) - Others</b>  |            |                                   |               |                    |                    |
| <b>Equity Shares - Fully Paid up</b>  |            |                                   |               |                    |                    |
| The Ratnakar Bank Limited   | 10         | 216,530                           | 216,530       | 2,165,300          | 2,165,300          |
| Softchip Technologies Limited   | 10         | 907,200                           | 907,200       | 9,072,000          | 9,072,000          |
| Pan India Motors Private Limited  | 10         | 11,800,000                        | 11,800,000    | 43,000,000         | 43,000,000         |
| Oasis Counsel and Advisory Private Limited  | 10         | 1                                 | 1             | 10                 | 10                 |
| <b>Total</b>  |            |                                   |               | <b>54,237,310</b>  | <b>54,237,310</b>  |

# Schedules Forming Part of Consolidated Balance Sheet

as at June 30, 2011

(₹)

| Particulars   | Face Value | June 30, 2011                     | June 30, 2010 | June 30, 2011      | June 30, 2010 |
|---|------------|-----------------------------------|---------------|--------------------|---------------|
|   |            | No. of shares/ debentures / units |               |                    |               |
| <b>Non Convertible Debentures</b>   |            |                                   |               |                    |               |
| 8.40% Non Convertible Debentures of the Ratnakar Bank Limited   | 1,000,000  | -                                 | 2             | -                  | 2,000,000     |
| Non Convertible Debentures of Oasis Counsel and Advisory Private Limited  | 1,000      | 50,000                            | 50,000        | 50,000,000         | 50,000,000    |
| Secured Non Convertible Debentures of Polar Industries Limited  | 100        | 300,000                           | 300,000       | 4,940,724          | 4,955,444     |
| <b>Total</b>  |            |                                   |               | <b>54,940,724</b>  | 56,955,444    |
| <b>Portfolio Management Service</b>   |            |                                   |               |                    |               |
| PMS - Scheme Centrum One  |            |                                   |               | -                  | 6,348,749     |
| <b>Total</b>  |            |                                   |               | <b>-</b>           | 6,348,749     |
| <b>Current Investments - At lower of cost and market value In Units of Mutual Funds</b>   |            |                                   |               |                    |               |
| Reliance Money Manager-Daily Dividend Reinvestment Option [Net Asset Value as on June 30, 2011 ₹ Nil (Previous year ₹ 614,592/-)] |            | -                                 | 613.75        | -                  | 614,450       |
| Reliance Medium Term Fund - Daily Dividend Plan [Net Asset Value as on June 30, 2011 ₹ Nil (Previous year ₹ 200,112/-)]           |            | -                                 | 11,705.24     | -                  | 200,107       |
| SBI Gilt Magnum Fund [Net Asset Value as on June 30, 2011 ₹ Nil (Previous year ₹ 1,294,370/-)]                                    |            | -                                 | 68,890.50     | -                  | 1,135,439     |
| Reliance Money Manager Fund-Institutional Option - Daily Dividend Plan  |            |                                   |               | 27,554,298         | -             |
| Shares in current investments of Joint Ventures   |            |                                   |               | -                  | 12,975,722    |
| <b>Total</b>  |            |                                   |               | <b>27,554,298</b>  | 14,925,718    |
| <b>Total</b>  |            |                                   |               | <b>725,402,166</b> | 722,088,305   |
| Provision for Diminution in the Value of Investment   |            |                                   |               | 3,190,423          | 637,895       |
| <b>Total</b>  |            |                                   |               | <b>722,211,743</b> | 721,450,410   |
| Aggregate value of quoted investments   |            |                                   |               | 11,467,556         | 20,331,938    |
| Aggregate value of unquoted investments   |            |                                   |               | 710,744,186        | 701,118,472   |
| Aggregate market value of the quoted investments  |            |                                   |               | 11,908,816         | 31,129,065    |

(₹)

| Particulars  | June 30, 2011 | June 30, 2010 | June 30, 2011     | June 30, 2010 |
|--|---------------|---------------|-------------------|---------------|
|  | Quantity      | Quantity      |                   |               |
| <b>SCHEDULE 6</b>  |               |               |                   |               |
| <b>Inventories (at lower of cost and net realisable value)</b>     |               |               |                   |               |
| <b>Unquoted bonds</b>  |               |               |                   |               |
| 0.00% IDFC 2026  | 1             | -             | 260,200           | -             |
| 23.328% ICICI Bank 2021  | 100           | -             | 23,457,809        | -             |
| 9.70% Power Finance 2021   | 3             | -             | 3,031,142         | -             |
| 8.42% J & K SDL 2020   | -             | 2,500         | -                 | 257,692       |
| 7.5% GOI 2034  | -             | 150,000       | -                 | 14,296,042    |
| 8.10% APSDL 2019   | -             | 30,700        | -                 | 3,113,134     |
| 9.20% WBIDFC 2020  | -             | 1             | -                 | 1,016,310     |
| Net realizable value ₹ 26,757,036/- (Previous year ₹ 19,078,543/-) |               |               |                   |               |
| <b>Total</b>   |               |               | <b>26,749,151</b> | 18,683,178    |

# Schedules Forming Part of Consolidated Balance Sheet

as at June 30, 2011

| (₹)   |                    |               |
|---|--------------------|---------------|
| Particulars   | June 30, 2011      | June 30, 2010 |
| <b>SCHEDULE 7</b>   |                    |               |
| <b>Sundry Debtors (Unsecured, considered good, unless otherwise stated)</b>   |                    |               |
| <b>Debtors outstanding for a period exceeding six months</b> (Refer Note 18 of Schedule 17)   |                    |               |
| Unsecured, considered good  | <b>299,032,846</b> | 290,490,196   |
| Unsecured, considered doubtful  | <b>44,982,108</b>  | 1,016,100     |
| <b>Total</b>  | <b>344,014,954</b> | 291,506,296   |
| <b>Other Debts</b>  |                    |               |
| Considered good   | <b>445,325,751</b> | 116,931,576   |
| <b>Total</b>  | <b>789,340,705</b> | 408,437,872   |
| Less : Provision for doubtful debts   | <b>55,638,108</b>  | 6,344,100     |
|   | <b>733,702,597</b> | 402,093,772   |
| Shares in sundry debtors of Joint Ventures [Net of provision for doubtful debts ₹ Nil (Previous year ₹ 4,654,617/-) in respect of debts outstanding for more than 6 months] | -                  | 162,273,952   |
| <b>Total</b>  | <b>733,702,597</b> | 564,367,724   |
| <b>SCHEDULE 8</b>   |                    |               |
| <b>Cash and Bank Balances</b>   |                    |               |
| Cheques in hand   | <b>23,362,704</b>  | -             |
| Cash on Hand including foreign currencies   | <b>202,066,880</b> | 1,281,346     |
| Balances with Scheduled Banks:  |                    |               |
| On current accounts   | <b>219,534,395</b> | 51,503,887    |
| On unpaid dividend accounts   | <b>99,996</b>      | 87,180        |
| Debit balance in overdraft account  | <b>896,798</b>     | 7,779,281     |
| Other current accounts  | <b>2,236,214</b>   | 1,535,279     |
| Deposit account   | <b>28,675,274</b>  | -             |
| Shares in cash and bank balance of Joint Ventures   | <b>14,690,286</b>  | 215,735,969   |
| <b>Total</b>  | <b>491,562,547</b> | 277,922,942   |
| Bank Balance with others include:<br>National Bank of Dubai - AED Current Account [Maximum amount outstanding during the year ₹ 2,428,033/- (Previous Year ₹ 3,063,659/-)]  | <b>2,236,214</b>   | 1,535,279     |

# Schedules Forming Part of Consolidated Balance Sheet

as at June 30, 2011

| Particulars  | June 30, 2011        | June 30, 2010        |
|--|----------------------|----------------------|
| (₹)  |                      |                      |
| <b>SCHEDULE 9</b>  |                      |                      |
| <b>Loans and advances</b>  |                      |                      |
| (Unsecured, considered good unless otherwise stated)   |                      |                      |
| Advance tax (net of provision for tax)   | 126,172,255          | 44,473,931           |
| Loan to Joint Venture  | -                    | 7,327,533            |
| Advance for purchase of shares   | 10,000,000           | 10,000,000           |
| Prepaid Expenses   | 1,020,511            | 164,429              |
| Loans to employees & others  | 33,725,692           | 31,929,744           |
| Advances recoverable in cash or in kind or for value to be received  |                      |                      |
| Considered good  | 237,515,138          | 144,049,933          |
| Considered doubtful  | 453,488              | 453,488              |
| Inter corporate deposits other than related party  | 993,069,438          | 634,327,263          |
| Service tax (Input / Credit Account)   | 35,862,851           | 18,196,743           |
| MAT Credit   | 1,166,331            | -                    |
| Deposits - Others  | 146,066,341          | 73,935,141           |
| <b>Total</b>   | <b>1,585,052,045</b> | <b>964,858,205</b>   |
| Less: Provision for doubtful advances  | 1,399,366            | 453,488              |
| <b>Total</b>   | <b>1,583,652,679</b> | <b>964,404,717</b>   |
| Shares in loans and advances of Joint Ventures [net of provision for doubtful loans & advances ₹ Nil, (Previous year ₹ 472,939/-)] | 4,479                | 265,528,201          |
| <b>Total</b>   | <b>1,583,657,158</b> | <b>1,229,932,918</b> |
| <b>SCHEDULE 10</b>   |                      |                      |
| <b>Current Liabilities</b>   |                      |                      |
| Sundry creditors   |                      |                      |
| (a) total outstanding dues of Micro, Medium and small Enterprises  | -                    | -                    |
| (b) total outstanding dues of creditors other than Micro, Medium and Small Enterprises   | 423,663,260          | 19,200,371           |
| Advance from customers   | 728,606              | 4,956,036            |
| Unpaid Dividend  | 99,996               | 87,197               |
| Interest accrued but not due   | 1,649,315            | -                    |
| Other liabilities  | 96,434,298           | 80,219,835           |
| Share in current liabilities of Joint Ventures   | 44,561               | 148,261,386          |
| <b>Total A</b>   | <b>522,620,036</b>   | <b>252,724,825</b>   |
| <b>Provisions</b>  |                      |                      |
| Provision for wealth tax (net of advance tax)  | 660,340              | 500,340              |
| Provision for Gratuity   | 6,475,257            | 1,597,462            |
| Provision for Leave encashment   | 4,247,098            | 2,455,590            |
| Proposed dividend  | -                    | 3,414,048            |
| Tax on proposed dividend   | -                    | 567,031              |
| Share in provision of Joint Ventures   | -                    | 2,104,625            |
| <b>Total B</b>   | <b>11,382,695</b>    | <b>10,639,096</b>    |
| <b>Total (A+B)</b>   | <b>534,002,731</b>   | <b>263,363,921</b>   |
| <b>SCHEDULE 11</b>   |                      |                      |
| <b>Miscellaneous Expenditures</b>  |                      |                      |
| (to the extent not written off or adjusted)  |                      |                      |
| Preliminary expenditures   | 1,947,657            | 1,935,548            |
| Share in miscellaneous expenditures of joint ventures  | -                    | 81,604               |
| <b>Total</b>   | <b>1,947,657</b>     | <b>2,017,152</b>     |

# Schedules Forming Part of Consolidated Balance Sheet

as at June 30, 2011

| (₹)  |                       |                |
|--|-----------------------|----------------|
| Particulars  | June 30, 2011         | June 30, 2010  |
| <b>SCHEDULE 12</b>   |                       |                |
| <b>Income from Operation</b>   |                       |                |
| Syndication fees, Brokerage and Commission [TDS ₹ 26,936,463/- (Previous year ₹ 28,639,587/-)] | <b>547,657,754</b>    | 558,360,683    |
| Less : Service Tax   | <b>43,027,403</b>     | 44,638,308     |
| <b>Total</b>   | <b>504,630,351</b>    | 513,722,375    |
| Trading in Bonds   | <b>61,397,484</b>     | 127,053,870    |
| Sale of Forex / Forex equivalents  | <b>6,082,810,660</b>  | -              |
| Tour Income  | <b>38,100,014</b>     | -              |
| Share in income from operation of Joint Ventures   | <b>9,447,484,775</b>  | 12,104,239,690 |
| <b>Total</b>   | <b>16,134,423,284</b> | 12,745,015,935 |
| <b>SCHEDULE 13</b>   |                       |                |
| <b>Other Income</b>  |                       |                |
| Interest   |                       |                |
| Bank deposits [TDS ₹ Nil (Previous year ₹ 669,854/-)]  | -                     | 3,769,091      |
| Others [TDS ₹ 11,113,759/- (Previous year ₹ 19,494,005/-)]                                     | <b>93,784,233</b>     | 88,053,220     |
| Dividend income  |                       |                |
| Dividend on Equity Shares - Non-trade  | <b>300,116</b>        | 456,262        |
| Dividend on Preference Shares - Non-trade  | <b>100,000</b>        | -              |
| Dividend on Units of Mutual Fund - Non-trade   | <b>497,998</b>        | 31,313         |
| Profit on Sale of Investments - Long Term - Non-trade (net)                                    | <b>3,228,775</b>      | 2,786,425      |
| Profit on Sale of Investments - Short Term - Non-trade (net)                                   | -                     | 1,650,313      |
| Profit on Sale of Mutual Funds   | <b>159,585</b>        | 3,210,372      |
| Miscellaneous Income   | <b>101,738</b>        | 5,374,948      |
| Provision no longer required written back  | -                     | 8,400,993      |
| Others   | <b>259,403</b>        | 595,876        |
| Share in other income of Joint Ventures  | <b>38,754,666</b>     | 17,945,190     |
| <b>Total</b>   | <b>137,186,514</b>    | 132,274,003    |
| <b>SCHEDULE 14</b>   |                       |                |
| <b>Personnel expenses</b>  |                       |                |
| Salaries, wages and allowances   | <b>309,144,609</b>    | 210,874,652    |
| Contribution to provident fund and ESIC  | <b>10,315,823</b>     | 6,137,564      |
| Gratuity   | <b>3,629,463</b>      | 1,242,068      |
| Leave encashment   | <b>2,640,216</b>      | 988,569        |
| Staff welfare expenses   | <b>4,092,083</b>      | 1,802,468      |
| Share in personnel expenses of Joint Ventures  | <b>100,766,289</b>    | 106,825,424    |
| <b>Total</b>   | <b>430,588,483</b>    | 327,870,745    |

# Schedules Forming Part of Consolidated Balance Sheet

as at June 30, 2011

| (₹)  |                    |                    |
|--|--------------------|--------------------|
| Particulars  | June 30, 2011      | June 30, 2010      |
| <b>SCHEDULE 15</b>   |                    |                    |
| <b>Administrative and other expenses</b>                     |                    |                    |
| Rent   | 130,410,776        | 96,829,777         |
| Rates & Taxes  | 18,935,588         | 14,932,052         |
| Electricity  | 5,966,516          | 4,152,244          |
| Foreign exchange loss / (gain)                               | 986,410            | 1,443,278          |
| Repair & Maintenance   | 2,532,921          | 668,663            |
| Insurance  | 2,088,833          | 1,932,133          |
| Meeting and seminars   | 1,663,055          | 1,660,189          |
| Vehicle Expenses   | 10,523,900         | 10,242,162         |
| Loss On Sale Of Debtors                                      | -                  | 16,157,327         |
| Business promotion expenses                                  | 8,981,058          | 5,023,699          |
| Advertisement and marketing expenses                         | 12,212,775         | 349,161            |
| Commission and brokerage                                     | 18,268,667         | 8,286,736          |
| Travelling and conveyance                                    | 21,462,212         | 15,994,703         |
| Communication costs  | 10,415,457         | 6,371,232          |
| Printing and stationery                                      | 4,293,824          | 2,058,377          |
| Legal & professional fees                                    | 120,310,788        | 69,314,566         |
| Subscription and membership fees                             | 2,641,299          | 1,255,270          |
| Impairment of Investments                                    | 2,552,528          | -                  |
| Office expenses  | 6,710,983          | 685,840            |
| Filing fees and regulatory fee                               | 211,173            | 1,926,197          |
| Directors sitting fees                                       | 950,000            | 760,000            |
| Auditor's remuneration                                       |                    |                    |
| Audit Fees   | 1,415,205          | 1,165,022          |
| Tax audit fees   | 15,000             | 55,765             |
| Taxation and other matters                                   | -                  | 2,240,830          |
|  | 1,430,205          | 3,461,617          |
| Donation   | 233,310            | 5,181,000          |
| Sundry Balance Written Off                                   | 14,446,328         | -                  |
| Bad debts  | 12,916,387         | 12,779,196         |
| Provision for doubtful debts                                 | 36,237,730         | -                  |
| Loss on Sale of fixed asset                                  | 638,811            | 1,408,379          |
| Loss on sale of shares                                       | 1,014,130          | -                  |
| Preliminary expenses/ Share issue expenses written off       | 110,454            | 96,905             |
| Miscellaneous expenses                                       | 6,729,977          | 8,550,355          |
| Share in administrative and other expenses of Joint Ventures | 124,312,256        | 143,799,937        |
| <b>Total</b>   | <b>580,188,351</b> | <b>435,320,995</b> |
| <b>SCHEDULE 16</b>   |                    |                    |
| <b>Financial Expenses</b>                                    |                    |                    |
| Interest   |                    |                    |
| - on inter corporate deposits                                | 73,239,043         | 30,998,680         |
| - on banks   | 21,146,735         | 18,185,131         |
| - others   | 49,214             | 5,280,684          |
| Bank charges   | 5,948,632          | 1,853,324          |
| Share in financial expenses of Joint Ventures                | 24,582,747         | 23,008,437         |
| <b>Total</b>   | <b>124,966,371</b> | <b>79,326,256</b>  |

# Schedule – 17 Consolidated Notes to Accounts

## 1. BASIS OF PREPARATION

The Consolidated Financial Statements have been prepared in accordance with Accounting Standard “AS” 21 “Consolidated Financial Statements”, Accounting Standard “AS” 23 “Accounting for Investments in Associates in Consolidated Financial Statements and Accounting Standard “AS” 27 “Financial Reporting of Interest in Joint Ventures” notified in the Companies (Accounting Standards) Rules, 2006. The Consolidated Financial Statements comprises the financial statements of Centrum Capital Limited (CCL) (Holding Company), its subsidiaries being CentrumDirect Limited (formerly FCH CentrumDirect Limited)\* (including Club 7 Holidays Limited), Centrum Infrastructure and Realty Limited (CIRL), Centrum Financial Services Limited (CFSL), Centrum Wealth Management Limited (formerly Centrum Investments Limited) (CWML), Centrum Capital Holdings LLC (CCH LLC) (including Centrum Securities LLC), Centrum Securities (Europe) Limited (CSEL), Accounts Receivables Management Services (India) Limited (ARMS), its joint venture being Commonwealth Centrum Advisors Limited (CCAL), Future Capital Securities Limited (formerly known as FCH Centrum Wealth Managers Limited)\* and its associates being Centrum Broking Private Limited (CBPL), Centrum Securities Private Limited (CSPL) and Essel-Centrum Holdings Limited (ECHL) here in after collectively referred as “the Group”.

\* CentrumDirect Limited (CDL) and Future Capital Securities Limited (FCSL) were Joint Ventures of the Group until March 28, 2011. Subsequent to which CDL was converted into a subsidiary & FCSL was sold off pursuant to Share Purchase Agreements dated March 29, 2011.

The Consolidated Financial Statements has been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year.

The notes and significant accounting policies to the Consolidated Financial Statements are intended to serve as a guide for better understanding of the Group’s position. In this respect, the Holding Company has disclosed such notes which represent the required disclosure.

## 2. PRINCIPLES OF CONSOLIDATION

- The Consolidated Financial Statements of Centrum Capital Limited and its subsidiaries are combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. Intra group balances, intra group transactions and unrealized profits / losses have been fully eliminated.
- Interests in joint ventures are accounted by using proportionate consolidation method.
- Interest in associates are accounted by using equity method.
- The subsidiary companies, joint ventures and associates considered in the presentation of the Consolidated Financial Statements are :

| Particulars  | Country of Incorporation | Proportion of ownership / interest as at June 30, 2011 | Proportion of ownership / interest as at June 30, 2010 | Financial years ends on* |
|--|--------------------------|--|--|--------------------------|
| <b>A) SUBSIDIARIES</b>   |                          |  |  |                          |
| Centrum Infrastructure and Realty Limited  | India                    | 100%   | 100%   | June 30, 2011            |
| Centrum Financial Services Limited   | India                    | 100%   | 100%   | June 30, 2011            |
| Centrum Wealth Management Limited (Formerly Centrum Investments Limited)                     | India                    | 100%   | 100%   | June 30, 2011            |
| Centrum Capital Holdings LLC   | USA                      | 100%   | 100%   | June 30, 2011            |
| Centrum Securities (Europe) Limited  | UK                       | 100%   | 100%   | June 30, 2011            |
| Accounts Receivables Management Services (India) Limited                                     | India                    | 80%  | 80%  | June 30, 2011            |
| CentrumDirect Limited (Formerly known as FCH CentrumDirect Limited) (w.e.f. March 29, 2011)# | India                    | 100%   | 50%  | June 30, 2011            |



| Particulars  | Country of Incorporation | Proportion of ownership / interest as at June 30, 2011 | Proportion of ownership / interest as at June 30, 2010 | Financial years ends on* |
|--|--------------------------|--|--|--------------------------|
| <b>B) JOINT VENTURES</b>   |                          |  |  |                          |
| Future Capital Securities Limited (Formerly known as FCH Centrum Wealth Managers Limited) (upto March 28, 2011) (Refer note 17 of Schedule 17) | India                    | Nil  | 50%  | March 31, 2011           |
| Commonwealth Centrum Advisors Limited (w.e.f. February 15, 2011)*  | Hong Kong                | 50%  | Nil  | December 31, 2010*       |
| <b>C) ASSOCIATES</b>   |                          |  |  |                          |
| Centrum Broking Private Limited  | India                    | 48.74%   | 48.74%   | June 30, 2011            |
| Centrum Securities Private Limited*  | India                    | 47.62%   | 47.62%   | March 31, 2011*          |
| Essel-Centrum Holdings Limited   | India                    | 33.33%   | 33.33%   | June 30, 2011            |

# During the current financial year, CentrumDirect Limited, formerly FCH CentrumDirect Limited (CDL) has been converted from 50% joint venture to a wholly owned subsidiary vide share purchase agreement dated March 29, 2011. Accordingly, the same has been duly consolidated as a joint venture upto such date & subsequently as a subsidiary. Further, taking into account materiality and other factors by the management, financial statements of CDL for the purpose of consolidation as a joint venture have been duly considered for the nine months period ended March 31, 2011. Similarly, for the purpose of consolidation as a subsidiary, financial statements have been drawn for the period April 1, 2011 to June 30, 2011.

\* for the purpose of consolidation, accounts are drawn upto June 30, 2011.

For the purpose of Consolidated Financial Statements, the results of CCL and its subsidiaries for the year/period ended June 30, 2011 have been derived from the respective company's audited financials of the year/period ended June 30, 2011.

### 3. GOODWILL / CAPITAL RESERVES ON CONSOLIDATION

The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognized in the financial statements as Goodwill or Capital Reserve as the case may be.

### 4. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### a. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

#### b. Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Advances paid towards acquisition of fixed assets outstanding at balance sheet date and the cost of fixed assets not ready to use before such date are disclosed under capital work in progress.

#### c. Depreciation

Depreciation on fixed assets is provided on straight line basis at the rates based on estimated useful life of the asset which is envisaged by Schedule XIV of the Companies Act, 1956, except for leasehold improvements. Leasehold improvements are amortised over a period of 6 - 9 years.

Individual asset costing ₹ 5,000 or less are fully depreciated in the year of purchase.

| Particulars                            | Rate ( SLM) | Schedule XIV Rates ( SLM) |
|--|-------------|---------------------------|
| Building                               | 1.63%       | 1.63%                     |
| Computers                              | 16.21%      | 16.21%                    |
| Air Conditioners and Office equipments | 4.75%       | 4.75%                     |
| Vehicles                               | 9.50%       | 9.50%                     |
| Furnitures and Fixtures                | 6.33%       | 6.33%                     |

**d. Impairment**

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 recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

**e. Intangible Assets**

**Computer Softwares**

The Group capitalises software and related implementation cost where it reasonably estimated that the software has an enduring useful life. Softwares including operating system licenses are amortized over their estimated useful life of 3 – 9 years.

**f. Leases**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

**g. Investments**

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried 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 recognise a decline other than temporary in the value of the investments.

**h. Inventories**

Inventories are valued as lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business.

**i. Revenue recognition**

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

**Syndication fees**

Syndication fees and brokerage income are accounted on achievements of the milestones as per the mandates / agreements with the clients, where there are no mandates / agreements, as per the terms confirmed and agreed by clients. Non refundable upfront fees are accounted as income on receipt. In the event of project stipulates performance measures, revenue is considered earned when such performance measure have been completed.

### **Income from trading in bonds**

Income from trading in bonds is accounted when the risk and rewards of ownership of the bonds are passed to the customer, which is generally on sale of bonds.

### **Interest income**

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

### **Revenue from services**

Consultancy fees / referral fees and brokerage and commission incomes are accounted on accrual basis.

### **Revenue on foreign exchange**

Revenue on foreign exchange business is recognized as and when the disbursement of money is made to beneficiary.

### **Income from Inward money transfer**

Commission from money transfer business is recognised as and when the disbursement of money is made to beneficiary.

### **Revenue on Tour Income**

Profit/ Loss in respect of tours is recognized when the tour is completed

### **Income from Commission**

Commission income is accounted on accrual basis.

### **Incentives**

Incentives on prepaid travel cards and travelers cheques are recognised on the basis of the business transacted during the year as confirmed by the party.

### **Dividend**

Revenue is recognised when the shareholders' right to receive payment is established by the balance sheet date.

### **Profit / Loss on sale of investments**

Profit or loss on investments is determined on the basis of the weighted average cost method.

## **j. Foreign currency transactions**

### **i. Initial Recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

### **ii. Conversion**

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

### iii. Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting the Group's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise. Exchange differences arising in respect of fixed assets acquired from outside India on or before accounting period commencing after December 7, 2006 are capitalized as a part of fixed assets.

### k. Retirement and other employee benefits

Retirement benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the fund is due. There are no other obligations other than the contribution payable to the fund.

- (i) 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 the financial year. The Group makes contribution to a scheme administered by the Life Insurance Corporation of India ("LIC") to discharge the gratuity liability to employees. The Group records its gratuity liability based on an actuarial valuation made by an independent actuary as at year end. Contribution made to the LIC fund and provision made for the funded amounts are expensed in the books of accounts.
- (ii) Long term compensated absences are provided for, based on actuarial valuation. The actuarial valuation is done as per Projected Unit Credit Method.
- (iii) All actuarial gains / losses are immediately taken to the Profit and Loss account and are not deferred.

### l. Income taxes

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax are measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each balance sheet date the Group re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Group writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. 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.

#### **m. Segment Reporting Policies**

##### **Identification of segments**

The Group's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Group operate.

##### **Allocation of common costs**

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

##### **Unallocated items**

Includes general corporate income and expense items which are not allocated to any business segment.

#### **n. Earnings Per Share**

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

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

#### **o. Provisions**

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

#### **p. Cash and Cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at bank, in hand and foreign currency stocks.

#### **q. Borrowing costs**

Borrowing costs are recognized as an expense in the period in which these are incurred.

#### **r. Deferred Revenue Expenditure**

Deferred Revenue Expenditure (DRE) disclosed under Miscellaneous Expenditure to the extent not written off or adjusted is written off over 10 years.

### **5. SEGMENT INFORMATION**

#### **Primary Segment**

As of June 30, 2011, the Group has for the purpose of segment reporting identified the following major business as primary business segment.

- i) Advisory and Transactional Services consists of Investment Banking, Wealth Management and Realty / Infrastructure Advisory services thereby earning transaction based fees.

- ii) Trading in Bonds – Purchase and sale of bonds and government securities in secondary market.
- iii) Forex business mainly comprising of Money changing services.
- iv) Travel and Tours – Travels and tours related services.
- v) Treasury – Treasury operations ensure liquidity for business and manages investment of surplus funds to optimize returns within the approved risk management framework.

Items that relate to the Group as a whole or at the corporate level not attributable to particular segments are included in “Unallocated”

#### **Segment information for secondary segment reporting (by geographical segment).**

Group’s operations are mainly conducted in India. The Group has a subsidiary in USA, a subsidiary in UK, a Joint Venture in Hong Kong and a representative office at Dubai and the commercial risks and returns involved on the basis of geographic segmentation are relatively insignificant. Thus, secondary segment disclosures based on geographic segments have not been made.

Segment wise details are given in Annexure -1.

## **6. RELATED PARTY DISCLOSURES**

In terms of Accounting Standard 18 (AS-18) ‘Related Party Disclosures’, notified in the Companies (Accounting Standards) Rules, 2006, the disclosures of transactions with the related parties as defined in AS-18 are given below :

| <b>Names of related parties with whom transactions have taken place during the year</b> |   |
|---|---|
| Joint Venture in which Holding Company is a Venturer                                    | - Commonwealth Centrum Advisors Limited (w.e.f. February 15, 2011)  |
|   | - CentrumDirect Limited [Formerly known as FCH CentrumDirect Limited (upto March 28, 2011)]                       |
|   | - Future Capital Securities Limited [Formerly known as FCH Centrum Wealth Managers Limited (upto March 28, 2011)] |
| Enterprise controlled by Key Management Personnel or their relatives                    | - Businessmatch Services (India) Private Limited  |
|   | - Sonchajyo Investments & Finance Private Limited   |
| Associates / Entities where the Company has significant influence                       | - Centrum Broking Private Limited   |
|   | - Centrum Securities Private Limited  |
| Key Management Personnel  | - Mr. T. R. Madhavan, Executive Chairman (w.e.f April 19, 2011)   |
|   | - Mr. Chandir Gidwani, Non-Executive Director (Chairman upto April 19, 2011)                                      |
|   | - Ms. Sonia Gidwani, Whole Time Director (upto March 25, 2011)  |
|   | - Mr. G. Narayanan, Managing Director of CCL & CDL (upto December 31, 2010)                                       |
|   | - Mr. Srimanta Basu Mallik - Whole Time director of Club 7 Holidays Limited.                                      |
|   | - Mr. Pradeep Kumar Mukherjee - Whole Time Director of Club 7 Holidays Limited.                                   |
|   | - Ms. Aparna Chaturvedi – Whole Time Director of Club 7 Holidays Limited (w.e.f. October 1, 2010)                 |
|   | - Mr. Sriram Venkatasubramanian - Whole Time Director of FCSL (upto March 31, 2011)                               |
| - Mr. K. Raghunath Kamath - Whole Time Director of FCSL (upto March 31, 2011)           |   |

(₹)

| Nature of transaction   | Joint Ventures     |     | Enterprise controlled by Key Management Personnel or their relatives |     | Associates/ entities where the Group has significant influence |     |
|---|--------------------|-----|--|-----|--|-----|
|   | 2011               |     | 2011   |     | 2011   |     |
|   | (2010)             |     | (2010)   |     | (2010)   |     |
| <b>TRANSACTIONS DURING THE YEAR WITH RELATED PARTIES</b>                |                    |     |  |     |  |     |
| <b>Investment in shares/Interest in Limited Liability Company (LLC)</b> |                    |     |  |     |  |     |
| Commonwealth Centrum Advisors Limited                                   | 7,446,085          | -   | -  | -   | -  | -   |
|   | (-)                | (-) | (-)  | (-) | (-)  | (-) |
| <b>Total</b>  | <b>7,446,085</b>   | -   | -  | -   | -  | -   |
|   | (-)                | (-) | (-)  | (-) | (-)  | (-) |
| <b>Advances given</b>   |                    |     |  |     |  |     |
| Centrum Securities Private Limited                                      | -                  | -   | -  | -   | -  | -   |
|   | (-)                | (-) | (-)  | (-) | (1,500,000)  | (-) |
| Future Capital Securities Limited                                       | 72,232,307         | -   | -  | -   | -  | -   |
|   | (4,250,000)        | (-) | (-)  | (-) | (-)  | (-) |
| Centrum Broking Private Limited   | -                  | -   | -  | -   | 213,500,000  | -   |
|   | (-)                | (-) | (-)  | (-) | (72,500,000)   | (-) |
| CentrumDirect Limited   | 451,120,878        | -   | -  | -   | -  | -   |
|   | (90,000,000)       | (-) | (-)  | (-) | (-)  | (-) |
| <b>Total</b>  | <b>523,353,185</b> | -   | -  | -   | <b>213,500,000</b>   | -   |
|   | (94,250,000)       | (-) | (-)  | (-) | (74,000,000)   | (-) |
| <b>Repayment of advances given</b>                                      |                    |     |  |     |  |     |
| Centrum Securities Private Limited                                      | -                  | -   | -  | -   | 4,674,208  | -   |
|   | (-)                | (-) | (-)  | (-) | (-)  | (-) |
| Future Capital Securities Limited                                       | 64,430,865         | -   | -  | -   | -  | -   |
|   | (3,750,000)        | (-) | (-)  | (-) | (-)  | (-) |
| Centrum Broking Private Limited   | -                  | -   | -  | -   | 100,650,000  | -   |
|   | (-)                | (-) | (-)  | (-) | (73,174,201)   | (-) |
| CentrumDirect Limited   | 451,120,878        | -   | -  | -   | -  | -   |
|   | (90,000,000)       | (-) | (-)  | (-) | (-)  | (-) |
| <b>Total</b>  | <b>515,551,743</b> | -   | -  | -   | <b>105,324,208</b>   | -   |
|   | (93,750,000)       | (-) | (-)  | (-) | (73,174,201)   | (-) |
| <b>Loans / advances taken</b>   |                    |     |  |     |  |     |
| CentrumDirect Limited   | 226,178,178        | -   | -  | -   | -  | -   |
|   | (1,061,000,000)    | (-) | (-)  | (-) | (-)  | (-) |
| <b>Total</b>  | <b>226,178,178</b> | -   | -  | -   | -  | -   |
|   | (1,061,000,000)    | (-) | (-)  | (-) | (-)  | (-) |
| <b>Repayment of loans / advances taken</b>                              |                    |     |  |     |  |     |
| CentrumDirect Limited   | 318,229,087        | -   | -  | -   | -  | -   |
|   | (1,120,224,850)    | (-) | (-)  | (-) | (-)  | (-) |
| Future Capital Securities Limited                                       | -                  | -   | -  | -   | -  | -   |
|   | (4,000,000)        | (-) | (-)  | (-) | (-)  | (-) |
| <b>Total</b>  | <b>318,229,087</b> | -   | -  | -   | -  | -   |
|   | (1,124,224,850)    | (-) | (-)  | (-) | (-)  | (-) |
| <b>Purchase of assets</b>   |                    |     |  |     |  |     |
| CentrumDirect Limited   | -                  | -   | -  | -   | -  | -   |
|   | (91,959)           | (-) | (-)  | (-) | (-)  | (-) |
| <b>Total</b>  | -                  | -   | -  | -   | -  | -   |
|   | (91,959)           | (-) | (-)  | (-) | (-)  | (-) |

(₹)

| Nature of transaction                          | Joint Ventures   |                | Enterprise controlled by Key Management Personnel or their relatives |            | Associates/ entities where the Group has significant influence |                    |
|--|------------------|----------------|--|------------|--|--------------------|
|  | 2011             |                | 2011   |            | 2011   |                    |
|  | (2010)           |                | (2010)   |            | (2010)   |                    |
| <b>Purchase of air tickets</b>                 |                  |                |  |            |  |                    |
| Club 7 Holidays Limited                        | -                | -              | -  | -          | 5,720,506  | (4,631,313)        |
| <b>Total</b>                                   | <b>(-)</b>       | <b>(-)</b>     | <b>(-)</b>   | <b>(-)</b> | <b>5,720,506</b>   | <b>(4,631,313)</b> |
| <b>Purchase of foreign currency</b>            |                  |                |  |            |  |                    |
| CentrumDirect Limited                          | 403,762          | -              | -  | -          | -  | (-)                |
|  | (222,788)        | (-)            | (-)  | (-)        | (-)  | (-)                |
| <b>Total</b>                                   | <b>403,762</b>   | <b>(-)</b>     | <b>(-)</b>   | <b>(-)</b> | <b>(-)</b>   | <b>(-)</b>         |
| <b>Reimbursement of expenses claimed</b>       |                  |                |  |            |  |                    |
| CentrumDirect Limited - Rent                   | 63,000           | -              | -  | -          | -  | (-)                |
|  | (120,000)        | (-)            | (-)  | (-)        | (-)  | (-)                |
| Future Capital Securities Limited - Rent       | 6,889,113        | -              | -  | -          | -  | (-)                |
|  | (13,037,871)     | (-)            | (-)  | (-)        | (-)  | (-)                |
| Centrum Broking Private Limited                | -                | -              | -  | -          | 7,356,624  | (3,414,024)        |
|  | (-)              | (-)            | (-)  | (-)        | (3,414,024)  | (3,414,024)        |
| <b>Total</b>                                   | <b>6,952,113</b> | <b>(-)</b>     | <b>(-)</b>   | <b>(-)</b> | <b>7,356,624</b>   | <b>(3,414,024)</b> |
| <b>Commission and brokerage paid</b>           |                  |                |  |            |  |                    |
| Future Capital Securities Limited              | 1,381,211        | -              | -  | -          | -  | (-)                |
|  | (2,415,606)      | (-)            | (-)  | (-)        | (-)  | (-)                |
| Centrum Broking Private Limited                | -                | -              | -  | -          | 2,578,692  | (228,278)          |
|  | (-)              | (-)            | (-)  | (-)        | (228,278)  | (228,278)          |
| <b>Total</b>                                   | <b>1,381,211</b> | <b>(-)</b>     | <b>(-)</b>   | <b>(-)</b> | <b>2,578,692</b>   | <b>(228,278)</b>   |
| <b>Rent expenses</b>                           |                  |                |  |            |  |                    |
| Businessmatch Services (India) Private Limited | -                | 976,935        | -  | -          | -  | (-)                |
|  | (-)              | (931,875)      | (-)  | (-)        | (-)  | (-)                |
| CentrumDirect Limited                          | 2,221,173        | -              | -  | -          | -  | (-)                |
|  | (1,450,881)      | (-)            | (-)  | (-)        | (-)  | (-)                |
| <b>Total</b>                                   | <b>2,221,173</b> | <b>976,935</b> | <b>(-)</b>   | <b>(-)</b> | <b>(-)</b>   | <b>(-)</b>         |
| <b>Commission &amp; brokerage received</b>     |                  |                |  |            |  |                    |
| Future Capital Securities Limited              | 843,575          | -              | -  | -          | -  | (-)                |
|  | (7,502,150)      | (-)            | (-)  | (-)        | (-)  | (-)                |
| <b>Total</b>                                   | <b>843,575</b>   | <b>(-)</b>     | <b>(-)</b>   | <b>(-)</b> | <b>(-)</b>   | <b>(-)</b>         |
| <b>Interest income</b>                         |                  |                |  |            |  |                    |
| Future Capital Securities Limited              | 3,367,489        | -              | -  | -          | -  | (-)                |
|  | (321,325)        | (-)            | (-)  | (-)        | (-)  | (-)                |
| CentrumDirect Limited                          | 5,750,794        | -              | -  | -          | -  | (-)                |
|  | (-)              | (-)            | (-)  | (-)        | (-)  | (-)                |
| Centrum Broking Private Limited                | -                | -              | -  | -          | 8,562,295  | (69,042)           |
|  | (-)              | (-)            | (-)  | (-)        | (69,042)   | (69,042)           |
| Centrum Securities Private Limited             | -                | -              | -  | -          | 260,387  | (680,608)          |
|  | (-)              | (-)            | (-)  | (-)        | (680,608)  | (680,608)          |
| <b>Total</b>                                   | <b>9,118,283</b> | <b>(-)</b>     | <b>(-)</b>   | <b>(-)</b> | <b>8,822,682</b>   | <b>(749,650)</b>   |



(₹)

| Nature of transaction                                       | Joint Ventures     |     | Enterprise controlled by Key Management Personnel or their relatives |     | Associates/ entities where the Group has significant influence |     |
|---|--------------------|-----|--|-----|--|-----|
|   | 2011               |     | 2011   |     | 2011   |     |
|   | (2010)             |     | (2010)   |     | (2010)   |     |
| <b>Interest expenses</b>                                    |                    |     |  |     |  |     |
| Future Capital Securities Limited                           | -                  | -   | -  | -   | -  | -   |
|   | (102,392)          | (-) | (-)  | (-) | (-)  | (-) |
| CentrumDirect Limited                                       | 3,431,164          | -   | -  | -   | -  | -   |
|   | (18,406,491)       | (-) | (-)  | (-) | (-)  | (-) |
| <b>Total</b>  | <b>3,431,164</b>   | -   | -  | -   | -  | -   |
|   | (18,508,883)       | (-) | (-)  | (-) | (-)  | (-) |
| <b>Professional fees expense</b>                            |                    |     |  |     |  |     |
| Centrum Broking Private Limited                             | -                  | -   | -  | -   | 1,000,000  | -   |
|   | (-)                | (-) | (-)  | (-) | (3,333,332)  | (-) |
| Sonchajyo Investments & Finance Private Limited             | -                  | -   | 361,854  | -   | -  | -   |
|   | (-)                | (-) | (360,000)  | (-) | (-)  | (-) |
| <b>Total</b>  | -                  | -   | <b>361,854</b>   | -   | <b>1,000,000</b>   | -   |
|   | (-)                | (-) | (360,000)  | (-) | (3,333,332)  | (-) |
| <b>CORPORATE GUARANTEES GIVEN DURING THE YEAR</b>           |                    |     |  |     |  |     |
| Future Capital Securities Limited                           | 100,000,000        | -   | -  | -   | -  | -   |
|   | (-)                | (-) | (-)  | (-) | (-)  | (-) |
| CentrumDirect Limited                                       | -                  | -   | -  | -   | -  | -   |
|   | (120,000,000)      | (-) | (-)  | (-) | (-)  | (-) |
| <b>Total</b>  | <b>100,000,000</b> | -   | -  | -   | -  | -   |
|   | (120,000,000)      | (-) | (-)  | (-) | (-)  | (-) |
| <b>CORPORATE GUARANTEES OUTSTANDING AS AT JUNE 30, 2011</b> |                    |     |  |     |  |     |
| CentrumDirect Limited                                       | -                  | -   | -  | -   | -  | -   |
|   | (510,000,000)      | (-) | (-)  | (-) | (-)  | (-) |
| Centrum Broking Private Limited                             | -                  | -   | -  | -   | 410,100,000  | -   |
|   | (-)                | (-) | (-)  | (-) | (660,100,000)  | (-) |
| <b>Total</b>  | -                  | -   | -  | -   | <b>410,100,000</b>   | -   |
|   | (510,000,000)      | (-) | (-)  | (-) | (660,100,000)  | (-) |
| <b>AMOUNT RECEIVABLE AS AT THE YEAR END</b>                 |                    |     |  |     |  |     |
| <b>Interest receivable</b>                                  |                    |     |  |     |  |     |
| Centrum Securities Private Limited                          | -                  | -   | -  | -   | 37,207   | -   |
|   | (-)                | (-) | (-)  | (-) | (329,556)  | (-) |
| Future Capital Securities Limited                           | -                  | -   | -  | -   | -  | -   |
|   | (289,192)          | (-) | (-)  | (-) | (-)  | (-) |
| Centrum Broking Private Limited                             | -                  | -   | -  | -   | 2,560,422  | -   |
|   | (-)                | (-) | (-)  | (-) | (4,439)  | (-) |
| <b>Total</b>  | -                  | -   | -  | -   | <b>2,597,629</b>   | -   |
|   | (289,192)          | (-) | (-)  | (-) | (333,995)  | (-) |
| <b>Sundry debtors</b>                                       |                    |     |  |     |  |     |
| Future Capital Securities Limited                           | -                  | -   | -  | -   | -  | -   |
|   | (1,652,300)        | (-) | (-)  | (-) | (-)  | (-) |
| <b>Total</b>  | -                  | -   | -  | -   | -  | -   |
|   | (1,652,300)        | (-) | (-)  | (-) | (-)  | (-) |
| <b>Rent Receivable</b>                                      |                    |     |  |     |  |     |
| Centrum Broking Private Limited                             | -                  | -   | -  | -   | 5,045,993  | -   |
|   | (-)                | (-) | (-)  | (-) | (-)  | (-) |
| <b>Total</b>  | -                  | -   | -  | -   | <b>5,045,993</b>   | -   |
|   | (-)                | (-) | (-)  | (-) | (-)  | (-) |

(₹)

| Nature of transaction                                       | Joint Ventures |     | Enterprise controlled by Key Management Personnel or their relatives |     | Associates/ entities where the Group has significant influence |     |
|---|----------------|-----|--|-----|--|-----|
|   | 2011           |     | 2011   |     | 2011   |     |
|   | (2010)         |     | (2010)   |     | (2010)   |     |
| <b>Security Deposit</b>                                     |                |     |  |     |  |     |
| Businessmatch Services (India) Private Limited              | -              | -   | 3,000,000  | -   | -  | -   |
|   | (-)            | (-) | (3,000,000)  | (-) | (-)  | (-) |
| <b>Total</b>  | -              | (-) | <b>3,000,000</b>   | -   | -  | -   |
|   | (-)            | (-) | (3,000,000)  | (-) | (-)  | (-) |
| <b>Loans / advances receivable</b>                          |                |     |  |     |  |     |
| Centrum Securities Private Limited                          | -              | -   | -  | -   | 1,153,696  | -   |
|   | (-)            | (-) | (-)  | (-) | (5,827,904)  | (-) |
| Centrum Broking Private Limited                             | -              | -   | -  | -   | 112,850,000  | -   |
|   | (-)            | (-) | (-)  | (-) | (-)  | (-) |
| Future Capital Securities Limited                           | -              | -   | -  | -   | -  | -   |
|   | (7,327,533)    | (-) | (-)  | (-) | (-)  | (-) |
| Centrum ESPS Trust  | -              | -   | -  | -   | 4,096,860  | -   |
|   | (-)            | (-) | (-)  | (-) | (4,096,860)  | (-) |
| <b>Total</b>  | -              | -   | -  | -   | <b>118,100,556</b>   | -   |
|   | (7,327,533)    | (-) | (-)  | (-) | (9,924,764)  | (-) |
| <b>AMOUNT PAYABLE AS AT THE YEAR END</b>                    |                |     |  |     |  |     |
| <b>Interest payable</b>                                     |                |     |  |     |  |     |
| CentrumDirect Limited                                       | -              | -   | -  | -   | -  | -   |
|   | (4,300,036)    | (-) | (-)  | (-) | (-)  | (-) |
| <b>Total</b>  | -              | -   | -  | -   | -  | -   |
|   | (4,300,036)    | (-) | (-)  | (-) | (-)  | (-) |
| <b>Outstanding payable on purchase of forex</b>             |                |     |  |     |  |     |
| CentrumDirect Limited                                       | -              | -   | -  | -   | -  | -   |
|   | (36,959)       | (-) | (-)  | (-) | (-)  | (-) |
| <b>Total</b>  | -              | -   | -  | -   | -  | -   |
|   | (36,959)       | (-) | (-)  | (-) | (-)  | (-) |
| <b>Outstanding payable on purchase of air tickets</b>       |                |     |  |     |  |     |
| Club 7 Holidays Limited                                     | -              | -   | -  | -   | -  | -   |
|   | (-)            | (-) | (-)  | (-) | (594,244)  | (-) |
| <b>Total</b>  | -              | -   | -  | -   | -  | -   |
|   | (-)            | (-) | (-)  | (-) | (594,244)  | (-) |
| <b>Loans / advances payable</b>                             |                |     |  |     |  |     |
| CentrumDirect Limited                                       | -              | -   | -  | -   | -  | -   |
|   | (102,329,087)  | (-) | (-)  | (-) | (-)  | (-) |
| Centrum Broking Private Limited                             | -              | -   | -  | -   | -  | -   |
|   | (-)            | (-) | (-)  | (-) | (2,164,638)  | (-) |
| <b>Total</b>  | -              | -   | -  | -   | -  | -   |
|   | (102,329,087)  | (-) | (-)  | (-) | (2,164,638)  | (-) |
| <b>INVESTMENTS IN PREFERENCE SHARES AS ON JUNE 30, 2011</b> |                |     |  |     |  |     |
| Centrum Broking Private Limited                             | -              | -   | -  | -   | 550,000,000  | -   |
|   | (-)            | (-) | (-)  | (-) | (550,000,000)  | (-) |
| <b>Total</b>  | -              | -   | -  | -   | <b>550,000,000</b>   | -   |
|   | (-)            | (-) | (-)  | (-) | (550,000,000)  | (-) |

(₹)

| Nature of transaction | Joint Ventures |  | Enterprise controlled by Key Management Personnel or their relatives |  | Associates/ entities where the Group has significant influence |  |
|-----------------------|----------------|--|--|--|--|--|
|                       | 2011           |  | 2011   |  | 2011   |  |
|                       | (2010)         |  | (2010)   |  | (2010)   |  |

**INVESTMENTS IN EQUITY SHARES AS ON JUNE 30, 2011**

|                                       |                  |          |          |                   |
|---------------------------------------|------------------|----------|----------|-------------------|
| CentrumDirect Limited                 | -                | -        | -        | -                 |
|                                       | (133,471,490)    | (-)      | (-)      | (-)               |
| Future Capital Securities Limited     | -                | -        | -        | -                 |
|                                       | (14,498,400)     | (-)      | (-)      | (-)               |
| Centrum Broking Private Limited       | -                | -        | -        | 71,997,000        |
|                                       | (-)              | (-)      | (-)      | (71,997,000)      |
| Centrum Securities Private Limited    | -                | -        | -        | 1,000,000         |
|                                       | (-)              | (-)      | (-)      | (1,000,000)       |
| Essel-Centrum Holdings Limited        | -                | -        | -        | 1,000,000         |
|                                       | (-)              | (-)      | (-)      | (1,000,000)       |
| Commonwealth Centrum Advisors Limited | 7,446,085        | -        | -        | -                 |
|                                       | -                | (-)      | (-)      | (-)               |
| <b>Total</b>                          | <b>7,446,085</b> | <b>-</b> | <b>-</b> | <b>73,997,000</b> |
|                                       | (147,969,890)    | (-)      | (-)      | (73,997,000)      |

**TRANSACTION WITH KEY MANAGEMENT PERSONNEL**

|  | June 30, 2011     | June 30, 2010      |
|--|-------------------|--------------------|
| <b>Directors sitting fees</b>                          |                   |                    |
| Mr. Chandir Gidwani                                    | 160,000           | 100,000            |
| <b>Total</b>   | <b>160,000</b>    | <b>100,000</b>     |
| <b>Security Deposit outstanding as at the year end</b> |                   |                    |
| Mr. Chandir Gidwani                                    | 3,000,000         | 3,000,000          |
| <b>Total</b>   | <b>3,000,000</b>  | <b>3,000,000</b>   |
| <b>Loan / Advance repaid during the year</b>           |                   |                    |
| Mr. Hardeep Dayal                                      | -                 | 3,866,666          |
| <b>Total</b>   | <b>-</b>          | <b>3,866,666</b>   |
| <b>Guarantees outstanding as at year end</b>           |                   |                    |
| Mr. Chandir Gidwani                                    | -                 | 120,000,000        |
| <b>Total</b>   | <b>-</b>          | <b>120,000,000</b> |
| <b>Managerial Remuneration</b>                         |                   |                    |
| Mr. T. R. Madhavan                                     | 1,185,900         | 4,290,491          |
| Mr. G. Narayanan                                       | 3,024,179         | 2,532,258          |
| Ms. Sonia Gidwani                                      | 3,507,722         | 4,864,960          |
| Mr. Srimanta Basu Mallik                               | 1,754,000         | 1,478,040          |
| Mr. Pradeep Kumar Mukherjee                            | 1,554,004         | 1,272,181          |
| Ms. Aparna Chaturvedi                                  | 2,282,003         | -                  |
| Mr. Sriram Venkatasubramanian                          | 1,255,000         | 1,940,004          |
| Mr. K. Raghunath Kamath                                | 5,35,224          | 1,431,504          |
| Mr. Hardeep Dayal                                      | -                 | 2,881,914          |
| <b>Total</b>   | <b>15,098,032</b> | <b>20,691,352</b>  |

## 7. OPERATING LEASE

- i) The Group's has entered into cancellable leasing arrangements for corporate and branch offices and residential premises. The lease rentals of ₹ 62,728,036/- (previous year ₹ 54,556,793/-) have been included under the head Rent under Schedule 15 of Profit and Loss account.
- ii) The Group has also entered into non-cancellable leasing arrangement for corporate office and other offices.

(₹)

| Particulars  | July 1, 2010 – June 30, 2011 | July 1, 2009 – June 30, 2010 |
|--|------------------------------|------------------------------|
| Lease rental paid during the year                        | <b>107,933,950</b>           | 108,714,164                  |
| <b>Future minimum lease payments are as under</b>        | <b>As at June 30, 2011</b>   | <b>As at June 30, 2010</b>   |
| Payment not later than one year                          | <b>120,552,674</b>           | 105,698,581                  |
| Payment later than one year but not later than five year | <b>58,316,125</b>            | 150,479,924                  |
| Payment later than 5 years                               | -                            | -                            |

General description of Group's Significant leasing arrangement

- iii) Corporate Office premises in Mumbai are obtained on operating lease. The lease rent payable (including amenities) is ₹ 8,619,031/- per month for the period July 1, 2010 to December 9, 2010. The lease rent was revised in December 2010 and consequently the lease rent payable is ₹ 9,811,724/- per month for the period December 10, 2010 to June 30, 2011. The lease term is for a period of 9 years with a lock in period of 5 years and there after as per the mutual agreement between the lessor and the Group. There is an escalation clause in the lease agreement @ 5 % every year which will be reviewed mutually every year by the Group and the lessor, hence effect of escalation is not taken in the above disclosure. There are no subleases.

## 8. INTEREST IN JOINT VENTURE

CentrumDirect Limited (CDL) and Future Capital Securities Limited (FCSL) were Joint Ventures of the Group until March 28, 2011. subsequent to which CDL was converted into a subsidiary & FCSL was sold off. Further, taking into account materiality and other factors by the management, financial statements of CDL and FCSL were drawn upto March 31, 2011. Accordingly, Profit & Loss account figures in the following disclosure have been included only upto for a period of nine months ended March 31, 2011. Further, during the year, the Group acquired 50% interest in Commonwealth Centrum Advisors Limited (w.e.f. February 15, 2011). Accordingly, the following disclosures include Balance Sheet as well as Profit & Loss Account numbers of Commonwealth Centrum Advisors Limited.

(₹)

| Particulars                        | As at June 30, 2011 | As at June 30, 2010 |
|------------------------------------|---------------------|---------------------|
| <b>BALANCE SHEET</b>               |                     |                     |
| Reserves and Surplus               | <b>(5,887)</b>      | 600,662,823         |
| Fixed assets (net)                 | -                   | 92,462,731          |
| Investments                        | -                   | 80,082,301          |
| Current assets                     |                     |                     |
| Sundry Debtors                     | -                   | 162,913,211         |
| Cash and Bank                      | <b>14,690,286</b>   | 215,735,969         |
| Loans and Advances                 | <b>4,479</b>        | 394,008,670         |
| Miscellaneous expenses             | -                   | 81,604              |
| Current liabilities and provisions | <b>44,557</b>       | 150,663,422         |
| Deferred tax liability             | -                   | 1,703,350           |
| Unsecured loans                    | -                   | 48,212,500          |
| Secured loans                      | -                   | 181,610,915         |

(₹)

| Particulars  | Year ended June 30, 2011 | Year ended June 30, 2010 |
|--|--------------------------|--------------------------|
| <b>PROFIT AND LOSS ACCOUNT</b>   |                          |                          |
| Revenue  | <b>9,496,011,135</b>     | 12,165,664,482           |
| Other expenses   | <b>9,508,133,590</b>     | 12,172,033,875           |
| Finance expense  | <b>30,918,184</b>        | 24,975,141               |
| Depreciation/ Amortisation   | <b>12,872,320</b>        | 13,066,015               |
| Loss before tax  | <b>55,912,959</b>        | 44,410,550               |
| <b>CAPITAL EXPENDITURE COMMITMENTS AND CONTINGENT LIABILITIES</b>            |                          |                          |
| Bank Guarantees  | -                        | 1,375,000                |
| Capital Commitments  | -                        | 1,341,853                |
| Legal Claims   | -                        | 1,763,214                |
| Dividend on 12% Cumulative, Non Convertible and Redeemable Preference Shares | -                        | 6,000,000                |

9 (A) Minority interest represents that part of the net results of operations and of the net assets of a subsidiary and subsidiary of joint venture entity attributable to interests which are not owned, directly or indirectly through subsidiaries by Centrum Capital Limited / Joint Venture entities as follows

(₹)

| Particulars  | As at June 30, 2011 | As at June 30, 2010 |
|--|---------------------|---------------------|
| <b>SUBSIDIARY (A)</b>  |                     |                     |
| Share Capital  | <b>100,000</b>      | 100,000             |
| Share Premium  | -                   | -                   |
| Share of opening reserve   | <b>(60,482)</b>     | (395,803)           |
| Share of current year profit/(loss)                                | <b>20,886</b>       | 335,321             |
| <b>Total (A)</b>   | <b>60,404</b>       | 39,518              |
| <b>FELLOW SUBSIDIARY (B)</b>                                       |                     |                     |
| Share Capital  | <b>180,000</b>      | 180,000             |
| Share of opening reserve   | <b>3,328,907</b>    | 3,515,618           |
| Addition on account of conversion of Joint Venture into Subsidiary | <b>2,588,396</b>    | -                   |
| Share of current year profit/(loss)                                | <b>1,355,116</b>    | (186,711)           |
| <b>Total (B)</b>   | <b>7,452,419</b>    | 3,508,907           |
| <b>Net Total (A+B)</b>   | <b>7,512,823</b>    | 3,548,425           |

(B) Subsequent to conversion of CDL from Joint Venture to Subsidiary w.e.f. March 29, 2011, minority interest share of selling joint venture partner, i.e. Future Capital Holdings Limited, in the share of Club 7 (subsidiary of CDL) as on March 31, 2011 has been taken over by the group and duly accounted for, as an adjustment to Minority Interest.

## 10 (A) CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS :

| ( ₹ )   |                     |                     |
|---|---------------------|---------------------|
| Particulars   | As at June 30, 2011 | As at June 30, 2010 |
| Corporate Guarantees given by the Group on behalf of :  |                     |                     |
| - Associate   | <b>410,100,000</b>  | 660,100,000         |
| - Subsidiary  |                     |                     |
| - Limit   | <b>660,000,000</b>  | 510,000,000         |
| - Outstanding   | <b>422,539,229</b>  | 327,177,342         |
| - Others  |                     |                     |
| - Limit   | <b>100,000,000</b>  | -                   |
| - Outstanding   | <b>77,500,000</b>   | -                   |
| Partly paid equity shares of Essel-Centrum Holdings Limited   | <b>4,000,000</b>    | 4,000,000           |
| Income Tax in respect of Assessment Year 2007-2008 in respect of which the Holding Company has gone on appeal | <b>1,323,224</b>    | 1,323,224           |
| Income Tax in respect of Assessment Year 2008-2009 in respect of which the Group has gone on appeal           | <b>5,431,780</b>    | -                   |
| Capital Commitments   | <b>1,032,327</b>    | -                   |
| Guarantees given by Banks on behalf of the Group  | <b>2,750,000</b>    | -                   |
| Legal claims pending in consumer court  | <b>8,71,000</b>     | -                   |
| Bank guarantees of Joint Ventures ( to the extent of share in Joint Ventures)                                 | -                   | 1,375,000           |
| Estimated amount of contracts remaining to be executed ( to the extent of share in Joint Ventures)            | -                   | 1,341,853           |
| Legal Claims pending in consumer court (to the extent of share in Joint Venture)                              | -                   | 1,763,214           |

(B) In view of assessment order received from income tax authorities demanding ₹ 2,696,060/- towards liability on account of disallowance under section 14A of Income Tax Act, 1961 for assessment year 2008-2009. Based on the facts / merits of the case under question, the Company has duly preferred an appeal and in view of which no provision is considered necessary by the management of Centrum Capital Limited.

## 11. GRATUITY AND POST EMPLOYMENT BENEFIT PLANS

The Group has a defined benefit gratuity plan. The following table summarizes the components of net benefit expense recognized in the profit and loss accounts recognized in the balance sheet for the plans. Gratuity expense has been included in salaries, wages and allowances under personnel expenses.

### Profit and Loss account

#### Net employee benefit expense (recognized in personnel expense)

| ( ₹ )  |                                  |                                  |
|--|----------------------------------|----------------------------------|
| Particulars  | For the year ended June 30, 2011 | For the year ended June 30, 2010 |
| Current service cost                               | <b>2,996,031</b>                 | 994,182                          |
| Interest cost on benefit obligation                | <b>610,757</b>                   | 250,396                          |
| Expected return on plan assets                     | <b>(495,491)</b>                 | (258,629)                        |
| Past service cost( non vested benefit) recognised  | <b>Nil</b>                       | Nil                              |
| Past service cost (vested benefit) recognised      | <b>Nil</b>                       | Nil                              |
| Recognition of transition liability                | <b>Nil</b>                       | Nil                              |
| Net actuarial (gain) / loss recognised in the year | <b>1,283,024</b>                 | 256,119                          |
| Net benefit expense #                              | <b>4,364,322</b>                 | 1,342,068                        |

## Balance sheet

Details for provision for gratuity

(₹)

| Particulars                                      | For the year ended June 30, 2011 | For the year ended June 30, 2010 |
|--|----------------------------------|----------------------------------|
| Liability at the end of the year                 | <b>16,457,290</b>                | 8,271,711                        |
| Fair Value of Plan Assets at the end of the year | <b>14,957,085</b>                | 7,012,504                        |
| Difference                                       | <b>1,500,205</b>                 | (1,259,207)                      |
| Unrecognised past service cost                   | <b>Nil</b>                       | Nil                              |
| Unrecognised transition liability                | <b>Nil</b>                       | Nil                              |
| Amount recognized in the Balance Sheet           | <b>1,500,205</b>                 | (1,259,207)                      |

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

(₹)

| Particulars                            | For the year ended June 30, 2011 | For the year ended June 30, 2010 |
|--|----------------------------------|----------------------------------|
| Opening defined benefit obligation     | <b>11,564,507</b>                | 7,267,886                        |
| Interest cost                          | <b>916,941</b>                   | 572,707                          |
| Current service cost                   | <b>8,490,752</b>                 | 2,084,354                        |
| Past service cost (non vested benefit) | <b>Nil</b>                       | Nil                              |
| Past service cost (vested benefit)     | <b>Nil</b>                       | 256,115                          |
| Settlement                             | <b>Nil</b>                       | Nil                              |
| Liability transfer in                  | <b>176,985</b>                   | Nil                              |
| Liability transfer out                 | <b>Nil</b>                       | Nil                              |
| Benefit paid                           | <b>(79,694)</b>                  | (1,035,385)                      |
| Actuarial (gain)/loss on obligation    | <b>1,835,906</b>                 | (873,966)                        |
| Closing defined benefit obligation     | <b>17,549,821</b>                | 8,271,711                        |

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

(₹)

| Particulars                                    | For the year ended June 30, 2011 | For the year ended June 30, 2010 |
|--|----------------------------------|----------------------------------|
| Opening fair value of plan assets              | <b>9,912,444</b>                 | 6,200,319                        |
| Expected return on plan assets                 | <b>2,776,619</b>                 | 513,104                          |
| Contributions by employer                      | <b>4,145,978</b>                 | 1,212,852                        |
| Transfer from other Company                    | <b>Nil</b>                       | Nil                              |
| Transfer to other Company                      | <b>Nil</b>                       | Nil                              |
| Benefit paid                                   | <b>(666,827)</b>                 | (1,035,385)                      |
| Actuarial gain/(loss) on plan assets           | <b>(79,103)</b>                  | 121,614                          |
| Closing fair value of plan assets              | <b>13,864,554</b>                | 7,012,504                        |
| Total actuarial gain / (loss) to be recognized | <b>(1,560,491)</b>               | 995,579                          |

**The Group expects to contribute ₹ 3,108,569/- to gratuity for the year July 1, 2010 to June 30, 2011.**

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

| Particulars              | For the year ended June 30, 2011 | For the year ended June 30, 2010 |
|--------------------------|----------------------------------|----------------------------------|
| Investments with insurer | 100%                             | 100%                             |

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

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

| Particulars                       | For the year ended June 30, 2011 | For the year ended June 30, 2010 |
|-----------------------------------|----------------------------------|----------------------------------|
| Discount rate                     | 8.50%                            | 8.00%                            |
| Expected rate of return on assets | 8.00%                            | 8.00%                            |
| Salary escalation                 | 5.00%                            | 5.00%                            |
| Employee turnover                 | 2.00%                            | 2.00%                            |

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

**Amounts for the current year are as follows\* :**

| Particulars                                | (₹)                            |                                |
|--|--------------------------------|--------------------------------|
|  | July 01, 2010 to June 30, 2011 | July 01, 2009 to June 30, 2010 |
| Defined benefit obligation                 | 18,415                         | (8,271,711)                    |
| Plan assets                                | 13,864,554                     | 7,012,505                      |
| Surplus / (deficit)                        | 1,145,227                      | (1,259,207)                    |
| Experience adjustments on plan liabilities | 1,325,682                      | (508,968)                      |
| Experience adjustments on plan assets      | 165,169                        | 121,614                        |

\*The disclosure is required pursuant to Accounting Standard 15 Notified by Companies (Accounting Standards) Amendment Rules, 2008.

# The difference of ₹ 734,859/- is on account of conversion of CentrumDirect Limited (Formerly 'FCH CentrumDirect Limited') from 50% Joint Venture into a wholly owned subsidiary with effect from March 29, 2011. Taking into account materiality factors, the above disclosure includes 50% proportionate amount for the entire financial year, resulting in the said difference.

**12. DERIVATIVE INSTRUMENTS AND UN-HEDGED FOREIGN CURRENCY EXPOSURE :**

- i. There were no forward contracts outstanding as at balance sheet date.
- ii. Particulars of unhedged foreign currency exposure are detailed below at the exchange rate prevailing as at balance sheet date.



| Particulars                        | Current Year |       |                    | Previous Year |       |                   |
|------------------------------------|--------------|-------|--------------------|---------------|-------|-------------------|
|                                    | Quantity     | Rate  | Amount (₹)         | Quantity      | Rate  | Amount (₹)        |
| <b>SUNDRY CREDITORS</b>            |              |       |                    |               |       |                   |
| USD                                | 244,272      | 44.70 | 10,918,494         | 116,512       | 46.46 | 5,413,148         |
| EURO                               | 87,748       | 64.71 | 5,677,989          | 203,443       | 56.81 | 11,557,597        |
| GBP                                | 37,106       | 71.62 | 2,657,688          | 14,503        | 70.00 | 1,015,210         |
| CAD                                | 19,432       | 46.32 | 900,034            | 3,157         | 43.66 | 137,835           |
| AUD                                | 38,639       | 47.84 | 1,848,131          | 7,750         | 39.06 | 302,715           |
| OTHERS                             |              |       | 2,357,487          |               |       | 319,786           |
| <b>Total</b>                       |              |       | <b>24,359,823</b>  |               |       | <b>18,746,291</b> |
| <b>FOREX AND FOREX EQUIVALENTS</b> |              |       |                    |               |       |                   |
| USD                                | 2,324,255    | 44.70 | 103,407,944        | 691,241       | 46.46 | 32,115,057        |
| EURO                               | 1,140,211    | 64.71 | 72,940,678         | 585,735       | 56.81 | 33,275,605        |
| GBP                                | 241,874      | 71.62 | 17,306,720         | 72,180        | 70.00 | 5,052,600         |
| CAD                                | 54,524       | 46.32 | 2,525,399          | 26,608        | 43.66 | 1,161,705         |
| JPY                                | 6,450,401    | 0.55  | 3,572,232          | 1,772,000     | 0.52  | 921,440           |
| AED                                | 453,720      | 12.15 | 5,546,028          | 211,128       | 12.65 | 2,670,769         |
| AUD                                | 129,422      | 47.84 | 6,181,728          | 49,357        | 39.06 | 1,927,884         |
| SGD                                | 160,818      | 36.32 | 5,841,339          | 39,611        | 33.19 | 1,314,689         |
| CHF                                | 50,033       | 53.09 | 2,656,186          | 10,098        | 43.03 | 434,516           |
| SAR                                | 104,830      | 11.90 | 1,246,967          | 70,288        | 12.38 | 870,165           |
| OTHERS                             |              |       | 15,229,978         |               |       | 3,389,625         |
| <b>Total</b>                       |              |       | <b>236,455,199</b> |               |       | <b>83,134,055</b> |
| <b>LOAN AND ADVANCE</b>            |              |       |                    |               |       |                   |
| USD                                | 98,750       | 45.33 | 4,476,812          | 98,750        | 46.46 | 4,587,925         |
| GBP                                | 60,434       | 72.62 | 4,388,409          | 60,434        | 70.00 | 4,230,380         |
| <b>Total</b>                       |              |       | <b>8,865,221</b>   |               |       | <b>8,818,305</b>  |

### 13. LOANS AND ADVANCES (INCLUDING INTEREST) INCLUDES AMOUNTS DUE FROM:

Loans and advance granted to companies under same management pursuant to section 372A of the Companies Act, 1956, associates and companies in which directors are interested pursuant to Clause 32 of the Listing Agreement.

(₹)

| Particulars                              | As at<br>June 30, 2011 | Maximum outstanding<br>during the year | As at<br>June 30, 2010 | Maximum outstanding<br>during the year |
|--|------------------------|--|------------------------|--|
| <b>PARTIES UNDER THE SAME MANAGEMENT</b> |                        |  |                        |  |
| Centrum Broking Private Limited          | 115,410,422            | 115,410,422                            | 4,439                  | 59,445,194                             |
| Centrum Securities Private Limited       | 1,190,903              | 10,426,688                             | 6,157,460              | 10,426,688                             |
| Centrum ESPS Trust                       | 4,096,860              | 4,096,860                              | 4,096,860              | 4,096,860                              |

(₹)

| Particulars   | As at<br>June 30, 2011 | Maximum outstanding<br>during the year | As at<br>June 30, 2010 | Maximum outstanding<br>during the year |
|---|------------------------|--|------------------------|--|
| <b>PARTIES IN WHICH DIRECTORS ARE INTERESTED</b>      |                        |  |                        |  |
| Businessmatch Services (India) Private Limited        | <b>3,000,000</b>       | <b>3,000,000</b>                       | 3,000,000              | 3,000,000                              |
| Deposits outstanding from Director of Holding Company | <b>3,000,000</b>       | <b>3,000,000</b>                       | 3,000,000              | 3,000,000                              |

**14. DEFERRED TAX ASSET / LIABILITY**

The breakup of Net Deferred Tax Liability or (Asset) into major components of the respective balance is as follows:

(₹)

| Particulars  | For the year ended June 30, 2011 | For the year ended June 30, 2010 |
|--|----------------------------------|----------------------------------|
| <b>DEFERRED TAX LIABILITIES</b>                          |                                  |                                  |
| Difference between book and tax depreciation             | <b>34,179,965</b>                | 25,891,707                       |
| Share in deferred tax liability of Joint Ventures entity | -                                | 10,159,845                       |
| <b>Total (A)</b>   | <b>34,179,965</b>                | 36,051,552                       |
| <b>LESS : DEFERRED TAX ASSETS</b>                        |                                  |                                  |
| Provision for gratuity and leave encashment              | <b>1,123,833</b>                 | 356,988                          |
| Provision for bad debts                                  | <b>11,729,872</b>                | (2,855,498)                      |
| Share in deferred tax assets of Joint Ventures entity    | -                                | 8,456,493                        |
| <b>Total (B)</b>   | <b>12,853,705</b>                | 5,957,983                        |
| <b>Net deferred tax liability (A – B)</b>                | <b>21,326,260</b>                | 30,093,569                       |

**Deferred tax reconciliation**

(₹)

|   |                   |
|---|-------------------|
| <b>Opening deferred tax liability as on July 1, 2010</b>              | <b>30,093,569</b> |
| Add: Addition on account of acquisition of 50% share in Joint Venture | 5,026,554         |
| Deferred Tax charge / (credit) in Consolidated Profit & Loss Account  | (13,793,863)      |
| <b>Closing deferred tax liability as on June 30, 2011</b>             | <b>21,236,260</b> |

**15. EARNINGS PER SHARE**

(₹)

| Particulars   | For the year ended June 30, 2011 | For the year ended June 30, 2010 |
|---|----------------------------------|----------------------------------|
| Profit/(Loss) after taxes (net of prior period items) attributable to equity shareholders | <b>(140,147,725)</b>             | 27,748,104                       |
| Number of Equity Shares of ₹ 10/- each issued and outstanding at the end of the year      | <b>6,933,879</b>                 | 6,828,096                        |
| Weighted average number of equity shares outstanding during the year                      | <b>6,844,326</b>                 | 6,828,096                        |
| Basic and diluted earnings per share  | <b>(20.48)</b>                   | 4.06                             |
| Nominal Value of Equity Shares  | <b>10/-</b>                      | 10/-                             |

16. In case of group's associate Companies viz. Centrum Broking Private Limited, Centrum Securities Private Limited and Essel-Centrum Holdings Limited; accumulated losses accounted in previous financial year's consolidated financial statements based on the equity method under AS-23 'Accounting for Investments in Associates in Consolidated Financial Statements' have resulted in complete erosion of carrying of group's investments in associate Companies. Accordingly, no further provisions for losses have been made in current year's consolidated financial statements.

17. During the current financial year, equity shares of FCSL, being a 50% joint venture of the Holding Company Centrum Capital Limited has been sold to its other joint venture partner Future Capital Holdings Limited, vide share purchase agreement dated March 29, 2011. Accordingly, FCSL has ceased to be a joint venture with effect from such date. However, pursuant to requirements of AS-27 on 'Financial Reporting of Interest in Joint Ventures', FCSL has been consolidated as a joint venture upto the date of such sale. Further, taking into account materiality and other

factors by the management, financial statements of FCSL for the purpose of consolidation as a joint venture have been duly considered for the nine months period ended March 31, 2011. Accordingly, the disposal of interest in Joint Venture has resulted into a profit of ₹ 86,137,188/-, which has been appropriately disclosed as an extraordinary income pursuant to the requirements of AS – 5 'Net Profit or Loss for the period, Prior Period Items and Changes in Accounting Policies'.

18. Included in sundry debtors is an amount of ₹ 257,110,420/- from certain parties, which are long outstanding and falling within the following ageing brackets:-

| Ageing              | (₹)                |
|---------------------|--------------------|
| More than 12months  | 177,142,920        |
| Less than 12 months | 79,967,500         |
| <b>Total</b>        | <b>257,110,420</b> |

Based on various factors taken into account by the management of the Company viz. debtors confirmation, post-dated cheque, pledge of shares in a few cases and management discussion with several debtors in other cases; the above debtors, in view of the management are fully recoverable and accordingly the same need not be subject to any further provisioning.

19. Based on the audited balance sheet of Centrum Broking Private Limited ('CBPL' - audited by a firm of Chartered Accountants other than S. R. Batliboi & Co.) as on June 30, 2011, it has accumulated losses of ₹ 389,035,483 that has resulted into erosion of its net worth. During the current financial year ended on June 30, 2011, CBPL has incurred losses of ₹ 146,321,557. Accordingly, based on certification from independent valuer on the basis of financial estimates provided by the management of CBPL confirming fair valuation higher than the cost of Investments in CBPL in the books of Centrum Capital Limited and which is duly approved by the Audit Committee of the Board of Directors of Centrum Capital Limited, the management of Centrum Capital Limited believes that no impairment is necessitated in respect of said Investments.
20. The Company has paid excess remuneration aggregating to ₹ 1,270,079/- during the year under consideration to the Managing Director and Whole Time Director of the Company, which is subject to the approval of the Central Government of India.
21. The effect of acquisition (net of minority interest) / incorporation of Joint Venture during the year in the profit & loss account of Consolidated Financial Statements is as under:

| Particulars                           | Effect on Group profit/(loss) | Net assets as at June 30, 2011 |
|---------------------------------------|-------------------------------|--------------------------------|
| Commonwealth Centrum Advisors Limited | (5,887)                       | 14,650,208                     |
| CentrumDirect Limited                 | 9,873,406                     | 517,070,252                    |

22. Pending approval from the Bombay Stock Exchange for listing of 105,783 equity shares allotted to Future Capital Holdings Limited during the current year, confirmation pertaining to issued & paid up capital received from the Registrar & Transfer Agent stands at 6,828,096 equity shares as against actual issued and paid up capital of 6,933,879 equity shares.

### 23. PREVIOUS YEAR COMPARATIVES

Previous year's figures have been regrouped / reclassified wherever necessary to conform to current year's classification.

Previous year's figures do not include the figures of newly incorporated Joint Venture namely, Commonwealth Centrum Advisors Limited.

**As per our report of even date**

**For S. R. Batliboi & Co.**  
**Firm Registration No.: 301003E**  
**Chartered Accountants**

**per Shrawan Jalan**  
**Partner**  
**Membership No. : 102102**

**Place : Mumbai**  
**Date: October 14, 2011**

**For and on behalf of Board of Directors of Centrum Capital Limited**

**T. R. Madhavan**  
**Executive Chairman**

**Gajendra Thakur**  
**Company Secretary**

**Place : Mumbai**  
**Date: October 14, 2011**

**K. V. Krishnamurthy**  
**Director**

## Annexure 1 to Note No. 6 of Schedule 17

### (i) Information about Primary business Segments

| Particulars  | Advisory & Transactional Services | Trading in Bonds             | Forex and Forex equivalents        | Tours & Travels             | Treasury                         | Unallocated                      | Elimination                         | Total                              |
|--|-----------------------------------|------------------------------|------------------------------------|-----------------------------|----------------------------------|----------------------------------|-------------------------------------|------------------------------------|
| <b>REVENUE</b>   |                                   |                              |                                    |                             |                                  |                                  |                                     |                                    |
| Income from operations   | 483,576,974<br>(511,543,887)      | 61,397,484<br>(127,053,870)  | 15,503,818,348<br>(12,055,280,697) | 71,626,564<br>(37,327,851)  | 117,487,053<br>(113,664,233)     | 74,933,964<br>(132,964,846)      | (41,230,589)<br>(-100,545,446)      | 16,271,609,798<br>(12,877,289,938) |
| Total revenue  | 483,576,974<br>(511,543,887)      | 61,397,484<br>(127,053,870)  | 15,503,818,348<br>(12,055,280,697) | 71,626,564<br>(37,327,851)  | 117,487,053<br>(113,664,233)     | 74,933,964<br>(132,964,846)      | (41,230,589)<br>(-100,545,446)      | 16,271,609,798<br>(12,877,289,938) |
| <b>RESULT</b>  |                                   |                              |                                    |                             |                                  |                                  |                                     |                                    |
| Segment Result   | (215,316,821)<br>(-9,778,556)     | (31,033,692)<br>(59,081,596) | (4,397,874)<br>(-14,780,447)       | 10,142,717<br>(1,485,234)   | 113,779,426<br>(111,926,686)     | 52,076,117<br>(87,556,706)       | (85,432,284)<br>(-77,654,810)       | (160,182,411)<br>(157,836,409)     |
| Interest expenses  | 9,413,083<br>(8,101,337)          | 12,768,927<br>(12,975,084)   | 28,552,546<br>(16,054,005)         | 1,058,101<br>(707,525)      | 55,871,224<br>(76,467,611)       | 34,020,765<br>(42,175,762)       | (29,520,910)<br>(-82,262,124)       | 112,163,736<br>(74,219,200)        |
| Profit/(Loss) before taxation and prior period items & extraordinary items | (224,729,903)<br>(-17,879,893)    | (43,802,619)<br>(46,106,512) | (32,950,420)<br>(-30,834,452)      | 9,084,616<br>(777,709)      | 57,908,202<br>(35,459,075)       | 18,055,352<br>(45,380,944)       | (55,911,374)<br>(4,607,314)         | (272,346,147)<br>(83,617,209)      |
| Tax expenses   | -<br>(-)                          | -<br>(-)                     | -<br>(-)                           | -<br>(-)                    | -<br>(-)                         | (2,662,918)<br>(-55,720,495)     | -<br>(-)                            | (2,662,918)<br>(-55,720,495)       |
| Prior period items   | -<br>(-)                          | -<br>(-)                     | -<br>(-)                           | (1,110,112)<br>(-)          | -<br>(-)                         | -<br>(-)                         | -<br>(-)                            | (1,110,112)<br>(-)                 |
| Extraordinary items  | 86,137,188<br>(-)                 | -<br>(-)                     | -<br>(-)                           | -<br>(-)                    | -<br>(-)                         | -<br>(-)                         | -<br>(-)                            | 86,137,188<br>(-)                  |
| <b>Net Profit/(Loss)</b>   |                                   |                              |                                    |                             |                                  |                                  |                                     | (189,981,989)<br>(27,896,714)      |
| <b>OTHER INFORMATION</b>   |                                   |                              |                                    |                             |                                  |                                  |                                     |                                    |
| Segment assets   | 623,971,518<br>(853,137,676)      | 59,343,582<br>(71,833,183)   | 885,132,042<br>(416,397,875)       | 166,709,448<br>(74,976,150) | 1,196,123,959<br>(1,094,761,783) | 2,598,681,996<br>(1,708,165,147) | (1,644,866,057)<br>(-1,038,737,584) | 3,885,096,488<br>(3,180,534,230)   |
| <b>Total Assets</b>  | 623,971,518<br>(853,137,676)      | 59,343,582<br>(71,833,183)   | 885,132,042<br>(416,397,875)       | 166,709,448<br>(74,976,150) | 1,196,123,959<br>(1,094,761,783) | 2,598,681,996<br>(1,708,165,147) | (1,644,866,057)<br>(-1,038,737,584) | 3,885,096,488<br>(3,180,534,230)   |
| Segment liabilities  | 214,531,735<br>(194,372,281)      | 26,553,993<br>(19,681,666)   | 703,286,843<br>(248,132,267)       | 142,371,374<br>(66,481,574) | 306,341,973<br>(771,886,148)     | 996,721,942<br>(355,338,257)     | (264,418,219)<br>(-694,508,516)     | 2,125,389,641<br>(961,383,677)     |
| Minority Interest  | -<br>(-)                          | -<br>(-)                     | -<br>(-)                           | -<br>(-)                    | -<br>(-)                         | 7,512,823<br>(3,844,227)         | -<br>(-295,802)                     | 7,512,823<br>(3,548,425)           |
| <b>Total liabilities</b>   | 214,531,735<br>(194,372,281)      | 26,553,993<br>(19,681,666)   | 703,286,843<br>(248,132,267)       | 142,371,374<br>(66,481,574) | 306,341,973<br>(771,886,148)     | 1,004,234,765<br>(359,182,484)   | (264,418,219)<br>(-694,804,318)     | 2,132,902,464<br>(964,932,102)     |
| Capital expenditure  | 19,620,119<br>(11,303,299)        | 849,090<br>(893,337)         | -<br>(3,715,491)                   | -<br>(971,906)              | -<br>(-)                         | -<br>(70,734)                    | -<br>(-)                            | 20,469,209<br>(16,954,767)         |
| Depreciation   | 35,718,505<br>(31,824,921)        | 4,611,991<br>(5,240,038)     | -<br>(8,908,269)                   | -<br>(556,345)              | -<br>(-)                         | 12,540,041<br>(63,289)           | -<br>(-)                            | 52,870,537<br>(46,592,862)         |
| Amortisation   | 1,017,477<br>(1,759,307)          | 144,216<br>(148,021)         | -<br>(409,057)                     | -<br>(57,683)               | -<br>(-)                         | (275,055)<br>(-)                 | -<br>(-)                            | 1,161,693<br>(2,649,123)           |
| Provision for doubtful advances, debts and bad debts written off           | 39,057,707<br>(6,951,337)         | -<br>(-)                     | -<br>(1,035,159)                   | -<br>(-)                    | -<br>(-)                         | 1,736,565<br>(-)                 | -<br>(-)                            | 40,794,272<br>(7,986,496)          |
| Miscellaneous expenditure (to the extent of not written off or adjusted)   | 91,902<br>(92,670)                | -<br>(-)                     | -<br>(-)                           | -<br>(-)                    | 1,746,741<br>(-)                 | 109,013<br>(119,003)             | -<br>(-)                            | 1,947,656<br>(211,673)             |

i. There are no intersegment transfers.

ii. Figures in brackets are that of previous year.

# Information on the Financials of Subsidiary Companies

for the year ended June 30, 2011

[Pursuant to Section 212 of the Companies act, 1956]

| Name of the Subsidiary Company                             | (₹)           |               |                |               |               |               |               |               |               |               |
|--|---------------|---------------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  | June 30, 2011 | June 30, 2011 | June 30, 2011  | June 30, 2011 | June 30, 2011 | June 30, 2011 | June 30, 2011 | June 30, 2011 | June 30, 2011 | June 30, 2011 |
| The financial year of the subsidiary ended on              | June 30, 2011 | June 30, 2011 | June 30, 2011  | June 30, 2011 | June 30, 2011 | June 30, 2011 | June 30, 2011 | June 30, 2011 | June 30, 2011 | June 30, 2011 |
| Capital  | 500,000       | 500,000       | 59,044,340     | 500,000       | 47,500,000    | 30,686,675    | 30,686,675    | 30,686,675    | 10,410,000    | 1,500,000     |
| Reserves   | (100,704,695) | (32,612,295)  | 977,736,992    | (197,974)     | 53,537,833    | (4,407,729)   | (4,407,729)   | (4,407,729)   | (3,384,908)   | 29,551,741    |
| Total Assets   | 125,595,688   | 35,125,000    | 1,499,741,802  | 500,000       | 400,288,276   | 26,282,688    | 26,282,688    | 26,282,688    | 7,025,092     | 49,908,899    |
| Total Liabilities  | 125,595,688   | 35,125,000    | 1,499,741,802  | 500,000       | 400,288,276   | 26,282,688    | 26,282,688    | 26,282,688    | 7,025,092     | 49,908,899    |
| Investments (except in case of investment in subsidiaries) | -             | -             | 27,554,298     | -             | 53,952,589    | -             | -             | -             | -             | 122,500       |
| Turnover   | 4,289,058     | 611,250       | 25,054,496,702 | 159,585       | 53,150,033    | 7,597,423     | 23,840,442    | 23,840,442    | 4,625,270     | 137,080,191   |
| Profit/(Loss) before taxation                              | (11,409,957)  | (32,295,330)  | 38,455,644     | 130,432       | 3,059,580     | 7,047,609     | 6,914,070     | 6,914,070     | (1,895,185)   | 15,440,517    |
| Provision for taxation                                     | 283,150       | -             | 11,313,770     | 26,000        | 1,375,000     | -             | -             | -             | (16,793)      | (5,483,574)   |
| Profit / (Loss) after taxation                             | (11,693,107)  | (32,295,330)  | 27,141,874     | 104,432       | 1,684,580     | 7,047,609     | 6,914,070     | 6,914,070     | (1,878,392)   | 9,956,943     |
| Proposed Dividend  | -             | -             | -              | -             | -             | -             | -             | -             | -             | -             |

For and on behalf of Board of Directors of Centrum Capital Limited

**T. R. Madhavan**  
Executive Chairman

**K. V. Krishnamurthy**  
Director

**Gajendra Thakur**  
Company Secretary

Place: Mumbai

Date: October 14, 2011





CENTRUM HOUSE

# CENTRUM

***Your Aim Is Our Only Target***

Registered Office: Bombay Mutual Building, 2nd Floor, Dr. D. N. Road, Fort, Mumbai - 400 001.

Tel: (022) 2266 2434 | Fax: (022) 2261 1105

Corporate Office: Centrum House, CST Road, Vidyanagari Marg, Kalina,  
Santacruz (East), Mumbai - 400 098.

Tel: (022) 4215 9000 | Fax: (022) 4215 9533

Email: [cs@centrum.co.in](mailto:cs@centrum.co.in); [info@centrum.co.in](mailto:info@centrum.co.in) | Website: [www.centrum.co.in](http://www.centrum.co.in)

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