



Annual Report 2011-12

C-NTRUM
Your aim is our only target

CONTENTS

| | |
|----|-----------------------------------------------------------|
| 03 | Chairman's Letter |
| 05 | Corporate Information |
| 06 | Directors' Report |
| 11 | Management Discussion & Analysis |
| 21 | Corporate Governance Report |
| 34 | Auditors' Report |
| 40 | Standalone Financial Statements |
| 79 | Auditors' Report on the Consolidated Financial Statements |
| 82 | Consolidated Financial Statements |

CHAIRMAN'S LETTER

Dear Shareholders,

I am writing this letter to you in unprecedented times, when the developed world is struggling to emerge out of the financial turmoil and domestically the macroeconomic environment has worsened to multiyear lows. This double whammy of weak global demand and protracted recovery in the domestic economy has had its impact on the financial services industry reflecting in low activity in both primary equity markets and M&A segment, tapering off of credit growth, high restructuring activity etc. Although, the recent policy measures undertaken by the government gives us hope that the investment and financial services activity should see some improvement going forward, the actual translation to business activity is yet to be seen.

At Centrum Group, business still remained on track in relative term despite challenging times and volatility. The total income of the Company, on a standalone basis, grew by 7.9% to ₹ 602.570 million for the 12 months ending 30th June, 2012, as compared to ₹ 558.583 million for the same period in the previous year. The Company managed to turnaround at operating level by cutting down overall operating expenses – we posted operating profit of ₹ 103.34 million in FY2012 as against operating loss of ₹ 51.01 million in FY2011. However, we posted a net loss of ₹ 97.317 million in FY2012 as compared to net loss of ₹ 131.788 million in FY2011 – we managed to reduce net loss by 26% this year due to effective cost control measures, despite finance cost shooting up by 156%.

Centrum's endeavor 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 specializes in equity, debt, infrastructure, wealth management, fixed

income, foreign exchange, margin funding and loan against securities. Its foray into wealth management led to building up of assets over ₹ 10 billion in the shortest span of time. Centrum continues to be recognized as a premium integrated financial services company, renowned for its ethics and good business practices.

Moving forward, 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, our wealth management and debt restructuring businesses will ultimately throw up interesting opportunities. We have been successful in attracting a strong team of professionals from the reputed global organizations like Barclays, Credit Suisse, Citi Bank, HSBC Bank, etc. We are confident that with our focused approach, strong team, market and industry specific, professional business approach, we have the right ingredients to emerge as winners across different verticals of our business.

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

Centrum offers comprehensive, structured and well-planned Wealth Management Services to High Net-Worth Individuals. We are proud of the fact that today we are providing wealth management services to several well known CEOs and top-end professionals in the corporate world. We were also successful in attracting NRI clients for our wealth management business from countries like Dubai, Oman, Hong Kong, Canada, etc.

During the year we have also successfully started our offshore fund “Progressive India Fund” through a joint venture with reputed Commonwealth Finance Corporation Limited, Hong Kong. We are hopeful of reaching the fund size of \$100 million within a year or so.

Centrum enjoys a formidable presence in the Forex segment, being a leader in the pre-paid cards and travelers cheque segment. Centrum is poised to further consolidate its leadership in the forex business with focus on airport counters.

The current global economic scenario notwithstanding, it is evident that overall growth prospects are positive for the Indian economy. With India still remaining as the second fastest growing major economy in the world, ranking number 1 in the world in drawing remittances from the non-residents (estimated to be over \$70 billion for CY2012, ahead of China) and the Indian financial services market still growing significantly provide us potential for further growth. The burgeoning Indian middle class, rising income levels, increasing standards of living and government’s efforts to open up the aviation and retail sector for foreign direct investments are expected to transform the economic landscape of the country and push growth across the entire gamut of financial services. Our core expertise, dedicated, talented professionals and focused business approach will enable us to maneuver the challenges and make the best of the emerging opportunities. Our ability to successfully establish strong relationships with our corporate clients, financial institutions, banks, retail clients, employees and investors, boosted by our initial success in drawing clients across the globe will enable us to nurture these relationships, providing 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 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 endeavor of growth and prosperity.

Yours sincerely,



Chandir Gidwani

Corporate Information

BOARD OF DIRECTORS

Mr. Chandir Gidwani
Chairman

Mr. K. V. Krishnamurthy
Director

Mrs. Mahakhurshid Byramjee
Director

Mr. Rishad Byramjee
Director

Mr. Rajesh Nanavaty
Director

Mr. Ibrahim S. Belseleh
Director

Mr. Dhanpal Jhaveri
Director

Mr. Subimal Bhattacharjee
Director

Mr. Manmohan Shetty
Director

Mr. Ameet Naik
Director

Mr. Rashid Kidwai
Director

Mr. P. R. Kalyanaraman
Managing Director

COMPANY SECRETARY

Mr. Alpesh Shah

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

Haribhakti & Co.
Chartered Accountants
701, Leela Business Park, Andheri Kurla Road,
Andheri (East), Mumbai - 400059

REGISTERED OFFICE

Bombay Mutual Building,
2nd Floor, Dr. D.N. Road, Fort,
Mumbai-400001
Tel: 2266 2434
Fax: 2261 1105
Website: www.centrum.co.in
E-Mail: info@centrum.co.in
cs@centrum.co.in

CORPORATE OFFICE

Centrum House, CST Road,
Vidyanagari Marg, Kalina,
Santacruz (East),
Mumbai-400098
Tel.:022-4215 9000
Fax: 022-4215 9533

Directors' Report

Dear Members,

Your Directors present their Thirty Fourth Annual Report together with the Audited Accounts for the year ended 30th June, 2012.

FINANCIAL PERFORMANCE:

The financial performance of the Company for the year ended 30th June, 2012 is summarized below:

(₹ in Million)

| Particulars | 2011-2012 | 2010-2011 |
|-------------------------------------------------------|-----------|-----------|
| Total Income | 602.57 | 558.58 |
| Profit / (Loss) before Interest, Depreciation and Tax | 103.34 | (51.01) |
| Less: Interest | 150.72 | 55.17 |
| Less: Depreciation | 36.69 | 35.94 |
| Profit / (Loss) before tax | (84.07) | (142.18) |
| Less: Provision for Taxation | 13.25 | (10.33) |
| Profit / (Loss) after tax | (97.32) | (131.79) |
| Add: Balance brought forward from previous year | 466.93 | 598.72 |
| Profit available for appropriation | 369.62 | 466.93 |
| Less: Proposed Dividend | Nil | Nil |
| Provision for Dividend Tax | Nil | Nil |
| Balance carried to Balance Sheet | 369.62 | 466.93 |

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 2011-12.

DIRECTORS:

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Rishad Byramjee and Mrs. Mahakhurshid Byramjee retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

Mr. T. R. Madhavan has resigned as an Executive Chairman & Whole Time Director w.e.f. 1st November, 2012 and Mr. Rajesh Narian Gupta, Independent Director resigned from the Board w.e.f. 1st November, 2012. 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.

The Board at its meeting held on 1st November, 2012, appointed Mr. P. R. Kalyanaraman as an Additional Director in the capacity of Managing Director of the Company for a period of 3 years. Pursuant to Section 260 of the Companies Act, 1956, Mr. P. R. Kalyanaraman holds office as a Director up to the date of the forthcoming Annual General Meeting. Approval of Members is being sought for his appointment as Managing Director at the ensuing Annual General Meeting on the terms and conditions as provided in the notice of the Annual General Meeting.

The Board at its meeting held on 1st November, 2012 appointed Mr. Rashid Kidwai, Mr. Manmohan Shetty and Mr. Ameet Naik as Additional Directors of the Company. Pursuant to Section 260 of the Companies Act, 1956, Mr. Rashid Kidwai, Mr. Manmohan Shetty and Mr. Ameet Naik hold office as Directors upto the date of the ensuing Annual General Meeting. Approval of Members is being sought for their appointment as Directors at the ensuing Annual General Meeting.

A brief profile 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.

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 2011-12, 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 provisions 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.

COMPANY SECRETARY:

During the year under review, Mr. Gajendra Thakur resigned from the post of Company Secretary of the Company w.e.f. 2nd August, 2012 and Mr. Alpesh Shah was appointed as the new Company Secretary w.e.f. 25th September, 2012.

SUBSIDIARY / JOINT VENTURE COMPANIES:

During the year under review, the shareholding of Centrum Capital Ltd. in Centrum Broking Ltd. has increased from 48.74% to 99.26 % in Centrum Broking Limited and consequently Centrum Broking Limited became a subsidiary of the Company.

During the year under review, Centrum Securities (Europe) Limited, subsidiary of the Company has been wound up.

In terms of the General Circular 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, Statement of Profit & Loss, 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 Capital Holdings LLC and Centrum Securities LLC (step down subsidiary), Centrum Broking Limited 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.

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 Secretary 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. Haribhakti & 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, we wish to submit as follows:

- a) Based on the financial projections provided by management of Centrum Broking Limited confirming fair valuation higher than the cost of investments in the books of the Company, the Board of Directors believe that no impairment is necessitated in respect of said investments along with the loans advanced.
- b) Subsequent to the end of the financial year, Company has received part payment from the said

party. Based on recent trends in collection, sale of pledge shares, the above amount in view of Board of Directors is fully recoverable and accordingly the same need not be subject to provision.

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

FIXED DEPOSITS:

The Company has not invited nor accepted any fixed deposits pursuant to the provision of Section 58A of the Companies Act, 1956 during the year under review.

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. 33(a) & 33(b) (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 Haribhakti & 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

P. R. Kalyanaraman
Managing Director

K. V. Krishnamurthy
Director

Place: Mumbai

Date: 3rd December, 2012

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 30th June, 2012 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 |

For and on behalf of the Board of Directors

P. R. Kalyanaraman
Managing Director

K. V. Krishnamurthy
Director

Place: Mumbai

Date: 3rd December, 2012

Management Discussion and Analysis

1. Economic scenario

During the year 2011-12, while the developed world continued to muddle through with intermittent bouts of high volatility, the economic environment closer home deteriorated quite significantly. Government inaction on key reforms, allegations of graft and worsening macroeconomic environment kept large investors at bay.

The global recessionary concerns in the past six months had unnerved global financial and capital markets, although some of these concerns were allayed as Greece saw some stability post the elections, reducing the possibility of its leaving the Eurozone. This, along with measures taken by the various central banks to keep long term rates at low levels increased the risk appetite of investors in the beginning of CY2012 leading to a sharp rally in the global equity markets, especially in emerging markets.

In India, the fiscal year 2011-12 continued to see deteriorating macro with industrial economy almost stagnating, sharp rise in imports and firm prices of crude oil causing the current account deficit to bloat and slowdown in the developed world causing slowdown in exports. This coupled with government's inability to execute key policy measures due to stalemate in the Parliament, investor unfriendly proposals like GAAR, further dampened sentiment leading to a vicious cycle of significant fall in inflows of foreign direct investments, huge volatility in the domestic equity markets and INR depreciation. Owing to high inflation the RBI maintained its hawkish stance on interest rates which further impacted the margins of companies which were already reeling under the pressure of high input prices.

In CY2011, the domestic equity markets fell sharply by about 25% - however, this fall doesn't provide the real picture because a large number of individual stocks fell by 30-80% during the year. However, in just 35 trading days - between 1st January, 2012 and 21st February, 2012 - the Sensex recovered and went up by 19% in the very short span of time. Although, the markets saw some recovery during the fag end of FY2012, gains were pared on renewed concerns of rising fiscal deficit, depreciation of INR and fear of the possibility of 'junk rating' by credit rating agencies. However, considering that the government has little option but to go ahead with reforms we see much better prospects for the Indian markets during the second half of FY2013 on the back of better global economic scenario, concrete government action and fact that the long term picture and demand scenario (demographic dividend, rising per capita incomes) in the country is still quite robust and provides ample investment avenues for long term investors.

2. Industry overview

During the FY2012 the primary market activity was weaker than in the previous fiscal. Total IPO's (Initial Public Offering) in FY2012 were 33 with total deal size of close to ₹ 10,463 crore, as compared to 52 IPOs in FY2011 with total deal size of ₹ 46,182 crore. The lower deal activity could be attributed to the weakness in the secondary market. Out of the 33 IPO's issues, about 21 issues were small size IPO's with total issue size below ₹ 100 crore. As per the ASSOCHAM data, the total M&A deal values also dropped in FY2011 to USD 24.1 bn (USD 31.4bn in 2010) with total number of deals dropping to 799 from 1,039 in 2010. Again in the first half of 2012, the total value of M&A transactions declined by 19% to USD 24.6bn. This was the lowest number in the last three years.

Private equity deals in India slumped to USD 3.6 bn in the first six months of FY2012, a de-growth of 39% in the first half of FY2012.

The real estate sector in India recovered in FY2012 owing to strong Private Equity (PE) and FDI activity in the residential real estate sector. Foreign direct investment (FDI) inflows in real estate in 2011-12 (April-January) stood at Rs 2,750 crore (USD 492.50 mn). PE funds invested around USD 1,700 mn in this sector during 2011.

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 USD 1 trillion. This augurs well for the investment and realty advisory services.

Wealth Management: Economic growth and rich harvest of entrepreneurs have resulted in unprecedented wealth creation in the country, now boasting one of the world's fastest growing wealthy populations. India is home to 7,730 ultra high net worth individuals who have a combined wealth in excess of USD 900bn. Moreover, Indian promoters hold in excess of USD 500bn in the Indian equity markets itself.

Tours & Travel: The luxury hotels industry and tourism industry are expected to post a protracted recovery with the foreign tourist arrivals still growing at 6.5% yoy during the period January - October 2012. With the recent set of reforms initiated by the government the outlook for the industry remains quite robust. The improvement in structural factors like growing consumer confidence, increased business traveller activity and higher outbound

travel would help growth in this segment in the future.

Forex: Opportunities for this business arise from Foreign Currency, Travelers' Cheques, Foreign Exchange remittances – inward and outward, Travel Card, Travel Insurance, etc. Business in the segment witnessed significant push as out-bound tourism, both at retail and corporate (business travel and Meetings Incentives Conferences Exhibitions - 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 Groups in the country, offering innovative, customized and integrated financial solutions. Centrum Capital Limited ('the Company'), the Group's flagship Company along with its subsidiaries and associate companies mainly Centrum Broking Limited, Centrum Wealth Management Limited, CentrumDirect Limited, Club7 Holidays Limited, Centrum Infrastructure and Realty Limited and Centrum Financial Services Limited form a well diversified yet integrated financial services Group known as 'Centrum'.

Within India, Centrum's distribution reach extends across 88 locations and the Company maintains direct relationship with over 750,000 High Net Worth Individuals and retail investors. Our global footprint extends to Dubai and Hong Kong. During the year we closed our US operations as part of cost control measures.

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 investing 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 the 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 our reach further.

On the debt side, the performance has been satisfactory considering the market scenario was tough and pushing the business was challenging. Despite the challenging environment the Company has done a total deal size of ₹ 50 bn including debt restructuring during the year. 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, Entertainment, etc. 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 Limited

A full-service broking house, Centrum Broking Limited offers comprehensive financial solutions to a cross-section of clients comprising High Net Worth Individuals, corporates, NRIs, FIIs, Mutual Funds, Insurance Companies, Banks and other financial entities. Centrum's institutional broking firm is empanelled with 130 plus clients.

Our 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. During the year, we have increased our research focus on midcap value stocks as we find a lot of potential going forward in this segment.

Centrum believes the year ahead will see the benefits of recent consolidation in the industry and the incremental opportunities would be significantly more for the domestic players like Centrum Broking Limited which managed to stay in the business while many withdrew from the industry. The Company will continue to focus on value research and effective client servicing to increase our market share.

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 strengthened our foray into retail financial services during the year as part of ambitious long-term plans to build a strong retail franchise and thus transform ourselves into a fully-integrated provider of financial services. The Group is committed to achieving our objectives on the strength of our 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

Centrum Wealth Management Limited (CWML) expanded our services across the country by setting up/strengthening further our offices in cities like Bengaluru, Chennai, Hyderabad, Kolkatta, Pune, Ahmedabad, Vadodara, etc.

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 other emerging asset classes, trading capabilities in equities and equity futures and options and capital market lending products.

We have been successful in attracting a strong team of professionals from the reputed global organizations like Barclays, Citi Bank, Credit Suisse, HSBC Bank, etc. We are proud of the fact that today we are providing wealth management services to several well known CEOs and top-end professionals in the corporate world. We were also successful in attracting the NRI clients for our wealth management business from countries like Dubai, Oman, Hong Kong, Canada, etc.

During the year we have also successfully started our offshore fund “Progressive India Fund” through a joint venture with reputed Commonwealth Finance Corporation Limited, Hong Kong. We are hopeful of reaching the fund size of USD 100 mn within a year or so.

Centrum will continue to invest and grow our Wealth Management and High Net Worth broking and distribution businesses on the Centrum Broking platform. The Company will continue to grow our retail financial services business in India and have 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. CentrumDirect Limited is a wholly owned subsidiary of Centrum Capital Limited.

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 82 locations. CDL, with 9 outlets in 3 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 our customers.

CDL deals in all major destination currencies. We are one of the leading aggregators physical currencies and preferred buyers of foreign currency notes from more than 30 banks across India. We have franchisee tie-ups with over 150 hotels and are empanelled with over 400 corporates for currency procurement. CDL also imports foreign currency notes to meet domestic demands.

CDL is the largest seller of prepaid travel cards. It offer 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. We also offer foreign currency Demand Drafts and remit 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 has positioned ourselves to emerge as a unique financial services boutique offering diverse foreign exchange services to our customers.

Club 7 Holidays Limited

Centrum offers complete travel solutions suite through Club 7 Holidays Limited. With the process of integration, post acquisition four years ago, successfully and smoothly completed in the previous year, Centrum is now making big strides in the Travel and Tourism sector through our step down subsidiary, Club 7 Holidays Limited.

Earlier, pre-dominantly East India-focused, this boutique travel Company has slowly and steadily expanded to build a pan-India presence in line with our efforts to build a pan-India presence, particularly focused on Tier II and Tier III cities. Club 7 Holidays Limited will continue its thrust for aggressively further expanding the 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 in the previous year. The Company is gradually strengthening our focus on security-backed financing - Loans against shares, Margin Funding, IPO Funding, etc. We expect the business potential to increase from January 2013 onwards, as the economy would be set for reversal of interest rate cycle - this would augur well for enhanced borrowing by short term investors. Hence, the business prospects for our NBFC to improve from the second half of current fiscal.

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.

Commonwealth Centrum Advisors Ltd

The 50:50 joint venture between Commonwealth Finance Corporation Ltd. (CFCL) and Centrum Capital Ltd. (CCL) successfully commissioned "Progressive India Fund" during the year. The Fund's performance was quite impressive during the first quarter of its launch and we expect the total fund size to reach about USD 100 mn within a year or so. The Indian equity market is well known for creating wealth over the medium to long term through successful unfolding of micro (midcap) stories. We remain confident of this fund making a major success in terms of both size and returns to the investors, as it is primarily focusing on value stocks which could create significant wealth in the medium to long term.

Centrum Infrastructure & Realty Limited

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. We expect this business segment to improve its prospects once the interest rate cycle starts reversing from the Jan-Mar 2013 quarter onwards.

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 is highly correlated with the GDP growth in the country and hence offers significant opportunity for growth going forward.

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 five 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.

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 forex counters within the premises of corporate houses across the country. We have also gained a strong foothold in forex business through servicing of entertainment and film-making industries.

According to the Economic Survey 2011-12, it has been reported that NBFCs on the whole account for 12.30% 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.

As per a recent WEF (World Economic Forum) Financial Development report, while India has been ranked 40th in terms of financial development it is better placed than some of the developed economies like US, UK, etc in terms of life insurance density. According to a McKinsey report the Indian insurance sector is expected to see exponential growth in 2012, amid increasing household incomes and higher premiums.

With the expansion of the Club7 network, Centrum is already leveraging our travel business to make the most of opportunities not only in this segment but also in our forex business, which we see as a major revenue earner, going ahead.

Backed by our 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 our financial retail services to capitalize on the unfolding opportunities.

5. Threats

Inflationary pressures continue to be a major concern for Centrum. Inflation has seen some cooling off from the highs seen in FY12 to around 7.5% levels currently. However, the supply side pressure may keep the inflation at around 7% at least for another quarter.

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 by 25% (during the period June 2011-2012) as investors shunned emerging markets, especially India, owing to rising fiscal deficit, concerns on government inaction and possibility of a sovereign downgrade. The phenomenon is a serious threat to the growth of Indian economy, businesses, trade and manufacturing sectors.

The country's economy expanded only 5.5% in the three months that ended on 30th June, 2012 from a year earlier, one of the lowest GDP growth data in over a decade.

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 also likely to be a challenging one, Centrum's focused and visionary approach positions us well to tackle the obstacles ahead. With our 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.

In the current year, the Company has strategically focused on select areas which are suited to provide growth opportunities even in challenging times. These include Corporate Debt Restructuring, Wealth Management, Portfolio Management, Stock Broking, Foreign Exchange, Travel Services and Infrastructure & Real Estate advisory services.

Banking on a new pool of talent drawn from various global firms, Centrum will continue our focus on building strong relationships with our 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 our clients with a high degree of customer

service, flexible, tailored, and configurable products and services and a dedicated focus on returns with least possible risks.

The Company's Investment Banking business can be expected to have its fair share of challenges in the year ahead due to volatility in the market conditions, continued selling of shares by the domestic institutions despite the FII's remaining quite optimistic and several listed stocks still quoting at very cheap valuations. Unless the valuations of listed entities improve significantly, it would be difficult for the primary markets to revive significantly.

The debt scenario is an area where Centrum is well equipped to capitalize on our strengths. The year 2012-13 is also experiencing corporate sector going through tremendous stress and hence, we expect the Company to do a deal size of over ₹ 90 bn during this year. The Company's policy to shift from soft restructuring to a deeper, more focused CDR shall enable us to emerge as a major player in this area, going ahead.

In the forex business, with help of our team of professionals and expanded tie up with corporate, hotels, etc we expect to achieve a total turnover of ₹ 42 bn.

In wealth business, we expect to increase the size of assets under management by about 150% to over ₹ 25 bn from ₹ 10 bn due to significant expansion of team of professionals and branches across the country. We are actively managing close to ₹ 2 bn of equity funds – we hope to increase the size to ₹ 5 bn within a year's time.

Overall, with the diversified offerings and renewed focus on fast growing businesses like wealth

management, forex and credit restructuring, 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 our business philosophy, which is centered on delivering higher and better returns to all our 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 our business. Since such variations can cause deviations in the results from operations and affect our 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 qualified 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 our 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. Internally we have also set up Investment Committee comprising Compliance Officer, Chief Operating Officer apart from the core team which manages the investment products to monitor effectively both the process and returns to the clients. 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 his 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.

As on 30th June 2012, there were 882 people employed with Centrum Group.

10. Financial overview

The volatility in the global and Indian markets, coupled with slowdown in the macroeconomic scenario created significant challenges for businesses and industries in general and Centrum, which offers services to the overall businesses and industries. However, Centrum was able to manage costs and performed relatively better even in the current tough environment. The operating

performance showed a turnaround this year as highlighted below.

Income: The total income for the Company on a standalone basis stood at ₹ 602.570 mn as compared to ₹ 558.583 mn during the previous year, a growth of 7.9% yoy.

PBDIT: The Company reported a PBDIT of ₹ 103.34 mn as compared to PBDIT loss of ₹ 51.01 mn in 2010-11.

PAT: For the year under review, the Profit After Tax (PAT) stood at ₹(97.317) mn as against ₹ (131.788) mn in 2010-11. This was due to 156.1% rise in finance costs to ₹ 153.334 mn.

11. Cautionary statement

This report contains several forward-looking statements that involve risks and uncertainties, including, but not limited to, risks inherent in

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

P. R. Kalyanaraman
Managing Director

K. V. Krishnamurthy
Director

Place: Mumbai

Date: 3rd December, 2012

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 on 30th June, 2012, the Board of Directors comprised of 10 (Ten) Directors of which 1 (One) was Executive Chairman, 4 (Four) were Non Executive Directors and 5 (Five) were Independent Directors.

Mr. T. R. Madhavan has resigned as Executive Chairman w.e.f. 1st November, 2012 and Mr. Rajesh Narain Gupta resigned from the Board w.e.f. 1st November, 2012.

The Board at its meeting held on 1st November, 2012, appointed Mr. P. R. Kalyanaraman as an Additional Director in the capacity of Managing Director of the Company for a period of 3 years. Pursuant to Section 260 of the Companies Act, 1956, Mr. P. R. Kalyanaraman holds office as a Director upto the date of the forthcoming Annual General Meeting. Approval of Members is being sought for his appointment as Managing Director at the ensuing Annual General Meeting on the terms and conditions as provided in the notice of the Annual General Meeting.

The Board at its meeting held on 1st November, 2012 appointed Mr. Rashid Kidwai, Mr. Manmohan Shetty and Mr. Ameet Naik as Additional Directors of the Company. Pursuant to Section 260 of the Companies Act, 1956, Mr. Rashid Kidwai, Mr. Manmohan Shetty and Mr. Ameet Naik hold office as Directors upto the date of the ensuing Annual General Meeting. Approval of Members is being sought for their appointment as Directors at the ensuing Annual General Meeting. The Board further appointed Mr. Chandir Gidwani as Non Executive Chairman of the Company with effect from 1st November, 2012.

Half of the Board of Directors comprises of Independent Directors which fulfills the requirements as required under Clause 49 of the Listing Agreement.

The present strength of the Board of Directors of the Company is 12 (Twelve) Directors. The Board of Directors consists of 1 (One) Non Executive Chairman, 1 (One) Managing Director, 6 (Six) Independent Directors and 4 (Four) Non Executive Directors.

The details of the Director being appointed and re-appointed on retirement by rotation at the ensuing Annual General Meeting, as required pursuant to Clause 49(IV)(G) of the Listing Agreement, are mentioned in the Notice to the Annual General Meeting, forming part of the Report.

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 30th June, 2012, 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 30.12.11 | | Chairman | Member |
| Mr. T. R. Madhavan | Executive Chairman | 5 | 5 | Yes | 4 | 1 | 1 |
| Mr. Chandir Gidwani | Non-Executive Director | 5 | 4 | No | 4 | 1 | 1 |
| Mr. K. V. Krishnamurthy | Independent Director | 5 | 5 | Yes | 8 | 3 | 5 |
| Mr. Ibrahim Belselah | Independent Director | 5 | Nil | No | - | - | - |
| Mrs. Mahakurshid Byramjee | Non-Executive Director | 5 | Nil | No | - | - | - |
| Mr. Rishad Byramjee | Non-Executive Director | 5 | 1 | No | 2 | - | 3 |
| #Mr. Sameer Sain | Independent Director | 2 | Nil | No | - | - | - |
| Mr. Dhanpal Jhaveri | Non-Executive Director | 5 | 2 | No | 3 | - | 1 |
| Mr. Rajesh Narain Gupta | Independent Director | 5 | Nil | No | - | - | - |
| Mr. Subimal Bhattacharjee | Independent Director | 5 | Nil | No | - | - | - |
| Mr. Rajesh Nanavaty | Independent Director | 5 | 5 | No | 1 | 1 | 2 |

Notes:

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

As mentioned in Annual Report for the year 2010-2011, Mr. Sameer Sain resigned from the Board w.e.f 14th October, 2011.

Mr. Rishad Byramjee is the son of Mrs. Mahakurshid Byramjee and hence, they are related to each other. There are no other inter-se relationships between the Directors.

Five Board Meetings were held during the year 2011-12 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:

9th September, 2011

14th October, 2011

14th November, 2011

6th March, 2012

14th May, 2012

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. 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 fund 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 six times and required members were present in the meetings held on:

- 9th September, 2011
- 7th October, 2011
- 14th October, 2011
- 14th November, 2011
- 6th March, 2012
- 14th May, 2012

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

* Mr. Rajesh Narain Gupta resigned with effect from 1st November, 2012.

During the year, no meetings of the Remuneration Committee were held.

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 30th June, 2012):

(i) Executive Directors' Compensation

The aggregate value of salary and perquisites including commission paid for the year ended 30th June, 2012 to the Managing Director and the Whole Time Director is as follows:

Mr. T. R. Madhavan, Executive Chairman, ₹ 42.84 Lacs (Salary ₹ 42.69 Lacs and Medical Allowance ₹ 0.15 Lacs,), appointed on 19th April, 2011. The Executive Chairman was entitled to a discretionary bonus, as may be decided by the Board of Directors. The Company had not granted any stock option to any of its Directors.

The tenure 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. 19th April, 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 30th June, 2012:

| Sr. No. | Name of the Director | # Equity Shares held | * Sitting Fees (₹) |
|---------|---------------------------|----------------------|--------------------|
| 1 | Mr. Chandir Gidwani | 1,500 | 80,000/- |
| 2 | Mr. K. V. Krishnamurthy | Nil | 1,40,000/- |
| 3 | Mrs. Mahakurshid Byramjee | 114,352 | Nil |
| 4 | Mr. Rishad Byramjee | 12,385 | 40,000/- |
| 5 | Mr. Rajesh Nanavaty | 50 | 2,20,000/- |
| 6 | Mr. Rajesh Narain Gupta | Nil | Nil |
| 7 | Mr. Ibrahim Belsalah | Nil | Nil |
| 8 | Mr. Sameer Sain | Nil | Nil |
| 9 | Mr. Dhanpal Jhaveri | Nil | 40,000/- |
| 10 | Mr. Subimal Bhattacharjee | Nil | Nil |

The Company has not issued any convertible instruments.

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

The Board at its meeting held on 6th March, 2012 approved the proposal of Mr. K. V. Krishnamurthy, Independent Director of the Company to waive the right of receiving sitting fees for attending Board and Committee meetings of the Company.

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 not received any complaint during the year ended 30th June, 2012.

Mr. Gajendra Thakur, Company Secretary and Compliance Officer of the Company has resigned w.e.f. 2nd August, 2012 and Mr. Alpesh Shah is appointed as the new Company Secretary and Compliance Officer with effect from 25th September, 2012.

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 there at |
|----------------|-------------------------------------------------------|-----------------------------------------------------------------------------------------|-------------------------------------|
| 2010-2011 | Friday, 30 th December, 2011 at 10:30 A.M. | Centrum House, C.S.T. Road, Vidyanagari Marg, Kalina, Santacruz (East), Mumbai - 400098 | 2 |
| 2009-2010 | Friday, 31 st December, 2010 at 10:30 A.M. | Centrum House, C.S.T. Road, Vidyanagari Marg, Kalina, Santacruz (East), Mumbai - 400098 | 2 |
| 2008-2009 | Thursday, 31 st December, 09 at 10.30 A.M | Centrum House, C.S.T. Road, Vidyanagari Marg, Kalina, Santacruz (East), Mumbai - 400098 | 1 |

During the Financial Year 2011-12, 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 30th June, 2012.

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. 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 Managing Director 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 English newspaper namely Free Press Journal and in regional language newspaper namely Navshakti. The quarterly/ annual financial results are also regularly posted by the Company on its website

www.centrum.co.in

I. GENERAL SHAREHOLDER INFORMATION:

a. Annual General Meeting

31st December, 2012 at 11:00 a.m. at
Centrum House, C.S.T. Road,
Vidyanagari Marg, Kalina,
Santacruz (East),
Mumbai - 400 098

b. Financial year :

1st July, 2011 to 30th June, 2012

c. Date of Book Closure :

24th December, 2012 to 31st December, 2012

d. Dividend Payment Date :

Not Applicable

e. Listing on Stock Exchanges :

Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai 400001.

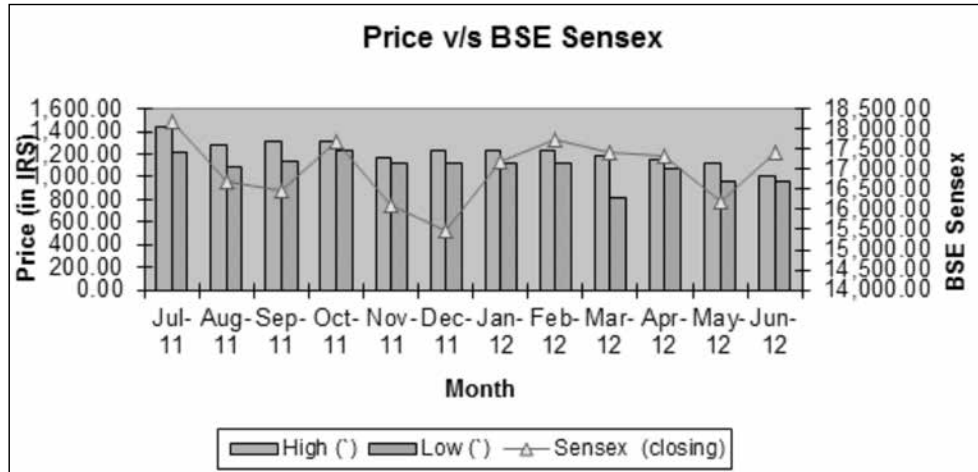
f. Stock code : 501150

g. Market Price Data :

Share prices of the Company for the period July, 2011 to June, 2012

| Date | High (₹) | Low (₹) |
|-----------------|----------|----------|
| July, 2011 | 1,444.00 | 1,220.00 |
| August, 2011 | 1,275.00 | 1,089.00 |
| September, 2011 | 1,319.00 | 1,143.00 |
| October, 2011 | 1,317.00 | 1,234.20 |
| November, 2011 | 1,175.50 | 1,125.00 |
| December, 2011 | 1,235.00 | 1,119.20 |
| January, 2012 | 1,235.00 | 1,119.20 |
| February, 2012 | 1,235.00 | 1,119.20 |
| March, 2012 | 1,185.00 | 811.00 |
| April, 2012 | 1,152.80 | 1,079.90 |
| May, 2012 | 1,123.00 | 965.00 |
| June, 2012 | 1,008.00 | 958.00 |

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



- g. 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

h. Share Transfer System:

Shares lodged for transfer at the Registrar’s address are normally processed within 15 days from the date of lodgement and requests for dematerialization of shares are processed and the confirmation is given to the depositories within 15 days from the date of lodgement, if the documents are clear in all respects.

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 30th June, 2012:

| | Category | No. of Shares Held | Percentage of Shareholding |
|----------|---------------------------------------------------------------------------------------------------------------------|--------------------|----------------------------|
| A | PROMOTER'S HOLDING | | |
| 1 | Promoters | | |
| | -Indian Promoters | 2303150 | 33.22 |
| | - Foreign Promoters | Nil | Nil |
| 2 | Persons acting in Concert | Nil | Nil |
| | Sub-Total | 2303150 | 33.22 |
| B | NON-PROMOTERS HOLDINGS | | |
| 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 | 2973054 | 42.88 |
| B | Indian Public | 226810 | 3.27 |
| C | NRI's | 11 | 0.00 |
| D | Foreign Companies/Fund | 1020158 | 14.71 |
| E | Centrum ESPS Trust | 409686 | 5.91 |
| F | Any Other (Clearing Member) | 9 | 0.00 |
| G | Any Other (NRN) | 1001 | 0.01 |
| | Sub-Total | 4630729 | 66.78 |
| | GRAND TOTAL | 6933879 | 100 |

k. Distribution of Shareholding as on 30th June, 2012:

| Sl. No. | Category (Shares) | No. of Shareholders | | No. of Shares | |
|---------|-------------------|---------------------|-------------------------|----------------|-------------------|
| | | Number | % of Total Shareholders | Number | % of Total Shares |
| 1 | 1 - 5000 | 275 | 84.10 | 18694 | 0.27 |
| 2 | 5001 - 10000 | 16 | 4.89 | 11550 | 0.17 |
| 3 | 10001 - 20000 | 8 | 2.45 | 11252 | 0.16 |
| 4 | 20001 - 30000 | 4 | 1.22 | 10500 | 0.15 |
| 5 | 30001 - 40000 | 2 | 0.61 | 6900 | 0.10 |
| 6 | 40001 - 50000 | 2 | 0.61 | 9650 | 0.14 |
| 7 | 50001 - 100000 | 6 | 1.84 | 54000 | 0.78 |
| 8 | 100001 - Above | 14 | 4.28 | 6811333 | 98.23 |
| | TOTAL | 327 | 100 | 6933879 | 100 |

I. 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 2266 2434; Fax No.: 022 2261 1105
Email: info@centrum.co.in;
cs@centrum.co.in

Corporate Office:

Centrum House, C.S.T. Road,
Vidyanagari Marg, Kalina,
Santacruz (East),
Mumbai - 400098
Tel No.: 022 4215 9000; Fax No.: 022 4215 9533
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

P. R. Kalyanaraman
Managing Director

K. V. Krishnamurthy
Director

Place: Mumbai

Date: 3rd December, 2012

Certificate by Managing Director

To,
The Board of Directors
Centrum Capital Limited
Mumbai

I, **P. R. Kalyanaraman**, Managing Director 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 30th June, 2012;
- 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 30th June, 2012.

For Centrum Capital Limited

P. R. Kalyanaraman
Managing Director

Place: Mumbai
Date: 3rd December, 2012

Auditors' Certificate

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, 2012, 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 Haribhakti & Co.

Chartered Accountants

Firm's Registration No.103523W

Sumant Sakhardande

Partner

Membership No. 034828

Place: Mumbai

Date: 3rd December, 2012

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, 2012 and also the Statement of Profit and Loss 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' of India (the 'Act') and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Without qualifying our opinion, we draw attention to the following:-
 - i. Note No.39 of Notes to the Financial Statements, in respect of investments aggregating to ₹ 81,55,23,945/- (P.Y: ₹ 62,19,97,000/-) & loans and advances aggregating to ₹ 1,16,03,092/- (P.Y: ₹ 11,28,50,000/-) in Centrum Broking Limited, a Subsidiary Company. As more fully described in Note no. 39, the Management is of the view that there is no permanent diminution to the carrying value of the investments of ₹ 81,55,23,945/- & loans and advances of ₹ 1,16,03,092/- in the subsidiary and hence no adjustment has been made in this regard in the accompanying financial statements.
 - ii. Note No.37 of Notes to the Financial Statements, regarding long outstanding trade receivable amounting to ₹ 6,49,53,975/- (P.Y: ₹ 10,20,22,920/-) , of which ₹ 4,58,32,632/- 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, therefore cannot be quantified.
5. Further to our comments in the paragraph 3 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, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the balance sheet, statement of profit and loss 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, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on June 30, 2012 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, 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, 2012;
 - b) in the case of the statement of profit and loss, 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 Haribhakti & Co.
Chartered Accountants
Firm's Registration No.103523W

Sumant Sakhardande
Partner
Membership No. 034828

Place: Mumbai
Date: 3rd December, 2012

Annexure to Auditors' Report

Referred to in paragraph 3 of the Auditors' Report of even date to the members of **CENTRUM CAPITAL LIMITED** on the financial statements for the year ended June 30, 2012:

- (i)
 - (a) The Company has maintained records showing particulars, including quantitative details and situation of fixed assets.
 - (b) The fixed assets of the Company have been physically verified by the management during the year and no material discrepancies between the book records and the physical assets have been noticed. In our opinion, the frequency of verification is reasonable.
 - (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
- (ii)
 - (a) As informed to us, inventories (Securities & Bonds), which are held in dematerialized form, have been verified by the management with the supporting evidence during the year. In our opinion, the frequency of verification is reasonable.
 - (b) The procedure of verification of inventory (Securities & Bonds), followed by the management are reasonable and adequate in relation to size of the Company and the nature of its business.
 - (c) On the basis of our examination of the records of inventory (Securities & Bonds), we are of the opinion that the Company is maintaining proper records of inventory (Securities & Bonds). We are informed that no discrepancies were noticed on verification between the dematerialized stocks and the book records.
- (iii)
 - (a) As informed, the Company has not given any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Consequently, sub-clause (a) to (d) of clause 4(iii) are not applicable.
 - (b) As informed, 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. Consequently, sub-clause (e) to (g) of clause 4(iii) are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of Inventory (Securities & Bonds) & fixed assets and for the sale of services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the Company.

- (v) In our opinion and according to the information and explanations given to us, there were no transactions relating to contracts or arrangements referred to in Section 301 of the Act that need to be entered into the register maintained under Section 301.
- (vi) The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- (vii) In our opinion, the Company has an internal audit system commensurate with size & nature of its business.
- (viii) Since the Company is engaged in service industry, Clause 4(viii) in respect of maintenance of cost records is not applicable to the Company.
- (ix)
- (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, customs duty, cess and other material statutory dues applicable to it. As explained to us, the provisions regarding sales tax and excise duty are presently not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, customs duty, 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 Act (various states) | Profession tax | 4,173 | 2006-10 | 15 days from the end of the month in which it is payable | November 1, 2012. |

- (c) According to the information and explanations given to us, there are no dues of 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 | 8,48,030 | 2008-2009 | Commissioner of Income Tax (A) - 4 |

- (x) There are no accumulated losses as at June 30, 2012. The Company has incurred cash losses during the financial year & in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, 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 documents produced to us, the Company has not granted any loans 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 the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) According to the information and explanation given to us, we are of the opinion that the Company has maintained proper records in respect of trading transactions and contracts of shares, securities, debentures and other investments and timely entries have been made therein. Further, the investments have been held by the Company, in its own name.
- (xv) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantee given by the Company on behalf of its subsidiary companies for loan taken from bank by the latter, is not prejudicial to the interest of the Company.
- (xvi) The Company has not obtained any term loans during the year.
- (xvii) According to the information and explanation given to us funds raised on short term basis have not been used for long term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.
- (xix) The Company did not have long outstanding debentures during the year. Accordingly no securities or charge have been created.

-
- (xx) During the year, the Company has not raised any money by way of public issue.
- (xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For Haribhakti & Co.
Chartered Accountants
Firm's Registration No.103523W

Sumant Sakhardande
Partner
Membership No. 034828

Place: Mumbai
Date: 3rd December, 2012

Balance Sheet as at June 30, 2012

| (₹) | | | |
|--------------------------------|------|----------------------|----------------------|
| Particulars | Note | June 30, 2012 | June 30, 2011 |
| EQUITY AND LIABILITIES | | | |
| Shareholders' funds | | | |
| Share Capital | 3 | 69,338,790 | 69,338,790 |
| Reserves and surplus | 4 | 2,218,045,307 | 2,012,173,905 |
| | | 2,287,384,097 | 2,081,512,695 |
| Non-current liabilities | | | |
| Long-term borrowings | 5 | 4,671,891 | 5,326,645 |
| Deferred tax liabilities (Net) | 32 | - | 12,782,773 |
| Long-term provisions | 6 | 3,012,742 | 3,459,453 |
| | | 7,684,633 | 21,568,871 |
| Current liabilities | | | |
| Short-term borrowings | 7 | 1,162,808,385 | 930,509,799 |
| Other current liabilities | 8 | 264,963,525 | 111,233,735 |
| Short-term provisions | 9 | 1,979,532 | 1,718,560 |
| | | 1,429,751,442 | 1,043,462,094 |
| | | | |
| TOTAL | | 3,724,820,172 | 3,146,543,660 |
| ASSETS | | | |
| Non-current assets | | | |
| Fixed assets | | | |
| Tangible assets | 10 | 174,026,243 | 202,819,566 |
| Intangible assets | | 3,393,958 | 4,466,678 |
| Capital work-in-progress | | - | 344,110 |
| | | 177,420,201 | 207,630,354 |
| Non-current investments | 11 | 2,182,341,839 | 1,996,730,192 |
| Deferred tax assets (Net) | 32 | 2,567,882 | - |
| Long-term loans and advances | 12 | 184,979,744 | 171,583,685 |
| | | 2,547,309,666 | 2,375,944,231 |
| Current assets | | | |
| Inventories | 13 | 133,200 | 26,749,149 |
| Trade receivables | 14 | 496,910,856 | 360,510,036 |
| Cash and Bank Balances | 15 | 11,274,805 | 9,748,057 |
| Short-term loans and advances | 16 | 641,343,237 | 348,561,882 |
| Other current assets | 17 | 27,848,408 | 25,030,306 |
| | | 1,177,510,506 | 770,599,430 |
| | | | |
| TOTAL | | 3,724,820,172 | 3,146,543,660 |

Notes to accounts form an integral part of the financial statements.

As per our report of even date

For Haribhakti & Co.
Chartered Accountants
Firm registration No.103523W

Sumant Sakhardande
Partner
Membership No.034828

Place : Mumbai
Date: 3rd December, 2012

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

P. R. Kalyanaraman
Managing Director

Alpesh Shah
Company Secretary

Place : Mumbai
Date: 3rd December, 2012

Statement of Profit and Loss for the year ended June 30, 2012

(₹)

| Particulars | Note | June 30, 2012 | June 30, 2011 |
|----------------------------------------------------------------------------------------------------------------|------|---------------------|----------------------|
| Revenue | | | |
| Revenue from Operation | 18 | 552,189,766 | 512,292,500 |
| Other Income | 19 | 50,380,155 | 46,290,848 |
| Total Revenue | | 602,569,921 | 558,583,348 |
| Expenses | | | |
| Employee benefits expense | 20 | 243,994,768 | 238,868,972 |
| Finance Costs | 21 | 153,334,209 | 59,877,369 |
| Depreciation/amortization | 10 | 36,691,014 | 35,935,791 |
| Other expenses | 22 | 252,617,307 | 366,018,413 |
| Total Expenses | | 686,637,298 | 700,700,545 |
| Profit before tax | | (84,067,377) | (142,117,197) |
| <u>Tax Expenses</u> | | | |
| - Current tax | | - | 5,278,000 |
| - MAT | | 28,600,000 | - |
| - Deferred tax | | (15,350,654) | (15,607,444) |
| Loss for the year | | (97,316,723) | (131,787,753) |
| Basic and diluted earnings per share (Refer Note 34) (Nominal value of shares ₹ 10 [Previous Year : ₹ 10]) | | (14.03) | (19.26) |

Notes to accounts form an integral part of the financial statements.

As per our report of even date

For Haribhakti & Co.
Chartered Accountants
Firm registration No.103523W

Sumant Sakhardande
Partner
Membership No.034828

Place : Mumbai
Date: 3rd December, 2012

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

P. R. Kalyanaraman
Managing Director

Alpesh Shah
Company Secretary

Place : Mumbai
Date: 3rd December, 2012

K. V. Krishnamurthy
Director

Cash Flow Statement for the year ended June 30, 2012

(₹)

| Particulars | June 30, 2012 | | June 30, 2011 | |
|--------------------------------------------------------------------|---------------|---------------|---------------|---------------|
| Cash Flow from Operating Activities: | | | | |
| Net Profit before taxation | | (84,067,377) | | (142,117,197) |
| Adjustments for: | | | | |
| Depreciation and amortisation Expense | 36,691,014 | | 35,935,791 | |
| Loss on sale of fixed assets | - | | 638,811 | |
| Sundry balances written off | 4,522 | | 13,264,976 | |
| Gain on Sale of Non Current Investments | (14,550,816) | | (2,952,519) | |
| Loss on Sale of Non Current Investments | - | | 4,498,400 | |
| Excess of Carrying Cost over Fair Value of Non Current Investments | 5,067,371 | | 1,564,383 | |
| Interest Income | (32,939,372) | | (42,876,469) | |
| Dividend Income from Non Current Investments | (189,556) | | (326,668) | |
| Dividend Income from Current Investments | - | | (6,850) | |
| Bad Debts written off | 1,837,656 | | 11,542,163 | |
| Provision for doubtful debts | 20,728,015 | | 26,673,165 | |
| Provision for Wealth Tax | 160,000 | | 160,000 | |
| Finance Costs (Excl. Bank Charges) | 150,723,719 | 167,532,553 | 55,167,494 | 103,282,677 |
| Operating profit before working capital changes | | 83,465,176 | | (38,834,520) |
| Adjustments for : | | | | |
| Trade Receivables | (158,966,491) | | (15,002,756) | |
| Inventories | 26,615,949 | | (8,065,973) | |
| Loans and Advances | (279,233,411) | | 347,754,109 | |
| Other Liabilities and Provisions | 106,298,099 | (305,285,853) | 5,811,166 | 330,496,546 |
| Cash Generated from operations | | (221,820,677) | | 291,662,026 |
| Direct taxes paid (including tax deducted at source) | | (45,169,446) | | (51,715,773) |
| Net Cash from / (used) in Operating Activities | | (266,990,123) | | 239,946,253 |
| Cash Flow from Investing Activities: | | | | |
| Purchase of Fixed Assets | (6,480,861) | | (8,030,946) | |
| Sale of Fixed Assets | - | | 510,000 | |
| Investment in subsidiaries | (192,844,319) | | (930,500,000) | |
| Investment in Joint Ventures/Associates | - | | (14,892,170) | |
| Sale of Non Current Investments | 16,716,116 | | 16,779,576 | |
| Interest received | 19,742,190 | | 40,533,568 | |
| Dividend Income from Non Current Investments received | 189,556 | | 326,668 | |
| Dividend Income from Current Investments received | - | | 6,850 | |
| Net Cash from / (used) in Investing Activities | | (162,677,318) | | (895,266,454) |

(₹)

| Particulars | June 30, 2012 | | June 30, 2011 | |
|------------------------------------------------------------------------|-----------------|--------------------|-----------------|---------------------|
| Cash Flows from Financing Activities: | | | | |
| Proceeds from issuance of Share Capital (Including Securities Premium) | 303,188,124 | | - | |
| Proceeds from Long-Term Borrowings | 1,213,816,148 | | 1,312,191,206 | |
| Repayment of Long-Term Borrowings | (1,220,392,951) | | (836,836,839) | |
| Proceeds from Short-Term Borrowings | 1,732,148,071 | | 6,745,027,236 | |
| Repayments of Short-Term Borrowings | (1,495,599,348) | | (6,516,614,186) | |
| Interest paid | (101,965,855) | | (61,593,036) | |
| Dividend paid | - | | (3,414,048) | |
| Tax on dividend paid | - | | (567,031) | |
| Net cash from / (used) in financial activity | | 431,194,190 | | 638,193,302 |
| Net (Decrease) / Increase in cash and cash equivalents | | 1,526,749 | | (17,126,900) |

(₹)

| Particulars | June 30, 2012 | | June 30, 2011 | |
|----------------------------------|---------------|------------|---------------|--------------|
| CASH AND CASH EQUIVALENTS | | | | |
| AS AT THE BEGINNING OF THE YEAR | | 9,748,057 | | 26,874,957 |
| AS AT THE END OF THE YEAR | | 11,274,805 | | 9,748,057 |
| | | 1,526,749 | | (17,126,900) |

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 ₹ 96,218/- (P.Y. ₹ 99,996/-)

3) Direct Tax paid is treated as arising from operating activities and are not bifurcated between investment and financing activities

As per our report of even date

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

For Haribhakti & Co.
Chartered Accountants
Firm registration No.103523W

P. R. Kalyanaraman
Managing Director

K. V. Krishnamurthy
Director

Sumant Sakhardande
Partner
Membership No.034828

Alpesh Shah
Company Secretary

Place : Mumbai
Date: 3rd December, 2012

Place : Mumbai
Date: 3rd December, 2012

Notes forming part of the financial statements

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.

Notes forming part of the financial statements

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% |
| Computer Hardware | 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

- i. 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.
- ii. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

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 Statement of Profit and Loss 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.

Notes forming part of the financial statements

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.

(i) 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 measures have been completed.

(ii) 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.

(iii) Interest income

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

(iv) Dividends

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

(v) 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

Notes forming part of the financial statements

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 7 December, 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 Statement of Profit and Loss 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) Under Payment of Gratuity Act, 1972 '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 Statement of Profit and Loss 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,1961. 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

Notes forming part of the financial statements

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.

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

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.

Segment Policies:

The company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

Notes forming part of the financial statements

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 Bank Balances

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.

(₹)

| Particulars | As at June 30, 2012 | As at June 30, 2011 |
|-------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|
| NOTE 3 : SHARE CAPITAL | | |
| AUTHORISED: | | |
| 10,000,000 (Previous year 10,000,000) equity shares of ₹ 10/- each | 100,000,000 | 100,000,000 |
| TOTAL | 100,000,000 | 100,000,000 |
| ISSUED: | | |
| 6,933,879 Equity Shares (Previous year: 6,933,879) of ₹ 10/- each fully paid up | 69,338,790 | 69,338,790 |
| SUBSCRIBED & FULLY PAID UP: | | |
| 6,933,879 Equity Shares (Previous year: 6,933,879) of ₹ 10/- each fully paid-up | 69,338,790 | 69,338,790 |
| TOTAL | 69,338,790 | 69,338,790 |
| Equity Shares | | |
| The company has one class of equity shares having a par value of ₹ 10/- each. Each holder of an equity share is entitled to one vote per share. | | |

Notes forming part of the financial statements

Reconciliation of Number of Shares Outstanding:

(₹)

| | June 30, 2012 | | June 30, 2011 | |
|-------------------------------------------------------|---------------|------------|---------------|------------|
| | No of Shares | Amount | No of Shares | Amount |
| Number of shares Outstanding at beginning of the year | 6,933,879 | 69,338,790 | 6,828,096 | 68,280,960 |
| Add: Shares issued during the year | - | - | 105,783 | 1,057,830 |
| Number of shares Outstanding at the end of the year | 6,933,879 | 69,338,790 | 6,933,879 | 69,338,790 |

Shareholder having more than 5% equity share holding in the Company:

(₹)

| Share Holder | June 30, 2012 | | June 30, 2011 | |
|-------------------------------------------------|------------------|-----------------|------------------|-----------------|
| | No of Shares | (% of Holdings) | No of Shares | (% of Holdings) |
| Businessmatch Services (India) Private Limited | 2,303,150 | 33.22 | 2,303,150 | 33.22 |
| Indivision India Partners | 1,020,158 | 14.71 | 1,020,158 | 14.71 |
| Kaikobad Byramjee & Sons Agency Private Limited | 900,300 | 12.98 | 900,300 | 12.98 |
| M. Dinshaw & Company Private Limited | 900,000 | 12.98 | 900,000 | 12.98 |
| Rinita Impex Private Limited | 854,860 | 12.33 | 854,860 | 12.33 |
| Centrum ESPS Trust | 409,686 | 5.91 | 409,686 | 5.91 |
| TOTAL | 6,388,154 | 92.13 | 6,388,154 | 92.13 |

Share allotted as fully paid up pursuant to contract(s) without payment being received in cash (during 5 years immediately preceding 31st June, 2012).

During previous year, 105,783 equity shares were allotted to Future Capital Holdings Limited for consideration other than cash pursuant to Share Transfer agreement dated 29th March, 2011.

(₹)

| Particulars | As at June 30, 2012 | As at June 30, 2011 |
|-----------------------------------------------------------------------------|---------------------|---------------------|
| NOTE 4 : RESERVES & SURPLUS | | |
| Capital Reserve (Gift of 525,000 equity shares of Rap Media Limited) | | |
| Balances at the beginning and at the end of the year | 1 | 1 |
| Securities Premium Account | | |
| Opening balance | 1,542,470,744 | 1,393,528,280 |
| Add: Received during the year | 303,188,124 | 148,942,464 |
| Balance as at end of the year | 1,845,658,868 | 1,542,470,744 |
| General Reserve | | |
| Balances at the beginning and at the end of the year | 2,770,000 | 2,770,000 |

Notes forming part of the financial statements

(₹)

| Particulars | As at June 30, 2012 | As at June 30, 2011 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|
| Surplus in Statement of Profit & Loss | | |
| Balance as per last account | 466,933,160 | 598,720,913 |
| Add : (Loss) for the year | (97,316,723) | (131,787,753) |
| Balance as at end of the year | 369,616,437 | 466,933,160 |
| TOTAL | 2,218,045,306 | 2,012,173,905 |
| NOTE 5 : LONG TERM BORROWINGS | | |
| Secured Loans | | |
| Term Loans | | |
| From Bank | 2,171,891 | 2,732,548 |
| (Vehicle loans are secured against hypothecation of vehicles purchased there against. These are repayable in equated periodic installments upto a 3 years period from the date of respective loans. These are repayable by 2014-15 and carry an interest of 9.00% p.a. to 11.00% p.a.) | | |
| From Other Parties | - | 94,097 |
| (Secured by hypothecation of vehicles) | | |
| | 2,171,891 | 2,826,645 |
| Unsecured Loans | | |
| Intercompany Deposits | 2,500,000 | 2,500,000 |
| TOTAL | 4,671,891 | 5,326,645 |
| NOTE 6 : LONG TERM PROVISIONS | | |
| Provision for Compensated Absences | 3,012,742 | 3,459,453 |
| TOTAL | 3,012,742 | 3,459,453 |
| NOTE 7 : SHORT TERM BORROWINGS | | |
| Secured Loans | | |
| Loans From Banks | | |
| City Union Bank Limited | 150,000,000 | 150,000,000 |
| [Secured by corporate guarantee and hypothecation of assets (proportionate) of Businessmatch Services (India) Private Limited] | | |
| The Dhanalaxmi Bank Limited | - | 20,649,440 |
| (Secured by pledge of bonds) | | |
| Standard Chartered Bank | 8,210,411 | 12,242,391 |
| (Secured by hypothecation of sundry debtors) | | |

Notes forming part of the financial statements

(₹)

| Particulars | As at June 30, 2012 | As at June 30, 2011 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|
| Loans from Others | | |
| Future Capital Holdings Limited (Secured by pledge of 29,52,217 equity shares of CentrumDirect Limited) | 620,000,000 | 620,000,000 |
| | 778,210,411 | 802,891,831 |
| Unsecured Loans | | |
| Loans Repayable on Demand From Banks | | |
| The Federal Bank Limited | 20,219,692 | 20,437,849 |
| | 20,219,692 | 20,437,849 |
| Loans & Advances from Related parties | | |
| CentrumDirect Ltd (Formerly known as FCH CentrumDirect Ltd) [(Maximum amount outstanding during the year ₹243,235,440 (Previous year ₹377,958,367)] | 140,855,485 | 57,180,119 |
| Centrum Financial Services Ltd.(Formerly known as Shri Santram Finance Ltd) [(Maximum amount outstanding during the year ₹ 420,190,695 (Previous year ₹ 201,916,001)] | 70,522,797 | - |
| | 211,378,282 | 57,180,119 |
| Intercorporate Deposits | 153,000,000 | 50,000,000 |
| TOTAL | 1,162,808,385 | 930,509,799 |

Notes forming part of the financial statements

(₹)

| Particulars | As at June 30, 2012 | As at June 30, 2011 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|
| NOTE 8 : Other Current Liabilities | | |
| Current maturities of Long term Borrowings | 2,265,271 | 3,937,183 |
| Interest accrued but not due | 52,601,907 | 3,844,043 |
| Unpaid Dividend (Refer Note (a) below) | 96,372 | 99,996 |
| Other Payables | | |
| For Expenses | 121,940,660 | 23,301,315 |
| Service Tax Payable | 49,357,079 | 63,303,081 |
| Other Statutory Dues Payable | 4,130,568 | 7,273,727 |
| Book overdraft from Banks | 6,221,680 | - |
| Advance from customers | 2,572,959 | 728,606 |
| Others | 25,777,029 | 8,745,784 |
| TOTAL | 264,963,525 | 111,233,735 |
| <u>Included in Other Payables for Expenses are:</u> | | |
| Dues from Enterprise controlled by Key Management Personnel : | | |
| Businessmatch Services (India) Private Limited | 130,829 | - |
| [(Maximum amount outstanding during the year ₹ 130,829 (Previous year ₹ Nil)) | | |
| (a) There are no amounts due for payment to the Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 as at the year end. | | |
| NOTE 9 : Short Term Provisions | | |
| Provision for Gratuity | 109,677 | 1,058,220 |
| Provision for Compensated Absences | 1,049,515 | - |
| Provision for wealth tax | 820,340 | 660,340 |
| (Net of advance tax - ₹ 4,95,200 [Previous Year - ₹ 4,95,200]) | | |
| TOTAL | 1,979,532 | 1,718,560 |

Notes forming part of the financial statements

(₹)

| Description of Assets | GROSS BLOCK | | | DEPRECIATION | | | NET BLOCK | | | |
|---------------------------------|--------------------|------------------|------------------|--------------------|--------------------|-------------------|------------------|--------------------|--------------------|--------------------|
| | As at July 1, 2011 | Additions | Deductions | As at Jun 30, 2012 | Upto July 1, 2011 | For the year | Deductions | Upto Jun 30, 2012 | As at Jun 30, 2012 | As at Jun 30, 2011 |
| Tangible Assets | | | | | | | | | | |
| Leasehold Improvement | 179,143,701 | 1,468,456 | - | 180,612,157 | 64,882,430 | 21,231,739 | - | 86,114,169 | 94,497,988 | 114,261,271 |
| Building | 1,297,850 | - | - | 1,297,850 | 267,129 | 21,212 | - | 288,341 | 1,009,509 | 1,030,721 |
| Plant & Machinery | 23,601,042 | - | - | 23,601,042 | 23,601,042 | - | - | 23,601,042 | - | - |
| Furniture & Fixtures | 18,621,219 | 216,084 | - | 18,837,303 | 5,919,733 | 1,181,315 | - | 7,101,048 | 11,736,255 | 12,701,486 |
| Vehicles | 51,223,967 | 2,109,216 | - | 53,333,183 | 18,261,778 | 4,729,880 | - | 22,991,658 | 30,341,525 | 32,962,189 |
| Office Equipments | 14,457,900 | 240,173 | - | 14,698,073 | 2,511,817 | 695,235 | - | 3,207,052 | 11,491,021 | 11,946,083 |
| Computers - Hardware | 47,970,718 | 2,519,034 | - | 50,489,752 | 27,644,103 | 7,042,085 | - | 34,686,188 | 15,803,564 | 20,326,615 |
| Air Conditioners | 11,709,612 | 117,481 | - | 11,827,093 | 2,118,411 | 562,301 | - | 2,680,712 | 9,146,381 | 9,591,201 |
| Total (A) | 348,026,009 | 6,670,444 | - | 354,696,453 | 145,206,443 | 35,463,767 | - | 180,670,210 | 174,026,243 | 202,819,566 |
| Intangible Assets | | | | | | | | | | |
| Goodwill | 10,180,000 | - | - | 10,180,000 | 10,180,000 | - | - | 10,180,000 | - | - |
| Computer Software | 10,960,887 | 154,527 | - | 11,115,414 | 6,494,209 | 1,227,247 | - | 7,721,456 | 3,393,958 | 4,466,678 |
| Total (B) | 21,140,887 | 154,527 | - | 21,295,414 | 16,674,209 | 1,227,247 | - | 17,901,456 | 3,393,958 | 4,466,678 |
| Capital Work in Progress | - | - | - | - | - | - | - | - | - | 344,110 |
| Grand Total (A+B) | 369,166,896 | 6,824,971 | - | 375,991,867 | 161,880,652 | 36,691,014 | - | 198,571,666 | 177,420,201 | 207,630,354 |
| Previous Year | 365,024,927 | 6,415,346 | 2,273,377 | 369,166,896 | 127,069,426 | 35,935,792 | 1,124,566 | 161,880,652 | 207,630,354 | 207,630,354 |

Note 11 : Non-Current Investments - (At cost)

| Sr. No. | Name of the Body Corporate | Subsidiary / Associate / JV/ Controlled Entity / Others | No. of Shares / Units As At | | Quoted / Unquoted/ Trade /Non Trade | Partly Paid / Fully paid | Extent of Holding (%) As At | | In Rupees As At | |
|----------------------------------|-----------------------------------------------------------------------------------|---------------------------------------------------------|-----------------------------|----------------------|-------------------------------------|--------------------------|-----------------------------|----------------------|----------------------|----------------------------------------------------------------|
| | | | 30-Jun-12 | 30-Jun-11 | | | 30-Jun-12 | 30-Jun-11 | 30-Jun-12 | 30-Jun-11 |
| (a) | Investment in Equity Instruments | | | | | | | | | |
| | Centrum Infrastructure & Realty Limited | Subsidiary | 50,000 | 50,000 | Unquoted - Non-Trade | Fully paid | 100.00% | 100.00% | 500,000 | 500,000 |
| | Centrum Wealth Management Limited (Formerly known as Centrum Investments Limited) | Subsidiary | 50,000 | 50,000 | Unquoted - Non-Trade | Fully paid | 100.00% | 100.00% | 500,000 | 500,000 |
| | Centrum Financial Services Limited | Subsidiary | 4,750,000 | 4,750,000 | Unquoted - Non-Trade | Fully paid | 100.00% | 100.00% | 90,500,000 | 90,500,000 |
| | Accounts Receivables Management Services (I) Limited | Subsidiary | 40,000 | 40,000 | Unquoted - Non-Trade | Fully paid | 80% | 80% | 400,000 | 400,000 |
| | CentrumDirect Limited (Formerly known as FCH CentrumDirect Limited) | Subsidiary | 5,904,434 | 5,904,434 | Unquoted - Non-Trade | Fully paid | 100% | 100% | 1,133,471,490 | 1,133,471,490 |
| | Centrum Broking Limited (Formerly known as Centrum Broking Private Limited) | Subsidiary | 19,290,669 | 699,000 | Unquoted - Non-Trade | Fully paid | 99.26% | 48.74% | 815,523,945 | 71,997,000 |
| | Commonwealth Centrum Advisors Limited | Joint Venture | 3,305,282 | 2,529,670 | Non-Trade | Fully paid | 50.00% | 50.00% | 19,809,794 | 14,892,170 |
| | Centrum Securities Private Limited | Associate | 100,000 | 100,000 | Unquoted - Non-Trade | Fully paid | 47.62% | 47.62% | 1,000,000 | 1,000,000 |
| | Essel Centrum Holdings Limited | Associate | 500,000 | 500,000 | Unquoted - Non-Trade | (Partly Paid up) | - | - | 1,000,000 | 1,000,000 |
| | Centrum Capital Holdings LLC | 100% Interest in LLC | - | - | Non-Trade | - | - | - | 30,686,675 | 30,686,675 |
| | Centrum Securities (Europe) Limited | 100% Interest in LLC | - | - | Non-Trade | - | - | - | 532,879 | 11,200,500 |
| | Nikumbh Dairy Products Limited | Others | 4,000 | 4,000 | Quoted - Non-Trade | Fully paid | - | - | 109,500 | 109,500 |
| | Birla Transasia Carpets Limited | Others | 9,100 | 9,100 | Quoted - Non-Trade | Fully paid | - | - | 153,159 | 153,159 |
| | Kaiser Press Limited | Others | 500 | 500 | Quoted - Non-Trade | Fully paid | - | - | 5,000 | 5,000 |
| | Dynamic Products Limited | Others | 10,000 | 10,000 | Quoted - Non-Trade | Fully paid | - | - | 350,000 | 350,000 |
| | Lumax Auto Technologies Limited | Others | 5,000 | 5,000 | Quoted - Non-Trade | Fully paid | - | - | 225,000 | 225,000 |
| | Jagjanani Textiles | Others | 10,000 | 10,000 | Quoted - Non-Trade | Fully paid | - | - | 250,000 | 250,000 |
| | Hilton Metal Forging Limited | Others | 5,000 | 5,000 | Quoted - Non-Trade | Fully paid | - | - | 350,000 | 350,000 |
| | Rap Media Limited | Others | 608,550 | 608,550 | Quoted - Non-Trade | Fully paid | - | - | 12,104,675 | 12,104,675 |
| The Ratnakar Bank Limited | Others | - | 216,530 | Unquoted - Non-Trade | Fully paid | - | - | - | 2,165,300 | |
| Softchip Technologies Limited | Others | 907,200 | 907,200 | Unquoted - Non-Trade | Fully paid | - | - | 9,072,000 | 9,072,000 | |
| Pan India Motors Private Limited | Others | 11,800,000 | 11,800,000 | Unquoted - Non-Trade | Fully paid | - | - | 43,000,000 | 43,000,000 | |
| | | | | | | Total | | 2,159,544,117 | 1,423,932,469 | |
| (b) | Investment in Preference shares | | | | | | | | | |
| | Centrum Broking Limited (Formerly known as Centrum Broking Private Limited) | | - | 55,000,000 | Unquoted - Non-Trade | Fully paid | - | - | - | 550,000,000 |
| | Indra Investments Advisory Private Limited | | 1,000,000 | 1,000,000 | Unquoted - Non-Trade | Fully paid | - | - | 10,000,000 | 10,000,000 |
| | SRR Consultants Private Limited | | 10,000 | 10,000 | Unquoted - Non-Trade | Fully paid | - | - | 10,000,000 | 10,000,000 |
| | Ray Realtors Private Limited | | 20,000 | 20,000 | Unquoted - Non-Trade | Fully paid | - | - | 5,000,000 | 5,000,000 |
| | | | | | | Total | | 25,000,000 | 575,000,000 | |
| | | | | | | Grand Total | | 2,184,544,117 | 1,998,932,469 | |
| | | | | | | | | | | Less : Provision for diminution in value of investments |
| | | | | | | | | | | 2,202,278 |
| | | | | | | | | | | Net Total |
| | | | | | | | | | | 1,996,730,191 |

| | |
|------------------------------------------------------------|---------------|
| Aggregate Value of Quoted Investments and market value | 13,547,334 |
| Aggregate Value of Unquoted Investments | 2,170,996,783 |
| Aggregate Provision for diminution in value of investments | 2,202,278 |

Notes forming part of the financial statements

(₹)

| Particulars | As at June 30, 2012 | As at June 30, 2011 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|
| Note 12 : LONG TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD, UNLESS OTHERWISE SPECIFIED) | | |
| Deposits | 70,611,029 | 70,976,502 |
| | 70,611,029 | 70,976,502 |
| <u>Included in Deposits are:</u> | | |
| Dues from Enterprise controlled by Key Management Personnel -Businessmatch Services Private Limited [Maximum amount outstanding during the year ₹ 3,000,000/- (Previous Year ₹ 3,000,000/-)] | 3,000,000 | 3,000,000 |
| Dues from Key Management Personnel -Chandir Gidwani [Maximum amount outstanding during the year ₹ 3,000,000/- (Previous Year ₹ 3,000,000/-)] | 3,000,000 | 3,000,000 |
| Loan & advances to related parties | | |
| Centrum Securities (Europe) Limited | - | 3,866,453 |
| Centrum Capital Holding LLC | 5,535,351 | 4,476,811 |
| | 5,535,351 | 8,343,264 |
| Advance for purchase of shares | | |
| Advance for purchase of shares pending transfer | 10,000,000 | 10,000,000 |
| | 10,000,000 | 10,000,000 |
| Other Loans and Advances | | |
| Advance Tax & Tax Deducted at Source (Net of provision for tax ₹ 292,936,511/- (Previous Year ₹ 264,336,511/-)] | 98,833,364 | 82,263,919 |
| | 98,833,364 | 82,263,919 |
| TOTAL | 184,979,744 | 171,583,685 |

| | As at June 30, 2012 | | As at June 30, 2011 | |
|-------------------------------------------------------------------------------------------------------|---------------------|----------------|---------------------|-------------------|
| | Quantity (Units) | Amount (₹) | Quantity (Units) | Amount (₹) |
| Note 13 : INVENTORIES <u>Inventories (at lower of cost and net realisable value)</u> | | | | |
| Unquoted bonds | | | | |
| 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 |
| NABARD 0% 2019 | 12 | 133,200 | - | - |
| TOTAL | 12 | 133,200 | 104 | 26,749,151 |

Notes forming part of the financial statements

(₹)

| Particulars | As at June 30, 2012 | As at June 30, 2011 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|
| Note 14- TRADE RECEIVABLES (UNSECURED, CONSIDERED GOOD, UNLESS OTHERWISE SPECIFIED) | | |
| Debtors outstanding for a period exceeding six months | | |
| Considered good | 167,058,093 | 256,288,820 |
| Considered doubtful | 53,454,100 | 30,436,600 |
| | 220,512,193 | 286,725,420 |
| Other Debts | | |
| Considered good | 329,852,763 | 104,221,216 |
| Less : Provision for doubtful debts | 53,454,100 | 30,436,600 |
| TOTAL | 496,910,856 | 360,510,036 |
| Included in Trade Receivables are: | | |
| Dues from companies under the same management Centrum Wealth Management Ltd (Formerly known as Centrum Investments Ltd) [Maximum amount outstanding during the year ₹ 2,475,000/- (Previous Year ₹ 2,475,000/-)] | 2,227,500 | 2,475,000 |
| Centrum Broking Limited (Formerly Known as Centrum Broking Pvt Ltd) [Maximum amount outstanding during the year ₹ 7,724,983/- (Previous Year ₹ 5,045,993/-)] | 7,724,983 | 5,045,993 |
| Note 15- CASH AND BANK BALANCES | | |
| Cash and Cash equivalents | | |
| Balances with Banks | 10,471,350 | 8,635,760 |
| Cash on Hand including foreign currencies | 707,237 | 1,012,301 |
| Other Bank Balances | | |
| Earmarked Balances With Banks | | |
| Unpaid dividend accounts | 96,218 | 99,996 |
| TOTAL | 11,274,805 | 9,748,057 |

Notes forming part of the financial statements

(₹)

| Particulars | June 30, 2012 | June 30, 2011 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|
| Note 16- SHORT TERM LOANS AND ADVANCES | | |
| (UNSECURED, CONSIDERED GOOD, UNLESS OTHERWISE SPECIFIED) | | |
| Loans and Advances to related parties | | |
| Centrum Infrastructure & Realty Ltd [(Maximum amount outstanding during the year ₹ 2,798,799 (Previous year ₹ 13,052,737))] | - | 1,698,799 |
| Centrum Wealth Management Ltd(Formerly known as Centrum Investments Ltd) [(Maximum amount outstanding during the year ₹ 178,435,585 (Previous year ₹ 34,625,000))] | 178,001,529 | 34,625,000 |
| Centrum Broking Limited(Formerly known as Centrum Broking Pvt Ltd) [(Maximum amount outstanding during the year ₹ 10,06,398 (Previous year NIL))] | 84,390 | - |
| Centrum Financial Services Ltd.(Formerly known as Shri Santram Finance Ltd) [(Maximum amount outstanding during the year ₹ 31,5000,000 (Previous year ₹ 559,462,799))] | - | 31,500,000 |
| Centrum Infrastructure & Realty Ltd-Working Capital [(Maximum amount outstanding during the year ₹ 124,591,889 (Previous year ₹ 122,896,889))] | 93,001,114 | 122,896,889 |
| Centrum Fiscal Pvt. Ltd. [(Maximum amount outstanding during the year ₹ 100,000 (Previous year ₹ 100,000))] | 100,000 | 100,000 |
| Centrum Securities Private Limited [(Maximum amount outstanding during the year ₹ 1,153,696 (Previous year ₹ 10,426,688))] | 625,000 | 1,153,696 |
| Centrum ESPS Trust [(Maximum amount outstanding during the year ₹ 306,225,000 (Previous year ₹ 4,096,860))] | 306,225,000 | 4,096,860 |
| Centrum Broking Limited(Formerly Known as Centrum Broking Pvt Ltd) [(Maximum amount outstanding during the year ₹ 169,951,000 (Previous year ₹ 112,850,000))] | 11,603,092 | 112,850,000 |
| | 589,640,125 | 308,921,244 |
| Loans to employees | 5,175,216 | 34,275,692 |
| | 5,175,216 | 34,275,692 |
| Other Loans and Advances | | |
| Pre-Paid Expenses | 2,383,820 | 3,414,080 |
| Other Loans and advances | | |
| Considered good | 44,144,076 | 1,950,866 |
| Considered doubtful | 453,488 | 453,488 |
| | 44,597,564 | 2,404,354 |
| Less: Provision for doubtful advances | 453,488 | 453,488 |
| | 46,527,896 | 5,364,946 |
| | | |
| TOTAL | 641,343,237 | 348,561,882 |

Notes forming part of the financial statements

(₹)

| Particulars | As at June 30, 2012 | As at June 30, 2011 |
|--------------------------------------|------------------------|------------------------|
| Note 17- OTHER CURRENT ASSETS | | |
| Service tax (Input / Credit Account) | 2,567,341 | 19,339,434 |
| Rent Receivable | 6,411,913 | 18,900 |
| Interest Receivable | 18,869,154 | 5,671,972 |
| TOTAL | 27,848,408 | 25,030,306 |

| Particulars | For the years ended June 30, 2012 | For the years ended June 30, 2011 |
|-------------------------------------------|-----------------------------------------|-----------------------------------------|
| NOTE 18 - REVENUE FROM OPERATIONS: | | |
| Syndication, Commisison & Brokerage | 527,324,901 | 450,895,016 |
| Trading in Bonds (net) | 24,864,865 | 61,397,484 |
| TOTAL | 552,189,766 | 512,292,500 |

| | | |
|-------------------------------------------------------------|-------------------|-------------------|
| NOTE 19 - OTHER INCOME | | |
| Interest | | |
| Others | 32,939,372 | 42,876,469 |
| Dividend income | | |
| Dividend on Equity Shares - Non-trade | 89,556 | 226,668 |
| Dividend on Units of Mutual Fund - Non-trade | - | 6,850 |
| Dividend on Preference Shares - Non-trade | 100,000 | 100,000 |
| Profit on Sale of Investments - Long Term - Non-trade (net) | - | 2,952,519 |
| Long Term Capital Gain - Equity Shares | 14,550,816 | |
| Foriegn exchange gain (net) | 2,670,062 | - |
| Other Income | 30,349 | 128,342 |
| TOTAL | 50,380,155 | 46,290,848 |

| | | |
|--------------------------------------------|--------------------|--------------------|
| NOTE 20 - EMPLOYEE BENEFITS EXPENSE | | |
| Salaries, wages and bonus | 232,450,806 | 225,415,990 |
| Contribution to provident & other funds | | |
| E.S.I.C. | 15,005 | 27,694 |
| Provident Fund | 7,381,275 | 7,077,694 |
| Gratuity Expenses | 1,251,348 | 2,742,666 |
| Compensated Absences | 1,501,564 | 1,950,957 |
| Staff welfare expenses | 1,394,770 | 1,653,971 |
| TOTAL | 243,994,768 | 238,868,972 |

Notes forming part of the financial statements

| Particulars | For the years ended June 30, 2012 | For the years ended June 30, 2011 |
|-----------------------------------------------------------------|-----------------------------------------|-----------------------------------------|
| NOTE 21 - FINANCE COSTS | | |
| Interest | | |
| - on banks | 29,989,765 | 21,146,735 |
| - others | 120,733,954 | 34,020,759 |
| Bank charges | 2,610,490 | 4,709,875 |
| TOTAL | 153,334,209 | 59,877,369 |
| NOTE 22 - OTHER EXPENSE | | |
| Rent | 103,088,365 | 104,944,005 |
| Rates & Taxes | 15,792,847 | 17,964,020 |
| [including wealth tax ₹ 160,000/- ,(Previous year ₹ 200,000/-)] | | |
| Electricity | 4,393,881 | 3,659,204 |
| Foreign exchange loss (net) | - | 210,708 |
| Repair and maintenance - others | 1,172,861 | 1,250,338 |
| Insurance | 631,518 | 1,183,021 |
| Advertising | 124,987 | 277,421 |
| Business promotion | 4,759,100 | 8,178,449 |
| Meeting and seminars | 188,281 | 1,663,055 |
| Subscription and membership fees | 1,588,782 | 1,521,970 |
| Commission and brokerage | 6,163,082 | 12,037,354 |
| Travelling and conveyance | 10,736,148 | 18,227,411 |
| Vehicle Expenses | 10,754,094 | 9,932,237 |
| Communication costs | 4,466,243 | 5,510,745 |
| Printing and stationery | 1,593,795 | 2,530,430 |
| Legal & professional fees | 50,604,502 | 109,881,061 |
| Office Expenses | 6,431,110 | 5,507,161 |
| Impairment of Investments | 5,067,371 | 1,564,383 |
| Bad Debts Written Off | 1,837,656 | 11,542,163 |
| Provision for Doubtful Debts | 20,728,015 | 26,673,165 |
| Director's sitting fees | 520,000 | 940,000 |
| Audit Fees | 1,300,000 | 800,000 |
| Sundry Balance Written Off | 4,522 | 13,264,976 |
| Loss on sale of investments | - | 4,498,400 |
| Donation and contributions to charitable institutions | 100,000 | 233,310 |
| Loss on sale of fixed assets (net) | - | 638,811 |
| Miscellaneous expenses | 570,147 | 1,384,615 |
| TOTAL | 252,617,307 | 366,018,413 |

Notes forming part of the financial statements

23. Segment Information

Business Segment

As of June 30, 2012, 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 information for the year ended 30 June, 2012

(i) Information about Primary business Segments.

| Particulars | Investment Banking | | Trading in Bonds | | Unallocated | | Total | |
|---------------------------------------------------------------|--------------------|---------------|------------------|--------------|---------------|---------------|---------------|---------------|
| | June 2012 | June 2011 | June 2012 | June 2011 | June 2012 | June 2011 | June 2012 | June 2011 |
| Revenue | | | | | | | | |
| Income from operations | 527,324,901 | 450,895,016 | 24,864,865 | 61,397,484 | 50,380,155 | 46,290,848 | 602,569,921 | 558,583,348 |
| Total revenue | 527,324,901 | 450,895,016 | 24,864,865 | 61,397,484 | 50,380,155 | 46,290,848 | 602,569,921 | 558,583,348 |
| Result | | | | | | | | |
| Segment result | 98,594,038 | (102,206,860) | (82,317,851) | (31,033,692) | 50,380,155 | 46,290,848 | 66,656,342 | (86,949,704) |
| Interest expense | 22,655,970 | 8,377,808 | 8,233,795 | 12,768,927 | 119,833,954 | 34,020,759 | 150,723,719 | 55,167,494 |
| Profit/(Loss) before taxation and prior period items | 75,938,067 | (110,584,667) | (90,551,645) | (43,802,619) | (69,453,799) | 12,270,089 | (84,067,377) | (142,117,197) |
| Tax expenses | - | - | - | - | 13,249,346 | 10,329,444 | 13,249,346 | 10,329,444 |
| Net Profit/(Loss) | | | | | | | (97,316,723) | (131,787,753) |
| Other Information | | | | | | | | |
| Segment assets | 707,325,334 | 580,608,836 | 38,026,398 | 59,343,582 | 2,979,468,440 | 2,506,591,242 | 3,724,820,171 | 3,146,543,661 |
| Total Assets | 707,325,334 | 580,608,836 | 38,026,398 | 59,343,582 | 2,979,468,440 | 2,506,591,242 | 3,724,820,171 | 3,146,543,661 |
| Segment liabilities | 133,440,380 | 38,852,063 | 21,710,435 | 26,553,993 | 1,282,285,260 | 986,842,138 | 1,437,436,076 | 1,052,248,193 |
| Total liabilities | 133,440,380 | 38,852,063 | 21,710,435 | 26,553,993 | 1,282,285,260 | 986,842,138 | 1,437,436,076 | 1,052,248,193 |
| Capital expenditure | 5,937,725 | 5,566,256 | 887,246 | 849,090 | - | - | 6,824,971 | 6,415,346 |
| Depreciation | 30,144,202 | 30,234,166 | 5,319,565 | 4,611,991 | - | - | 35,463,767 | 34,846,157 |
| Amortisation | 1,043,160 | 945,418 | 184,087 | 144,216 | - | - | 1,227,247 | 1,089,634 |
| Provision for bad and doubtful debt and bad debts written off | 22,565,671 | 38,215,328 | - | - | - | - | 22,565,671 | 38,215,328 |

- (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.

Notes forming part of the financial statements

24. Related Party Disclosures

(i) Names of Related Parties

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"> - Centrum Infrastructure & Realty Limited - Centrum Financial Services Limited - Centrum Wealth Management Limited (Formerly known as Centrum Investments Limited) - CentrumDirect Limited (Formerly known as FCH CentrumDirect Limited) - Accounts Receivables Management Services (I) Limited - Centrum Capital Holdings LLC - Centrum Securities (Europe) Limited - Centrum Broking Limited (Formerly known as Centrum Broking Private Limited) (w.e.f December 08, 2011) |
| Stepdown Subsidiaries | <ul style="list-style-type: none"> - Club 7 Holidays Limited (Subsidiary of CentrumDirect Limited) - Centrum Securities LLC (Subsidiary of Centrum Capital Holdings LLC) |
| Joint Ventures | <ul style="list-style-type: none"> - Commonwealth Centrum Advisors Limited |
| 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"> - Businessmatch Services (India) Private Limited - Sonchajyo Investments & Finance Private Limited |
| Associates / entities where company has significant influence | <ul style="list-style-type: none"> - Centrum Securities Private Limited |
| Key Management Personnel | <ul style="list-style-type: none"> - Mr. T. R. Madhavan, Executive Chairman - Mr. Chandir Gidwani, Non Executive Director |

| Nature of transaction | Joint Ventures | | Subsidiary Companies | | Fellow Subsidiaries | | Enterprise controlled by Key Management Personnel | | Key Management Personnel | | Associates / Entities where company has significant influence | | Total | |
|-------------------------------------------|----------------|------------|----------------------|------------|---------------------|-----------|---------------------------------------------------|-----------|--------------------------|-----------|---------------------------------------------------------------|-----------|------------|------------|
| | 2011-2012 | 2010-2011 | 2011-2012 | 2010-2011 | 2011-2012 | 2010-2011 | 2011-2012 | 2010-2011 | 2011-2012 | 2010-2011 | 2011-2012 | 2010-2011 | 2011-2012 | 2010-2011 |
| Rent received | | | | | | | | | | | | | | |
| CentrumDirect Limited | - | 126,000 | 4,141,123 | - | - | - | - | - | - | - | - | - | 4,141,123 | 126,000 |
| Centrum Wealth Management Limited | - | - | 19,379,051 | 2,475,000 | - | - | - | - | - | - | - | - | 19,379,051 | 2,475,000 |
| Centrum Infrastructure Realty Limited | - | - | 680,298 | - | - | - | - | - | - | - | - | - | 680,298 | - |
| Centrum Financial Services Limited | - | - | 680,298 | - | - | - | - | - | - | - | - | - | 680,298 | - |
| Centrum Broking Limited | - | - | 8,583,315 | - | - | - | - | - | - | - | - | 7,356,624 | 8,583,315 | 7,356,624 |
| Interest income | | | | | | | | | | | | | | |
| Centrum Financial Services Limited | - | - | 1,027,880 | 13,548,894 | - | - | - | - | - | - | - | - | 1,027,880 | 13,548,894 |
| CentrumDirect Limited | - | 11,501,587 | - | - | - | - | - | - | - | - | - | - | - | 11,501,587 |
| Centrum Wealth Management Limited | - | - | 15,398,240 | 191,392 | - | - | - | - | - | - | - | - | 15,398,240 | 191,392 |
| Centrum Infrastructure and Realty Limited | - | - | 187,774 | 843,883 | - | - | - | - | - | - | - | - | 187,774 | 843,883 |
| Centrum Broking Limited | - | - | 16,217,791 | - | - | - | - | - | - | - | - | 8,562,295 | 16,217,791 | 8,562,295 |
| Centrum Securities Private Limited | - | - | - | - | - | - | - | - | - | - | - | 260,387 | 106,693 | 260,387 |
| Purchase of Air tickets | | | | | | | | | | | | | | |
| Club 7 Holidays Limited | - | - | - | - | 7,804,195 | 5,199,676 | - | - | - | - | - | - | 7,804,195 | 16,640,687 |
| Purchase of Foreign currency | | | | | | | | | | | | | | |
| CentrumDirect Limited | - | - | 1,628,497 | 1,107,743 | - | - | - | - | - | - | - | - | 1,628,497 | 1,107,743 |
| Sale / Impairment of Investment | | | | | | | | | | | | | | |
| Centrum Securities (Europe) Limited | - | - | 10,667,621 | - | - | - | - | - | - | - | - | - | 10,667,621 | - |
| Demat Charges | | | | | | | | | | | | | | |
| Centrum Broking Limited | - | - | 1,679 | - | - | - | - | - | - | - | - | - | 1,679 | - |
| Legal & Professional Fees Paid | | | | | | | | | | | | | | |
| Centrumdirect Limited | - | - | 1,272,450 | - | - | - | - | - | - | - | - | - | 1,272,450 | - |

| Nature of transaction | Joint Ventures | | Subsidiary Companies | | Fellow Subsidiaries | | Enterprise controlled by Key Management Personnel | | Key Management Personnel | | Associates / Entities where company has significant influence | | Total | |
|--------------------------------------------------|----------------|-----------|----------------------|-----------|---------------------|-----------|---------------------------------------------------|-----------|--------------------------|-----------|---------------------------------------------------------------|-----------|------------|-----------|
| | 2011-2012 | 2010-2011 | 2011-2012 | 2010-2011 | 2011-2012 | 2010-2011 | 2011-2012 | 2010-2011 | 2011-2012 | 2010-2011 | 2011-2012 | 2010-2011 | 2011-2012 | 2010-2011 |
| Commission and Brokerage paid | | | | | | | | | | | | | | |
| Centrum Wealth Management Limited | - | - | 2,988,772 | - | - | - | - | - | - | - | - | - | 2,988,772 | - |
| Centrum Broking Limited | - | - | 237,843 | - | - | - | - | - | - | - | - | 2,578,692 | 237,843 | 2,578,692 |
| Rent expenses | | | | | | | | | | | | | | |
| CentrumDirect Limited - Rent | - | 4,442,346 | 8,780,418 | 2,573,425 | - | - | - | - | - | - | - | - | 8,780,418 | 7,015,771 |
| Businessmatch Services (India) Private Limited | - | - | - | - | - | - | 1,665,446 | 976,935 | - | - | - | - | 1,665,446 | 976,935 |
| Interest expense | | | | | | | | | | | | | | |
| Centrum Financial Services Limited | - | - | 17,812,247 | 4,632,267 | - | - | - | - | - | - | - | - | 17,812,247 | 4,632,267 |
| CentrumDirect Limited | - | 6,862,327 | 15,746,973 | 525,215 | - | - | - | - | - | - | - | - | 15,746,973 | 7,387,542 |
| Directors sitting fees | | | | | | | | | | | | | | |
| Mr. Chandir Gidwani | - | - | - | - | - | - | - | - | 80,000 | 160,000 | - | - | 80,000 | 160,000 |
| Professional fees expense | | | | | | | | | | | | | | |
| Centrum Broking Limited | - | - | - | - | - | - | - | - | - | - | - | 1,000,000 | - | 1,000,000 |
| Sonchajyo Investment and Finance Private Limited | - | - | - | - | - | - | 367,785 | 361,854 | - | - | - | - | 367,785 | 361,854 |
| Managerial remuneration | | | | | | | | | | | | | | |
| Mr. T. R. Madhavan | - | - | - | - | - | - | - | - | 5,880,000 | 1,185,900 | - | - | 5,880,000 | 1,185,900 |
| Ms. Sonia Gidwani | - | - | - | - | - | - | - | - | - | 3,507,722 | - | - | - | 3,507,722 |
| Mr. GNarayanan | - | - | - | - | - | - | - | - | - | 3,024,179 | - | - | - | 3,024,179 |
| Rent Receivable | | | | | | | | | | | | | | |
| Centrum Broking Limited | - | - | 7,724,983 | - | - | - | - | - | - | - | - | 5,045,993 | 7,724,983 | 5,045,993 |
| Centrum Financial Services Limited | - | - | 680,298 | - | - | - | - | - | - | - | - | - | 680,298 | - |
| Centrum Infrastructure and Realty Limited | - | - | 680,298 | - | - | - | - | - | - | - | - | - | 680,298 | - |
| Centrum Wealth Management Limited | - | - | 20,309,837 | 2,457,500 | - | - | - | - | - | - | - | - | 20,309,837 | 2,457,500 |

| Nature of transaction | Joint Ventures | | Subsidiary Companies | | Fellow Subsidiaries | | Enterprise controlled by Key Management Personnel | | Key Management Personnel | | Associates / Entities where company has significant influence | | Total | |
|------------------------------------------------------------|----------------|-----------|----------------------|-------------|---------------------|-----------|---------------------------------------------------|-----------|--------------------------|-----------|---------------------------------------------------------------|-------------|-------------|-------------|
| | 2011-2012 | 2010-2011 | 2011-2012 | 2010-2011 | 2011-2012 | 2010-2011 | 2011-2012 | 2010-2011 | 2011-2012 | 2010-2011 | 2011-2012 | 2010-2011 | 2011-2012 | 2010-2011 |
| Interest receivable | | | | | | | | | | | | | | |
| Centrum Financial Services Limited | - | - | 2,170,484 | 1,585,908 | - | - | - | - | - | - | - | - | 2,170,484 | 1,585,908 |
| Centrum Wealth Management Limited | - | - | 14,627,810 | 191,392 | - | - | - | - | - | - | - | - | 14,627,810 | 191,392 |
| Centrum Infrastructure and Realty Limited | - | - | 282,430 | 126,036 | - | - | - | - | - | - | - | - | 282,430 | 126,036 |
| Centrum Broking Limited | - | - | 602,833 | - | - | - | - | - | - | - | - | 2,560,422 | 602,833 | 2,560,422 |
| Centrum Securities Private Limited | - | - | - | - | - | - | - | - | - | - | 131,691 | 37,207 | 131,691 | 37,207 |
| Security Deposits | | | | | | | | | | | | | | |
| Businessmatch Services (India) Private Limited | - | - | - | - | - | - | 3,000,000 | 3,000,000 | - | - | - | - | 3,000,000 | 3,000,000 |
| Mr. Chandir Gidwani | - | - | - | - | - | - | - | - | 3,000,000 | 3,000,000 | - | - | 3,000,000 | 3,000,000 |
| Shares Trading a/c | | | | | | | | | | | | | | |
| Centrum Broking Limited | - | - | 84,390 | - | - | - | - | - | - | - | - | - | 84,390 | - |
| Loan/Advances receivable | | | | | | | | | | | | | | |
| Centrum Financial Services Limited | - | - | - | 31,500,000 | - | - | - | - | - | - | - | - | - | 31,500,000 |
| Centrum Securities Private Limited | - | - | - | - | - | - | - | - | - | - | 625,000 | 1,153,696 | 625,000 | 1,153,696 |
| Centrum Wealth Management Limited | - | - | 169,021,000 | 34,625,000 | - | - | - | - | - | - | - | - | 169,021,000 | 34,625,000 |
| Centrum Broking Limited | - | - | 11,603,092 | - | - | - | - | - | - | - | - | 112,850,000 | 11,603,092 | 112,850,000 |
| Centrum ESPS Trust | - | - | - | - | - | - | - | - | - | - | 306,225,000 | 4,096,860 | 306,225,000 | 4,096,860 |
| Centrum Capital Holdings - LLC | - | - | 5,535,351 | 4,476,811 | - | - | - | - | - | - | - | - | 5,535,351 | 4,476,811 |
| Centrum Infrastructure and Realty Limited | - | - | - | 1,698,799 | - | - | - | - | - | - | - | - | - | 1,698,799 |
| Centrum Infrastructure and Realty Limited- Working Capital | - | - | 92,320,816 | 122,896,889 | - | - | - | - | - | - | - | - | 92,320,816 | 122,896,889 |
| Centrum Securities (Europe) Limited | - | - | - | 4,388,409 | - | - | - | - | - | - | - | - | - | 4,388,409 |

| Nature of transaction | Joint Ventures | | Subsidiary Companies | | Fellow Subsidiaries | | Enterprise controlled by Key Management Personnel | | Key Management Personnel | | Associates / Entities where company has significant influence | | Total | |
|-----------------------------------------------------------|----------------|-----------|----------------------|-------------|---------------------|-----------|---------------------------------------------------|-----------|--------------------------|-----------|---------------------------------------------------------------|-----------|-------------|-------------|
| | 2011-2012 | 2010-2011 | 2011-2012 | 2010-2011 | 2011-2012 | 2010-2011 | 2011-2012 | 2010-2011 | 2011-2012 | 2010-2011 | 2011-2012 | 2010-2011 | 2011-2012 | 2010-2011 |
| Guarantees outstanding at the year end | | | | | | | | | | | | | | |
| Corporate guarantees given | | | | | | | | | | | | | | |
| CentrumDirect Limited | - | - | 264,658,599 | 660,000,000 | - | - | - | - | - | - | - | - | 264,658,599 | 660,000,000 |
| Centrum Broking Limited | - | - | 175,000,000 | - | - | - | - | - | - | - | - | - | 175,000,000 | 410,100,000 |
| Rent payable | | | | | | | | | | | | | | |
| CentrumDirect Limited | - | - | 4,175,366 | - | - | - | - | - | - | - | - | - | 4,175,366 | - |
| Interest payable | | | | | | | | | | | | | | |
| Centrum Financial Services Limited | - | - | 16,310,625 | - | - | - | - | - | - | - | - | - | 16,310,625 | - |
| CentrumDirect Limited | - | - | 15,437,713 | 525,215 | - | - | - | - | - | - | - | - | 15,437,713 | 525,215 |
| Loans / advances payable | | | | | | | | | | | | | | |
| CentrumDirect Limited | - | - | 136,680,119 | 57,180,119 | - | - | - | - | - | - | - | - | 136,680,119 | 57,180,119 |
| Centrum Financial Services Limited | - | - | 71,203,095 | - | - | - | - | - | - | - | - | - | 71,203,095 | - |
| Outstanding Payable on Purchase of Forex | | | | | | | | | | | | | | |
| CentrumDirect Limited | - | - | 762,791 | 439,619 | - | - | - | - | - | - | - | - | 762,791 | 439,619 |
| Outstanding Payable on Purchase of Air tickets | | | | | | | | | | | | | | |
| Club 7 Holidays Limited | - | - | - | - | - | 2,116,850 | - | - | - | - | - | - | - | 2,116,850 |
| Reimbursement of Expenses | | | | | | | | | | | | | | |
| Commonwealth Centrum Advisors Ltd-Other Expenses | 53,800 | - | - | - | - | - | - | - | - | - | - | - | 53,800 | - |
| Conversion of Short Term Loan into Equity shares | | | | | | | | | | | | | | |
| Centrum Broking Limited | - | - | 170,000,000 | - | - | - | - | - | - | - | - | - | 170,000,000 | - |
| Conversion of Preference shares into Equity shares | | | | | | | | | | | | | | |
| Centrum Broking Limited | - | - | 550,000,000 | - | - | - | - | - | - | - | - | - | 550,000,000 | - |

| Nature of transaction | Joint Ventures | | Subsidiary Companies | | Fellow Subsidiaries | | Enterprise controlled by Key Management Personnel | | Key Management Personnel | | Associates / Entities where company has significant influence | | Total | |
|---------------------------------------------------------------------------|----------------|-------------|----------------------|---------------|---------------------|-----------|---------------------------------------------------|-----------|--------------------------|-----------|---------------------------------------------------------------|-----------|-------------|---------------|
| | 2011-2012 | 2010-2011 | 2011-2012 | 2010-2011 | 2011-2012 | 2010-2011 | 2011-2012 | 2010-2011 | 2011-2012 | 2010-2011 | 2011-2012 | 2010-2011 | 2011-2012 | 2010-2011 |
| Corporate Guarantees given during the year | | | | | | | | | | | | | | |
| Centrum Broking Limited | - | - | 307,500,000 | - | - | - | - | - | - | - | - | - | 307,500,000 | - |
| CentrumDirect Limited | - | - | 660,000,000 | 150,000,000 | - | - | - | - | - | - | - | - | 660,000,000 | 150,000,000 |
| Investment in shares / Interest in the Limited Liability Co. (LLC) | | | | | | | | | | | | | | |
| Centrum Broking Limited | - | - | 743,526,945 | - | - | - | - | - | - | - | - | - | 743,526,945 | - |
| Centrum Financial Services Limited | - | - | - | 80,500,000 | - | - | - | - | - | - | - | - | - | 80,500,000 |
| Commonwealth Centrum Advisors Limited | 4,917,624 | 14,892,170 | - | - | - | - | - | - | - | - | - | - | 4,917,624 | 14,892,170 |
| CentrumDirect Limited | - | - | - | 1,000,000,000 | - | - | - | - | - | - | - | - | - | 1,000,000,000 |
| Inter-Corporate Deposits given | | | | | | | | | | | | | | |
| Centrum Infrastructure & Realty Limited- Working Capital | - | - | 8,390,128 | 4,607,943 | - | - | - | - | - | - | - | - | 8,390,128 | 4,607,943 |
| Centrum Infrastructure & Realty Limited | | | 1,150,000 | - | - | - | - | - | - | - | - | - | 1,150,000 | - |
| Centrum Wealth Management Limited | - | - | 134,836,000 | 34,625,000 | - | - | - | - | - | - | - | - | 134,836,000 | 34,625,000 |
| Centrum Broking Limited | - | - | 96,701,000 | - | - | - | - | - | - | - | - | - | 96,701,000 | 213,500,000 |
| Centrum Financial Services Limited | - | - | 24,975,000 | 592,402,003 | - | - | - | - | - | - | - | - | 24,975,000 | 592,402,003 |
| CentrumDirect Limited | - | 902,241,755 | - | - | - | - | - | - | - | - | - | - | - | 902,241,755 |
| Inter-Corporate Deposits taken back | | | | | | | | | | | | | | |
| Centrum Infrastructure & Realty Limited- Working Capital | - | - | 38,966,201 | 549,850 | - | - | - | - | - | - | - | - | 38,966,201 | 549,850 |
| Centrum Infrastructure & Realty Limited | | | 2,848,799 | 11,353,938 | - | - | - | - | - | - | - | - | 2,848,799 | 11,353,938 |
| Centrum Wealth Management Limited | - | - | 440,000 | - | - | - | - | - | - | - | - | - | 440,000 | - |
| Centrum Securities Private Limited | - | - | - | - | - | - | - | - | - | - | - | - | 528,696 | 4,674,208 |
| Centrum Broking Limited | - | - | 197,947,908 | - | - | - | - | - | - | - | - | - | 197,947,908 | 100,650,000 |
| CentrumDirect Limited | - | 902,241,755 | - | - | - | - | - | - | - | - | - | - | - | 902,241,755 |
| Centrum Financial Services Limited | - | - | 56,475,000 | 975,664,802 | - | - | - | - | - | - | - | - | 56,475,000 | 975,664,802 |

| Nature of transaction | Joint Ventures | | Subsidiary Companies | | Fellow Subsidiaries | | Enterprise controlled by Key Management Personnel | | Key Management Personnel | | Associates / Entities where company has significant influence | | Total | |
|---------------------------------------------------------|-------------------|----------------------|----------------------|----------------------|---------------------|------------------|---------------------------------------------------|------------------|--------------------------|-------------------|---------------------------------------------------------------|--------------------|----------------------|----------------------|
| | 2011-2012 | 2010-2011 | 2011-2012 | 2010-2011 | 2011-2012 | 2010-2011 | 2011-2012 | 2010-2011 | 2011-2012 | 2010-2011 | 2011-2012 | 2010-2011 | 2011-2012 | 2010-2011 |
| Inter-Corporate Deposits taken | | | | | | | | | | | | | | |
| CentrumDirect Limited | - | 452,356,356 | 569,000,000 | 148,316,082 | - | - | - | - | - | - | - | - | 569,000,000 | 600,672,438 |
| Centrum Financial Services Limited | - | - | 932,245,695 | 508,991,001 | - | - | - | - | - | - | - | - | 932,245,695 | 508,991,001 |
| Inter-Corporate Deposits repaid | | | | | | | | | | | | | | |
| Centrum Financial Services Limited | - | - | 861,042,600 | 508,991,001 | - | - | - | - | - | - | - | - | 861,042,600 | 508,991,001 |
| CentrumDirect Limited | - | 636,458,173 | 489,500,000 | 111,692,319 | - | - | - | - | - | - | - | - | 489,500,000 | 748,150,492 |
| Total | 4,971,424 | 2,931,122,469 | 6,980,849,476 | 5,075,683,455 | 7,804,195 | 7,516,526 | 4,338,789 | 5,033,231 | 8,960,000 | 10,877,801 | 307,617,080 | 885,867,395 | 7,315,235,406 | 8,915,206,435 |
| Investments in Equity Shares as on June 30, 2012 | | | | | | | | | | | | | | |
| CentrumDirect Limited | - | - | 1,133,471,490 | 1,133,471,490 | - | - | - | - | - | - | - | - | 1,133,471,490 | 1,133,471,490 |
| Centrum Broking Limited | - | - | 815,523,945 | - | - | - | - | - | - | - | - | 71,997,000 | 815,523,945 | 71,997,000 |
| Centrum Securities Private Limited | - | - | - | - | - | - | - | - | - | - | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| Essel-Centrum Holdings Limited | - | - | - | - | - | - | - | - | - | - | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| Centrum Infrastructure & Realty Limited | - | - | 500,000 | 500,000 | - | - | - | - | - | - | - | - | 500,000 | 500,000 |
| Centrum Wealth Management Limited | - | - | 500,000 | 500,000 | - | - | - | - | - | - | - | - | 500,000 | 500,000 |
| Centrum Financial Services Limited | - | - | 90,500,000 | 90,500,000 | - | - | - | - | - | - | - | - | 90,500,000 | 90,500,000 |
| Accounts Receivables Management Services (I) Limited | - | - | 400,000 | 400,000 | - | - | - | - | - | - | - | - | 400,000 | 400,000 |
| Centrum Capital Holdings LLC | - | - | 30,686,675 | 30,686,675 | - | - | - | - | - | - | - | - | 30,686,675 | 30,686,675 |
| Centrum Securities (Europe) Limited | - | - | 532,879 | 11,200,500 | - | - | - | - | - | - | - | - | 532,879 | 11,200,500 |
| Commonwealth Centrum Advisors Limited | 19,809,794 | 14,892,170 | - | - | - | - | - | - | - | - | - | - | 19,809,794 | 14,892,170 |
| Total | 19,809,794 | 14,892,170 | 2,072,114,989 | 1,267,258,665 | - | - | - | - | - | - | 2,000,000 | 73,997,000 | 2,093,924,783 | 1,356,147,835 |
| Investments in Preference Shares | | | | | | | | | | | | | | |
| Centrum Broking Limited | - | - | - | - | - | - | - | - | - | - | - | 550,000,000 | - | 550,000,000 |
| Total | - | - | - | - | - | - | - | - | - | - | - | 550,000,000 | - | 550,000,000 |

Notes forming part of the financial statements

25. Operating lease

- i) The Company has entered into cancellable leasing arrangements for corporate and branch offices and residential premises. The lease rentals of ₹ 82,94,230/- (previous year ₹ 16,803,044/-) have been included under the head Rent under Note 22 of Statement of Profit and Loss.
- ii) The Company has also entered into non-cancellable leasing arrangement for corporate office.

(₹)

| Particulars | For the year ended June 30, 2012 | For the year ended June 30, 2011 |
|-----------------------------------------------------------|-------------------------------------|-------------------------------------|
| Lease rental paid* | 123,535,300 | 111,635,039 |
| | As at June 30, 2012 | As at June 30, 2011 |
| Future minimum lease payments are as under: | | |
| Payment not later than one year | 52,784,336 | 90,009,247 |
| Payment later than one year but not later than five years | - | 39,681,496 |
| Payment later than 5 years | - | - |

Note: * Includes Rent amounting to ₹ 28,741,166/- (P.Y ₹ 23,494,078/-) which company has inturn recovered from its group companies.

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 ₹ 9,502,407/- per month for the period July 1, 2011 to December 09, 2011. The lease rent was revised in December 2011 and consequently the lease rent payable is ₹ 9,977,527/- per month for the period December 10, 2011 to June 30, 2012.

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.

26. Interest in joint venture

CentrumDirect Limited (CDL) (Formerly known as FCH CentrumDirect Limited) and Future Capital Securities Limited (FCSL) (Formerly known as Centrum Wealth Managers Limited) 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 for the previous year included only upto for a period of nine months ended March 31, 2011. Further, In the previous year, the Company had 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 numbers of Commonwealth Centrum Advisors Limited.

Notes forming part of the financial statements

(₹)

| Particulars | June 30, 2012 | June 30, 2011 |
|----------------------------|---------------|---------------|
| Assets | 19,807,405 | 14,694,765 |
| Liabilities | 19,807,405 | 44,557 |
| Revenue | 3,613,415 | 9,496,011,135 |
| Depreciation/ Amortization | - | 12,872,320 |
| Other expenses | 4,700,665 | 9,539,051,774 |
| Loss before tax | (1,087,250) | (55,912,959) |

27. 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 during the previous year. The face value of ₹ 10/- per share payable on the said shares was received during previous year. During the current year, the company has received the premium amount payable on the said shares by using the proceeds of loan taken from the Company. 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.

28. (a) Contingent Liabilities not provided for

(₹)

| Particulars | June 30, 2012 | June 30, 2011 |
|-------------------------------------------------------------------------------------------------------|---------------|---------------|
| Corporate Guarantees given by the Company: | | |
| (i) Associate | - | 410,100,000 |
| (ii) Subsidiary | | |
| Limit | 967,500,000 | 660,000,000 |
| Outstanding | 397,158,599 | 422,539,229 |
| (iii) Others | | |
| Limit | - | 100,000,000 |
| Outstanding | - | 77,500,000 |
| Partly paid equity shares of Essel-Centrum Holdings Limited | 4,000,000 | 4,000,000 |
| Income Tax in respect of Assessment Year 2007-2008 in respect of which the Company has gone on appeal | - | 1,323,224 |
| Income Tax in respect of Assessment Year 2008-2009 in respect of which the Company has gone on appeal | 2,696,060 | 2,696,060 |
| Capital Commitments | - | 1,032,327 |

28. (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 also paid Rs 1,348,030/-

Notes forming part of the financial statements

(i.e 50% of the IT demand vide challan no 56091 dated 28/03/2011) and Rs 500,000/- (Paid on 07/09/2011) and no provision is considered necessary by the management of the Company.

29. 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.

Statement of Profit and Loss

Net employee benefit expense (Recognised in Employee Cost):

(₹)

| Particulars | For the year ended 30-Jun-12 | For the year ended 30-Jun-11 | For the year ended 30-Jun-10 | For the year ended 30-Jun-09 | For the year ended 30-Jun-08 |
|----------------------------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Current service cost | 1,732,353 | 1,572,873 | 1,185,127 | 1,104,715 | 416,536 |
| Interest cost on benefit obligation | 567,820 | 339,101 | 250,396 | 316,767 | 143,383 |
| Expected return on plan assets | (465,956) | (263,495) | (258,629) | (258,629) | (140,781) |
| 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 | (582,869) | 1,094,187 | 256,119 | (786,810) | 1,009,913 |
| Net benefit expense | 1,251,348 | 2,742,666 | 1,433,013 | 376,043 | - |

Notes forming part of the financial statements

Balance sheet

Details for provision for gratuity:

(₹)

| Particulars | For the year ended 30-Jun-12 | For the year ended 30-Jun-11 | For the year ended 30-Jun-10 | For the year ended 30-Jun-09 | For the year ended 30-Jun-08 |
|--------------------------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Liability at the end of the year | 76,27,991 | 6,882,664 | 4,238,758 | 3,230,917 | 2,854,874 |
| Fair Value of Plan Assets at the end of the year | 75,18,314 | 5,824,444 | 3,293,687 | 3,232,865 | 1,844,961 |
| Difference | 109,677 | 1,058,220 | 945,071 | (1,948) | 1,009,813 |
| Unrecognized past service cost | - | - | - | - | - |
| Unrecognized transition liability | - | - | - | - | - |
| Amount recognized in the Balance Sheet | 109,677 | 1,058,220 | 945,071 | (1,948) | 1,009,813 |

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

(₹)

| Particulars | For the year ended 30-Jun-12 | For the year ended 30-Jun-11 | For the year ended 30-Jun-10 | For the year ended 30-Jun-09 | For the year ended 30-Jun-08 |
|----------------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Opening defined benefit obligation | 6,882,664 | 4,238,758 | 3,230,917 | 2,854,874 | 1,375,745 |
| Interest cost | 567,820 | 339,101 | 250,396 | 316,767 | 143,383 |
| Current service cost | 1,732,353 | 1,572,873 | 1,185,127 | 1,104,715 | 416,536 |
| Past service cost (non vested benefit) | - | - | - | - | - |
| Past service cost (vested benefit) | - | - | - | - | - |
| Settlement | - | - | - | - | - |
| Liability transfer in | - | - | - | - | - |
| Liability transfer out | - | - | - | - | - |
| Benefit paid | (1,021,857) | (405,288) | (886,538) | - | - |
| Actuarial (gain)/loss on obligation | (532,989) | 1,137,220 | 458,856 | (1,045,439) | (974,788) |
| Closing defined benefit obligation | 7,627,991 | 6,882,664 | 4,238,758 | 3,230,917 | 2,854,874 |

Notes forming part of the financial statements

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

(₹)

| Particulars | For the year ended 30-Jun-12 | For the year ended 30-Jun-11 | For the year ended 30-Jun-10 | For the year ended 30-Jun-09 | For the year ended 30-Jun-08 |
|------------------------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Opening fair value of plan assets | 5,824,444 | 3,293,687 | 3,232,865 | 1,844,961 | 946,693 |
| Expected Return on Plan Assets | 465,956 | 263,495 | 258,629 | 258,629 | 140,781 |
| Contributions by employer | 2,199,891 | 2,629,517 | 485,994 | 1,387,904 | 813,066 |
| Transfer from other Company | - | - | - | - | - |
| Transfer to other Company | - | - | - | - | - |
| Benefit paid | (1,021,857) | (405,288) | (886,538) | - | - |
| Actuarial gain/(loss) on Plan Assets | 49,880 | 43,033 | 202,737 | (258,629) | (55,579) |
| Closing fair value of plan assets | 7,518,314 | 5,824,444 | 3,293,687 | 3,232,865 | 1,844,961 |
| Total Actuarial Gain / (Loss) to be recognized | (582,869) | (1,094,187) | 256,119 | 786,810 | 1,009,613 |

The Company expects to contribute ₹1,571,595 /- to gratuity for the year July 1, 2012 to June 30, 2013(Previous year ₹ 1,978,175/-).

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 30-Jun-12 | For the year ended 30-Jun-11 | For the year ended 30-Jun-10 | For the year ended 30-Jun-09 | For the year ended 30-Jun-08 |
|--------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Investments with insurer | 100% | 100% | 100% | 100% | 100% |

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

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

(₹)

| Particulars | For the year ended 30-Jun-12 | For the year ended 30-Jun-11 | For the year ended 30-Jun-10 | For the year ended 30-Jun-09 | For the year ended 30-Jun-08 |
|-----------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Discount rate | 8.25% | 8.50% | 8.00% | 7.75% | 8.00% |
| Expected rate of return on assets | 8.00% | 8.00% | 8.00% | 8.00% | 8.00% |
| Salary escalation | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% |
| Employee turnover | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% |

Notes forming part of the financial statements

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 | Gratuity | Gratuity | Gratuity |
|--------------------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| | For the year ended 30-Jun-12 | For the year ended 30-Jun-11 | For the year ended 30-Jun-10 | For the year ended 30-Jun-09 | For the year ended 30-Jun-08 |
| Defined benefit obligation | (7,627,991) | (6,882,664) | (4,238,758) | (3,230,917) | (2,854,874) |
| Plan assets | 7,518,314 | 5,824,444 | 3,293,687 | 3,232,865 | 1,844,961 |
| Surplus / (deficit) | (109,677) | (1,058,220) | (945,071) | 1,948 | (1,009,813) |
| Experience adjustments on plan liabilities | (362,679) | 1,550,180 | 624,134 | (1,118,135) | 1,854,874 |
| Experience adjustments on plan assets | 49,880 | 43,033 | 202,737 | (258,629) | (55,579) |

30. 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, 2012 | June 30, 2011 |
|-------------------------------------|---------------------------------------------------------------|----------------------------------------------------------------|
| Bank balance | 498,460 (AED 35,776.90 @ Closing rate of 1AED = ₹ 15.2570) | 2,236,214 (AED 181,210.81 @ Closing rate of 1AED = ₹ 12.34) |
| Centrum Capital Holding LLC | 5,535,352 (USD 98,750 @ Closing rate of 1USD = ₹ 56.0542) | 4,476,812 (USD 98,750 @ Closing rate of 1USD = ₹ 45.33) |
| Centrum Securities (Europe) Limited | Nil | 4,388,409 (GBP 60,433.50 @ Closing rate of 1GBP = ₹ 72.62) |

31. Auditor's remuneration

(₹)

| Particulars | June 30, 2012 | June 30, 2011 |
|--------------------------|---------------|---------------|
| For services as auditors | 1,300,000 | 800,000 |

Notes forming part of the financial statements

32. 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, 2012 | June 30, 2011 |
|------------------------------------------------------|---------------------|---------------------|
| Deferred tax liabilities: | | |
| Difference between book and tax depreciation | 5,650,187 | 9,017,393 |
| On a/c of leasehold expenses claimed in IT | 20,155,147 | 20,155,147 |
| Total (A) | 25,805,334 | 29,172,540 |
| Deferred tax (assets): | | |
| Provision for Gratuity | (35,585) | (36,711) |
| Provision for leave encashment | (1,317,999) | (393,693) |
| On a/c of Depreciation on leasehold in Company | (9,676,449) | (7,305,255) |
| On a/c of Provision for Bad debts | (17,343,183) | (8,654,108) |
| Total (B) | (28,373,216) | (16,389,767) |
| Net deferred tax liability / (assets) (A - B) | (2,567,882) | 12,782,773 |

33. (a).Earnings in foreign exchange (Accrual basis)

(₹)

| Particulars | June 30, 2012 | June 30, 2011 |
|-------------------------------|-------------------|-------------------|
| Commission / Syndication fees | 17,489,143 | 36,727,576 |
| Total | 17,489,143 | 36,727,576 |

(b). Expenditure in foreign currency (Accrual basis)

(₹)

| Particulars | June 30, 2012 | June 30, 2011 |
|-------------------|-------------------|-------------------|
| Travelling | 1,152,574 | 1,915,267 |
| Professional Fees | - | 221,043 |
| Branch Expenses | 24,012,879 | 29,270,801 |
| Total | 25,165,453 | 31,407,111 |

Notes forming part of the financial statements

34. Earnings Per Share

(₹)

| Particulars | June 30, 2012 | June 30, 2011 |
|------------------------------------------------------------------------------------|---------------|---------------|
| Profit after taxes (net of prior period items) attributable to equity shareholders | (97,316,723) | (131,787,753) |
| Number of Equity Shares of ₹ 10/- each issued and outstanding | | |
| - At the end of the Year | 6,933,879 | 6,933,879 |
| - Weighted average number of equity shares outstanding | 6,933,879 | 6,844,326 |
| Basic and Diluted Earnings Per Share | (14.03) | (19.26) |
| Nominal Value of Equity Shares | 10/- | 10/- |

35. The Company had 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.
36. Trade Receivables are subject to confirmations, reconciliations and adjustments, if any, arising there from.
37. The Company has long outstanding trade receivable amounting to ₹ 64,953,975/- (P.Y. ₹ 102,022,920/-). Subsequent to balance sheet date company has received ₹ 19,121,343/- from the said party. Based on recent trends in collection, sale of pledge shares; the above amount, in view of the management, is fully recoverable and accordingly the same need not be subject to any provisioning.
38. During the year, the Company has decided to liquidate Centrum Securities (Europe) Limited, London, a Wholly Owned Subsidiary of the Company and the said liquidation is in process. Further, the Company has written off ₹ 5,067,371/- on balance of investments recoverable.
39. During the year, Centrum Capital Limited (the company) has acquired additional shares of Centrum Broking Limited (CBL) (Formerly Known as Centrum Broking Private Limited), subsequent to which CBL has become subsidiary of the company.

Based on the audited financial statements of Centrum Broking Limited (CBL) audited by a firm of Chartered Accountants other than Haribhakti & Co. for year ended June 30, 2012, it has incurred losses of ₹ 157,374,186/-. Accordingly, on the basis of financial estimates provided by the management of CBL confirming fair valuation higher than the cost of Investments in CBL 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.

Notes forming part of the financial statements

- 40.** During the Previous 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.
- 41.** During the previous 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/- in the previous year.
- 42.** The financial statements for the year ended June 30, 2011 had been prepared as per the then applicable, Schedule VI to the Companies Act, 1956. The financial statements for the year ended June 30, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous years figures have also been reclassified to conform to this year's classification. The adoption of the Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financials.
- 43. Prior Year Comparatives**
The Figures for the previous year have been regrouped/ rearranged wherever necessary to conform to current year's classification.

As per our report of even date

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

**For Haribhakti & Co.
Chartered Accountants
Firm registration No.103523W**

**P. R. Kalyanaraman
Managing Director**

**K. V. Krishnamurthy
Director**

**Sumant Sakhardande
Partner
Membership No.034828**

**Alpesh Shah
Company Secretary**

**Place : Mumbai
Date: 3rd December, 2012**

**Place : Mumbai
Date: 3rd December, 2012**

Statement Pursuant to Section 212 of the Companies Act, 1956

| 1 | Name of the Subsidiary Company | Centrum Infrastructure & Realty Limited | Centrum Wealth Management Limited | CentrumDirect Limited | Accounts Receivables Management Services (India) Limited | Centrum Financial Services Limited | Centrum Capital Holdings LLC | Centrum Securities LLC | Centrum Broking Limited | Club 7 Holidays Limited |
|------|-----------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|-----------------------------------|-----------------------|----------------------------------------------------------|------------------------------------|------------------------------|------------------------|-------------------------|-------------------------|
| 2 | Financial Year / Period of the Subsidiary ended on | June 30, 2012 | June 30, 2012 | June 30, 2012 | June 30, 2012 | June 30, 2012 | June 30, 2012 | June 30, 2012 | June 30, 2012 | June 30, 2012 |
| 3 | Holding Company's interest | | | | | | | | | |
| | Number of Equity Shares (of ₹. 10/- each) | 50,000 | 50,000 | 5,904,434 | 50,000 | 4,750,000 | - | - | 19,434,002 | 150,000 |
| | Extent of Holding | 100% | 100% | 100% | 80% | 100% | 100% | 99% | 99.26% | 83.21% |
| 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 | (14,615,068) | (169,142,445) | 67,160,122 | (26,177) | 3,581,741 | (13,979,175) | (12,895,109) | (157,374,186) | 107,771 |
| (b) | For the previous financial year of the Subsidiary Company since it became the holding Company's Subsidiary | (11,693,107) | (32,295,330) | 27,141,874 | 104,432 | 1,684,580 | 7,047,609 | 6,914,070 | - | 9,956,943 |
| (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

P. R. Kalyanaraman
Managing Director

K. V. Krishnamurthy
Director

Alpesh Shah
Company Secretary

Place : Mumbai

Date: 3rd December, 2012

Auditors' Report on Consolidated Financial Statements

To 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, associates and joint ventures (collectively referred to as "the group") as at 30th June, 2012 and also the consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company'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 consolidated financial statements based on our audit.
2. We conducted our audit in accordance with the 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. We did not audit the financial statements of seven subsidiaries, whose financial statements reflect total assets (net) of ₹ 3,12,48,84,744 as at 30th June, 2012, total net revenues of ₹ 29,69,97,37,031 and net cash outflows amounting to ₹ 14,52,33,161 and of Joint Venture Companies whose financial statements reflect total assets (net) of ₹ 1,90,89,878 as at 30th June, 2012, total net revenues of ₹ 24,854 and net cash outflows amounting to ₹ 1,30,07,679. 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. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of 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 Interests in Joint Ventures" as notified pursuant to the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate financial statements of Centrum Capital Limited and its subsidiaries.
5. Without qualifying our opinion, we draw attention to the following:-
Note No. 43 of Notes to the Financial Statements, regarding long outstanding trade receivable amounting to ₹ 6,49,53,975/- (P.Y: ₹ 10,20,22,920/-) , of which ₹ 4,58,32,632/- 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, therefore cannot be quantified.
6. Based on our audit and on consideration of reports of other auditors 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 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 30th June 2012;
- (b) in the case of the Consolidated Statement of Profit and Loss Account, of the loss of the Group for the year ended on that date; and
- (c) in the case of the consolidated cash flow statement, of the cash flows of the Group for the year ended on that date.

For Haribhakti & Co.
Chartered Accountants
Firm's Registration No.103523W

Sumant Sakhardande
Partner
Membership No. 034828

Place: Mumbai
Date: 3rd December, 2012

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Consolidated Balance Sheet as at June 30, 2012

| (₹) | | | |
|--------------------------------|------|----------------------|----------------------|
| Particulars | Note | June 30, 2012 | June 30, 2011 |
| EQUITY AND LIABILITIES | | | |
| Shareholders' funds | | | |
| Share Capital | 5 | 69,338,790 | 69,338,790 |
| Reserves and surplus | 6 | 2,117,356,149 | 2,122,421,370 |
| | | 2,186,694,939 | 2,191,760,160 |
| Minority Interest | 31 | 6,459,311 | 7,512,822 |
| Non-current liabilities | | | |
| Long-term borrowings | 7 | 42,614,354 | 39,553,243 |
| Deferred tax liabilities (Net) | 36 | - | 21,326,260 |
| Long-term provisions | 8 | 11,453,367 | 7,991,798 |
| | | 54,067,721 | 68,871,301 |
| Current liabilities | | | |
| Short-term borrowings | 9 | 1,855,823,516 | 1,545,511,160 |
| Trade Payables | 10 | 372,098,505 | 423,663,260 |
| Other current liabilities | 11 | 463,390,920 | 105,279,285 |
| Short-term provisions | 12 | 4,725,683 | 3,416,905 |
| | | 2,696,038,624 | 2,077,870,610 |
| | | | |
| TOTAL | | 4,943,260,595 | 4,346,014,893 |
| ASSETS | | | |
| Non-current assets | | | |
| Fixed assets | 13 | | |
| Tangible assets | | 311,931,146 | 291,199,946 |
| Intangible assets | | 12,512,033 | 15,298,853 |
| Capital work-in-progress | | 507,032 | 15,200,535 |
| | | 324,950,211 | 321,699,334 |
| Goodwill on consolidation | | 837,184,926 | 460,892,393 |
| Non-current investments | 14 | 102,584,766 | 694,657,445 |
| Deferred tax assets (net) | 36 | 112,562,053 | - |
| Long-term loans and advances | 15 | 892,976,263 | 282,264,604 |
| | | 2,270,258,219 | 1,759,513,776 |
| Current assets | | | |
| Current investments | 16 | 29,559,653 | 27,554,298 |
| Inventories | 17 | 136,003 | 26,749,151 |
| Trade receivables | 18 | 960,555,770 | 733,702,597 |
| Cash and Bank Balances | 19 | 486,676,802 | 491,562,547 |
| Short-term loans and advances | 20 | 1,036,407,255 | 1,264,384,901 |
| Other current assets | 21 | 159,666,893 | 42,547,623 |
| | | 2,673,002,376 | 2,586,501,117 |
| | | | |
| TOTAL | | 4,943,260,595 | 4,346,014,893 |

Notes to accounts form an integral part of the financial statements.

As per our report of even date

For Haribhakti & Co.
Chartered Accountants
Firm registration No.103523W

Sumant Sakhardande
Partner
Membership No.034828

Place : Mumbai
Date: 3rd December, 2012

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

P. R. Kalyanaraman
Managing Director

Alpesh Shah
Company Secretary

Place : Mumbai
Date: 3rd December, 2012

K. V. Krishnamurthy
Director

Consolidated Statement of Profit and Loss

for the year ended June 30, 2012

(₹)

| Particulars | Note | June 30, 2012 | June 30, 2011 |
|-----------------------------------------------------------------------------------------------------------------------------------------|------|-----------------------|-----------------------|
| Revenue | | | |
| Revenue from Operations | 22 | 30,018,507,745 | 16,134,423,284 |
| Other Income | 23 | 147,581,125 | 137,186,514 |
| Total Revenue | | 30,166,088,870 | 16,271,609,798 |
| Expenses | | | |
| Cost of Forex Sold | | 28,838,020,159 | 6,019,768,729 |
| Share in Cost of Forex sold in Joint ventures | | - | 9,271,051,515 |
| Employee benefits expense | 24 | 647,374,261 | 430,588,483 |
| Finance Costs | 25 | 239,596,734 | 124,966,371 |
| Depreciation/amortization | 13 | 65,331,438 | 117,392,496 |
| Other expenses | 26 | 636,085,178 | 580,188,351 |
| Total Expenses | | 30,426,407,770 | 16,543,955,945 |
| Profit before tax | | (260,318,900) | (272,346,147) |
| <u>Tax Expenses</u> | | | |
| - Short Provision for Income tax | | 1,738,179 | - |
| - Current tax | | 38,165,835 | 16,456,779 |
| - MAT | | 28,600,000 | - |
| - Deferred tax | | (20,574,804) | (13,793,861) |
| Total Tax Expenses | | 47,929,210 | 2,662,918 |
| Profit after tax & before extraordinary items, prior period adjustments, share in loss of associates & minority interest | | (308,248,110) | (275,009,065) |
| Extraordinary item | | | |
| Profit on disposal of investment in Joint Venture | | - | (86,137,188) |
| Profit after tax & before prior period adjustments, share in loss of associates & minority interest | | (308,248,110) | (188,871,877) |
| Prior period adjustments | | - | (1,110,112) |
| [Net of shares in prior period adjustments of Joint Venture Nil (Previous year ₹ 1,110,112/-)] | | | |
| Profit after tax, and before share in associates loss, minority interest | | (308,248,110) | (189,981,989) |
| Share in Loss of associates (Refer Note 38) | | - | - |
| Minority interest | | (5,235) | (1,376,002) |
| Loss for the year | | (308,253,345) | (191,357,991) |
| Basic and diluted earnings per share (Refer Note 37) (Nominal Value of Shares ₹ 10 [Previous Year : ₹ 10]) | | (44.46) | (27.96) |

Notes to accounts form an integral part of the financial statements.

As per our report of even date

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

For Haribhakti & Co.
Chartered Accountants
Firm registration No.103523W

P. R. Kalyanaraman
Managing Director

K. V. Krishnamurthy
Director

Sumant Sakhardande
Partner
Membership No.034828

Alpesh Shah
Company Secretary

Place : Mumbai
Date: 3rd December, 2012

Place : Mumbai
Date: 3rd December, 2012

Consolidated Cash Flow Statement for the year ended June 30, 2012

(₹)

| Particulars | June 30, 2012 | | June 30, 2011 | |
|--------------------------------------------------------------------|---------------|---------------|---------------|---------------|
| Cash Flow from Operating Activities: | | | | |
| Net Profit before taxation | | (260,318,900) | | (272,346,147) |
| Adjustments for: | | | | |
| Depreciation and amortisation Expense | 65,331,438 | | 117,392,496 | |
| Loss / (Profit) on sale of fixed assets | (1,227,966) | | 724,551 | |
| Sundry balances written off | 113,535 | | 14,077,753 | |
| Gain on Sale of Non Current Investments | (14,550,816) | | (2,952,519) | |
| Loss on Sale of Non Current Investments | - | | 737,874 | |
| Excess of Carrying Cost over Fair Value of Non Current Investments | 7,417,754 | | 22,596,890 | |
| Interest Income | (112,606,529) | | (132,398,762) | |
| Dividend Income from Non Current Investments | (207,140) | | (326,686) | |
| Dividend Income from Current Investments | (2,014,875) | | (1,298,796) | |
| Bad Debts written off | 12,296,690 | | 17,432,671 | |
| Provision for doubtful debts | 20,728,015 | | 31,752,108 | |
| Provision for Wealth Tax | 160,000 | | 160,000 | |
| Finance Costs (Excl. Bank Charges) | 231,142,024 | | 175,499,344 | |
| Sundry balances written back | 1,325,251 | | - | |
| Provision for doubtful debts written back | 1,151,843 | | (1,103,022) | |
| Provision for Leave Encashment | 3,768,399 | | (16,184) | |
| Provision for Gratuity | 867,947 | | (2,019) | |
| Unrealised loss / (gain) (net) | - | 213,695,570 | 236,075 | 242,511,774 |
| Operating profit before working capital changes | | (46,623,330) | | (29,834,373) |
| Adjustments for : | | | | |
| Trade Receivables | (261,029,720) | | (77,986,626) | |
| Inventories | 26,613,148 | | (8,065,973) | |
| Loans and Advances | 118,307,478 | | 828,064,263 | |
| Other Current Assets | (117,119,270) | | - | |
| Trade Payable | (51,564,755) | | - | |
| Other Liabilities and Provisions | 286,744,941 | 1,951,821 | 126,208,766 | 868,220,430 |
| Cash Generated from operations | | (44,671,509) | | 838,386,057 |
| Direct taxes paid (including tax deducted at source) | | (75,706,650) | | (55,415,936) |
| Net Cash from / (used) in Operating Activities | | (120,378,159) | | 782,970,121 |
| Cash Flow from Investing Activities: | | | | |
| Purchase of Fixed Assets | (72,371,602) | | (29,817,723) | |
| Sale of Fixed Assets | 5,017,253 | | 510,000 | |
| Investment in Fixed Deposits | - | | (19,875,000) | |
| Deposits with other companies | (576,221,890) | | (585,332) | |
| Sale of Non Current Investments | 222,913,208 | | 72,493,610 | |
| Purchase of Current Investments | (2,005,356) | | (850,000,000) | |
| Interest received | 102,888,781 | | 168,249,771 | |

(₹)

| Particulars | June 30, 2012 | | June 30, 2011 | |
|------------------------------------------------------------------------|------------------|----------------------|------------------|----------------------|
| Dividend Income from Non Current Investments received | 207,140 | | 326,686 | |
| Dividend Income from Current Investments received | 2,014,875 | | 1,298,796 | |
| Net Cash from / (used) in Investing Activities | | (317,557,591) | | (657,399,192) |
| Cash Flows from Financing Activities: | | | | |
| Proceeds from issuance of share capital (including Securities Premium) | 302,129,378 | | 75,000,000 | |
| Proceeds from Long-Term Borrowings | 2,178,025,032 | | 2,566,117,185 | |
| Repayment of Long-Term Borrowings | (2,196,290,181) | | (2,412,330,142) | |
| Proceeds from Short-Term Borrowings | 3,020,560,920 | | - | |
| Repayment of Short-Term Borrowings | (2,710,248,564) | | (105,678,483) | |
| Interest paid | (161,126,580) | | (172,999,614) | |
| Dividend paid | - | | (3,414,048) | |
| Tax on dividend paid | - | | (567,031) | |
| Net cash from / (used) in financial activity | | 433,050,004 | | (53,872,133) |
| Net (Decrease) / Increase in cash and cash equivalents | | (4,885,745) | | 71,698,796 |

(₹)

| Particulars | June 30, 2012 | June 30, 2011 |
|----------------------------------|--------------------|-------------------|
| CASH AND CASH EQUIVALENTS | | |
| AS AT THE BEGINNING OF THE YEAR | 491,562,547 | 419,863,751 |
| AS AT THE END OF THE YEAR | 486,676,802 | 491,562,547 |
| | (4,885,745) | 71,698,796 |

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 ₹ 96,218/- (P.Y. ₹ 99,996/-)
- 3) Direct Tax paid is treated as arising from operating activities and are not bifurcated between investment and financing activities

As per our report of even date

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

For Haribhakti & Co.
Chartered Accountants
Firm registration No.103523W

P. R. Kalyanaraman
Managing Director

K. V. Krishnamurthy
Director

Sumant Sakhardande
Partner
Membership No.034828

Alpesh Shah
Company Secretary

Place : Mumbai
Date: 3rd December, 2012

Place : Mumbai
Date: 3rd December, 2012

Consolidated Notes forming part of the financial statements

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 Broking Limited (formerly Centrum Broking Private Limited) (CBL)**, 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), 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 Securities Private Limited (CSPL) and Essel Centrum Holding 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.

**Centrum Broking Limited (formerly Centrum Broking Private Limited) (CBL) was Associate of the Group until December 08, 2011, subsequent to which CBL was converted into a subsidiary pursuant to Share Purchase Agreements dated December 08, 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

- a. 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.
- b. Interests in joint ventures are accounted by using proportionate consolidation method.
- c. Interest in associates are accounted by using equity method.
- d. The subsidiary companies, joint ventures and associates considered in the presentation of the Consolidated Financial Statements are :

Consolidated Notes forming part of the financial statements

| Particulars | Country of Incorporation | Proportion of ownership / interest as at June 30, 2012 | Proportion of ownership / interest as at June 30, 2011 | Financial years ends on* |
|------------------------------------------------------------------------------------------------------|--------------------------|--------------------------------------------------------|--------------------------------------------------------|--------------------------|
| a) Subsidiaries | | | | |
| Centrum Infrastructure and Realty Limited | India | 100% | 100% | June 30, 2012 |
| Centrum Financial Services Limited | India | 100% | 100% | June 30, 2012 |
| Centrum Wealth Management Limited (Formerly Centrum Investments Limited) | India | 100% | 100% | June 30, 2012 |
| Centrum Capital Holdings LLC | USA | 100% | 100% | June 30, 2012 |
| Accounts Receivables Management Services (India) Limited | India | 80% | 80% | June 30, 2012 |
| CentrumDirect Limited (Formerly known as FCH CentrumDirect Limited) (w.e.f. March 29, 2011)# | India | 100% | 100% | June 30, 2012 |
| Centrum Broking Limited(formerly known as Centrum Broking Private Limited) (w.e.f. December 08,2011) | India | 99.26% | 48.74% | June 30, 2012 |
| b) Joint Ventures | | | | |
| Commonwealth Centrum Advisors Limited (w.e.f. February 15, 2011)* | Hong Kong | 50% | Nil | December 31, 2011* |
| c) Associates | | | | |
| Centrum Securities Private Limited | India | 47.62% | 47.62% | March 31, 2012* |
| Essel-Centrum Holdings Limited | India | 33.33% | 33.33% | June 30, 2012 |

During previous year, CentrumDirect Limited (CDL), formerly FCH CentrumDirect Limited 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 up to 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 had been drawn for the period April 1, 2011 to June 30, 2011.

* for the purpose of consolidation, accounts are drawn up to June 30, 2012.

For the purpose of Consolidated Financial Statements, the results of CCL and its subsidiaries for the year/period ended June 30, 2012 have been derived from the respective company's audited financials of the year/period ended June 30, 2012.

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.

Consolidated Notes forming part of the financial statements

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) |
|----------------------------------------|-------------|
| Building | 1.63% |
| Computers | 16.21% |
| Air Conditioners and Office equipments | 4.75% |
| Vehicles | 9.50% |
| Furnitures and Fixtures | 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.

Consolidated Notes forming part of the financial statements

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.

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.

(i) 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.

(ii) 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.

(iii) Interest income

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

Consolidated Notes forming part of the financial statements

(iv) Revenue from services

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

(v) Revenue on foreign exchange

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

(vi) Income from Inward money transfer

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

(vii) Revenue on Tour Income

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

(viii) Income from Commission & Brokerage

Commission income is accounted on accrual basis.

Revenue from Brokerage activities is accounted for on the trade date of transaction.

(ix) Income from Portfolio Management Services(PMS)

Income from Portfolio Management Services (PMS) is accounted for as per the terms of the contract.

(x) 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.

(xi) Dividend

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

(xii) 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.

Consolidated Notes forming part of the financial statements

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 asset.

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 Statement of Profit and Loss and are not deferred.

l. 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

Consolidated Notes forming part of the financial statements

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.

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

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.

Segment Policies:

The company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

Consolidated Notes forming part of the financial statements

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 Bank Balances

Cash and Bank Balances 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.

Consolidated Notes forming part of the financial statements

(₹)

| Particulars | As at June 30, 2012 | As at June 30, 2011 |
|-----------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|
| NOTE 5 : SHARE CAPITAL | | |
| AUTHORISED: | | |
| 10,000,000 (Previous year 10,000,000) equity shares of ₹ 10/- each | 100,000,000 | 100,000,000 |
| TOTAL | 100,000,000 | 100,000,000 |
| ISSUED: | | |
| 6,933,879 Equity Shares (Previous year: 6,933,879) of ₹ 10/- each fully paid up | 69,338,790 | 69,338,790 |
| SUBSCRIBED & FULLY PAID UP: | | |
| 6,933,879 Equity Shares (Previous year: 6,933,879) of ₹ 10/- each fully paid-up | 69,338,790 | 69,338,790 |
| | 69,338,790 | 69,338,790 |
| Equity Shares | | |
| The company has one class of equity shares having a par value of ₹ 10/- each. Each holder of equity shares is entitled to one vote per share. | | |

Reconciliation of Number of Shares Outstanding:

(₹)

| | As at June 30, 2012 | | As at June 30, 2011 | |
|-------------------------------------------------------|---------------------|------------|---------------------|------------|
| | No of Shares | Amount | No of Shares | Amount |
| Number of shares Outstanding at beginning of the year | 6,933,879 | 69,338,790 | 6,828,096 | 68,280,960 |
| Add: Shares issued during the year | - | - | 105,783 | 1,057,830 |
| Number of shares Outstanding at the end of the year | 6,933,879 | 69,338,790 | 6,933,879 | 69,338,790 |

Shareholder having more than 5% equity share holding in the Company:

(₹)

| Share Holder | As at June 30, 2012 | | As at June 30, 2011 | |
|-------------------------------------------------|---------------------|-----------------|---------------------|-----------------|
| | No of Shares | (% of Holdings) | No of Shares | (% of Holdings) |
| Businessmatch Services (India) Private Limited | 2,303,150 | 33.22 | 2,303,150 | 33.22 |
| Indivision India Partners | 1,020,158 | 14.71 | 1,020,158 | 14.71 |
| Kaikobad Byramjee & Sons Agency Private Limited | 900,300 | 12.98 | 900,300 | 12.98 |
| M. Dinshaw & Company Private Limited | 900,000 | 12.98 | 900,000 | 12.98 |
| Rinita Impex Private Limited | 854,860 | 12.33 | 854,860 | 12.33 |
| Centrum ESPS Trust | 409,686 | 5.91 | 409,686 | 5.91 |
| | 6,388,154 | 92.13 | 6,388,154 | 92.13 |

Consolidated Notes forming part of the financial statements

Share allotted as fully paid up pursuant to contract(s) without payment being received in cash(during 5 years immediately preceding 31st March, 2012).

During previous year, 105,783 equity shares were allotted to Future Capital Holdings Limited for consideration other than cash pursuant to Share Transfer agreement dated 29th March, 2011.

(₹)

| Particulars | As at June 30, 2012 | As at June 30, 2011 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|
| NOTE 6 : RESERVES & SURPLUS | | |
| Capital Reserve (Gift of 525,000 equity shares of Rap Media Limited) | | |
| Balances at the beginning and at the end of the year | 1 | 1 |
| | 1 | 1 |
| Capital Reserve on consolidation | | |
| Opening balance | 483,778,620 | 483,308,220 |
| Add/(Less) Adjustment during the year | - | 470,400 |
| Balance as at end of the year | 483,778,620 | 483,778,620 |
| Securities Premium Account | | |
| Opening balance | 1,542,470,744 | 1,393,528,280 |
| Add: Received during the year | 303,188,124 | 148,942,464 |
| Balance as at end of the year | 1,845,658,868 | 1,542,470,744 |
| General Reserve | | |
| Balances at the beginning and at the end of the year | 2,770,000 | 2,770,000 |
| | 2,770,000 | 2,770,000 |
| Surplus in Statement of Profit & Loss | | |
| Balance as per last account | 93,402,005 | 284,759,996 |
| Add : (Loss) for the year | (308,248,110) | (191,357,991) |
| Add : Adjustments during the year | (5,235) | - |
| Balance as at end of the year | (214,851,340) | 93,402,005 |
| | | |
| TOTAL | 2,117,356,149 | 2,122,421,370 |
| NOTE 7 : LONG TERM BORROWINGS | | |
| Secured Loans | | |
| Term Loans | | |
| From Bank | 2,864,354 | 3,309,146 |
| (Vehicle loans are secured against hypothecation of vehicles purchased there against. These are repayable in equated periodic installments upto a 3 years period from the date of respective loans. These are repayable by 2014-15 and carry an interest of 9.00% p.a. to 11.00% p.a.) | | |
| From Other Parties | - | 94,097 |
| (Secured by hypothecation of vehicles) | | |
| TOTAL | 2,864,354 | 3,403,243 |

Consolidated Notes forming part of the financial statements

(₹)

| Particulars | As at June 30, 2012 | As at June 30, 2011 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|
| Unsecured Loans | | |
| Intercompany Deposits | 36,150,000 | 36,150,000 |
| Other Long Term Deposits | 3,600,000 | |
| | 39,750,000 | 36,150,000 |
| | | |
| TOTAL | 42,614,354 | 39,553,243 |
| NOTE 8 : LONG TERM PROVISIONS | | |
| Provision for Gratuity | 2,005,297 | 882,646 |
| Provision for Compensated Absences | 9,448,070 | 7,109,152 |
| | | |
| TOTAL | 11,453,367 | 7,991,798 |
| NOTE 9 : SHORT TERM BORROWINGS | | |
| Secured Loans | | |
| Loans From Banks | | |
| City Union Bank Limited (Secured by corporate guarantee and hypothecation of assets [proportionate] of Businessmatch Services (I) Pvt. Ltd.) | 150,000,000 | 150,000,000 |
| The Dhanalaxmi Bank Limited (Secured by pledge of bonds) | - | 20,649,440 |
| Standard Chartered Bank (Secured by hypothecation of sundry debtors) | 8,210,411 | 12,242,391 |
| Cash Credit from HDFC Bank Limited (Secured against first pari pasu charge by way of hypothecation of Company's current assets along with Axis bank and mutual fund and collateral by way of pledge of shares of some directors / promoters and their family and corporate guarantee of Holding Company i.e. Centrum Capital Limited) | 58,018,977 | 215,259,168 |
| Cash Credit from Axis Bank Limited (Secured against first pari passu charge by way of hypothecation of Company's entire current assets and corporate guarantee of Centrum Capital Limited) | 206,639,622 | 207,280,061 |
| Over Draft Loan from Bank of India | 20,735,582 | 15,914,227 |
| Cash Credit from Bank Of India | 10,217,989 | 728,022 |
| (The loans as mentioned above from Bank of India are secured against pledge of term deposit of ₹ 170 lacs and interest their on till date as a principal security and Equitable Mortgage of Flat in the name of Club7 Holidays Ltd.at Kolkata & Navarangpur Equitable mortgage of flat in the name of directors at Kolkata, as collateral security) | | |
| From Bank (Vehicle loans are secured against hypothecation of vehicles purchased there against. These are repayable in equated periodic installments upto a 3 years period from the date of respective loans. These are repayable by 2014-15 and carry an interest of 9.00% p.a. to 11.00% p.a.) | 297,189 | - |

Consolidated Notes forming part of the financial statements

(₹)

| Particulars | As at June 30, 2012 | As at June 30, 2011 |
|-----------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|
| Loans from Others | | |
| Future Capital Holdings Limited (Secured by pledge of 2,952,217 equity shares of CentrumDirect Limited) | 620,000,000 | 620,000,000 |
| ECL Finance Limited (Secured against Clients Collateral) | 30,734,053 | - |
| Aditya Birla Finance Limited (Secured against Clients Collateral) | 9,200,000 | - |
| | 1,114,053,823 | 1,242,073,311 |
| Unsecured Loans | | |
| Loans Repayable on Demand From Banks | | |
| The Federal Bank Limited | 20,219,692 | 20,437,849 |
| | 20,219,692 | 20,437,849 |
| Loans & Advances from Related parties | | |
| Businessmatch Services (India) Private Limited [(Maximum amount outstanding during the year ₹ 350,000,000 (Previous year Nil)] | 233,850,000 | - |
| | 233,850,000 | - |
| Intercorporate Deposits | 487,700,000 | 283,000,000 |
| | 487,700,000 | 283,000,000 |
| | | |
| TOTAL | 1,855,823,515 | 1,545,511,160 |
| Note 10 : Trade Payables | | |
| Total outstanding dues of Micro and Small Enterprises | - | - |
| Total outstanding dues of creditors other than Micro and Small Enterprises | 372,098,505 | 423,663,260 |
| | 372,098,505 | 423,663,260 |

Consolidated Notes forming part of the financial statements

(₹)

| Particulars | As at June 30, 2012 | As at June 30, 2011 |
|-----------------------------------------------------------------|------------------------|------------------------|
| NOTE 11 : Other Current Liabilities | | |
| Current maturities of Long term Borrowings | 3,076,934 | 4,652,996 |
| Interest accrued but not due | 73,334,272 | 3,318,828 |
| Unpaid Dividend | 96,372 | 99,996 |
| Other Payables | | |
| For Expenses | 128,862,884 | 16,545 |
| Service Tax Payable | 52,229,331 | 63,303,081 |
| Other Statutory Dues Payable | 14,535,356 | 7,273,727 |
| Book overdraft from Banks | 6,221,680 | - |
| Advance from customers | 61,421,179 | 728,606 |
| Others | 122,895,385 | 25,840,945 |
| Share in Other Current Liabilities of joint Venture | 717,528 | 44,561 |
| TOTAL | 463,390,920 | 105,279,285 |
| NOTE 12 : Short Term Provisions | | |
| Provision for Gratuity | 1,921,049 | 2,175,753 |
| Provision for Compensated Absences | 1,984,293 | 554,812 |
| Provision for Income tax | | 26,000 |
| Provision for wealth tax | 820,340 | 660,340 |
| (Net of advance tax - ₹ 4,95,200 [Previous Year - ₹ 4,95,200]) | | |
| TOTAL | 4,725,682 | 3,416,905 |

Consolidated Notes forming part of the financial statements

Note 13 : Fixed Assets (₹)

| Description of Assets | GROSS BLOCK | | | DEPRECIATION | | | | | NET BLOCK | | |
|---------------------------------|--------------------|--------------------|-------------------|---------------------|--------------------|-------------------|-------------------|------------------|--------------------|---------------------|----------------------|
| | As at July 1, 2011 | Additions | Deductions | As at June 30, 2012 | Upto July 1, 2011 | Adjustments | For the year | Deductions | Upto June 30, 2012 | As at June 30, 2012 | As at June 30, 2011 |
| Tangible Assets | | | | | | | | | | | |
| Leasehold Development | 258,829,519 | 50,162,922 | 2,057,896 | 306,934,545 | 107,863,876 | 14,047,920 | 34,860,255 | 1,844,452 | 154,927,579 | 152,006,966 | 50,965,643 |
| Building | 4,658,342 | - | - | 4,658,342 | 655,373 | - | 75,988 | - | 731,361 | 3,926,980 | 4,002,969 |
| Plant & Machinery | 23,601,042 | - | - | 23,601,042 | 23,601,042 | - | - | - | 23,601,042 | - | - |
| Furniture & Fixtures | 50,407,669 | 18,943,780 | 3,671,001 | 65,680,448 | 18,975,918 | 2,128,265 | 4,160,137 | 1,028,590 | 24,235,730 | 41,444,718 | 31,431,751 |
| Vehicles | 61,529,732 | 10,498,876 | 1,102,387 | 70,926,221 | 21,811,020 | 2,059,966 | 6,090,476 | 453,036 | 29,508,426 | 41,417,795 | 39,718,712 |
| Office Equipments | 27,024,347 | 39,259,291 | 165,033 | 66,118,605 | 5,471,004 | 22,509,898 | 4,655,983 | 33,737 | 32,603,148 | 33,515,457 | 21,553,343 |
| Computers - Hardware | 77,567,306 | 8,621,879 | 4,203,083 | 81,986,102 | 48,799,007 | - | 11,323,596 | 3,993,589 | 56,129,014 | 25,857,088 | 28,768,299 |
| Air Conditioners | 18,479,568 | 669,835 | 1,009,763 | 18,139,640 | 3,720,340 | - | 863,698 | 206,538 | 4,377,499 | 13,762,141 | 14,759,228 |
| Total (A) | 522,097,525 | 128,156,583 | 12,209,163 | 638,044,945 | 230,897,580 | 40,746,049 | 62,030,113 | 7,559,942 | 326,113,799 | 311,931,146 | 291,199,946 |
| Intangible Assets | | | | | | | | | | | |
| Goodwill | 10,180,000 | - | - | 10,180,000 | 10,180,000 | - | - | - | 10,180,000 | - | - |
| Computers - Software | 27,514,119 | 514,506 | - | 28,028,625 | 12,215,266 | - | 3,301,326 | - | 15,516,593 | 12,512,032 | 15,298,853 |
| Total (B) | 37,694,119 | 514,507 | - | 38,208,626 | 22,395,266 | - | 3,301,326 | - | 25,696,593 | 12,512,033 | 15,298,853 |
| Grand Total (A+B) | 559,791,644 | 128,671,090 | 12,209,163 | 676,253,570 | 253,292,846 | 40,746,049 | 65,331,438 | 7,559,942 | 351,810,392 | 324,443,179 | 306,498,799 |
| Previous Year | 479,802,910 | 550,969,113 | 16,053,275 | 1,084,044,303 | 168,596,697 | - | 117,392,496 | 2,669,976 | 316,653,112 | 306,498,799 | |
| Capital Work in Progress | | | | | | | | | | 507,032 | 15,200,535.00 |

Consolidated Notes forming part of the financial statements

Note 14 : Non-Current investments - (At cost)

| Sr. No. | Name of the Body Corporate | Subsidiary / Associate / JV/ Controlled Entity / Others | No. of Shares / Units | | Quoted / Unquoted/ Trade / Non Trade | Partly Paid / Fully paid | Extent of Holding (%) | | In Rupees | |
|---------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|-----------------------|------------|--------------------------------------|----------------------------------------------------------------|-----------------------|--------------------|-------------------|--------------------|
| | | | As At | | | | As At | | As At | |
| | | | 30-Jun-12 | 30-Jun-11 | | | 30-Jun-12 | 30-Jun-11 | 30-Jun-12 | 30-Jun-11 |
| (a) | Investment in Equity Instruments Centrum Broking Limited(Formerly known as Centrum Broking Private Limited) Centrum Securities Private Limited Essel Centrum Holdings Limited Nikumbh Dairy Products Limited Birla Transasia Carpets Limited Kaiser Press Limited Dynamic Products Limited Lumax Auto Technologies Limited Jagjanani Textiles Hilton Metal Forging Limited Rap Media Limited The Ratnakar Bank Limited Softchip Technologies Limited Pan India Motors Private Limited Oasis Counsel and Advisory Private Limited Tata Consultancy Services Limited Bombay Stock Exchange Limited Provision for Diminution in value of investments of associates | Associate | - | 699,000 | Unquoted - Non-Trade | Fully paid | 48.74% | - | 71,997,000 | |
| | | Associate | 100,000 | 100,000 | Unquoted - Non-Trade | Fully paid | 47.62% | 1,000,000 | 1,000,000 | |
| | | Associate | 500,000 | 500,000 | Unquoted - Non-Trade | (Partly Paid up) | | 1,000,000 | 1,000,000 | |
| | | Others | 4,000 | 4,000 | Quoted - Non-Trade | Fully paid | | 109,500 | 109,500 | |
| | | Others | 9,100 | 9,100 | Quoted - Non-Trade | Fully paid | | 153,159 | 153,159 | |
| | | Others | 500 | 500 | Quoted - Non-Trade | Fully paid | | 5,000 | 5,000 | |
| | | Others | 10,000 | 10,000 | Quoted - Non-Trade | Fully paid | | 350,000 | 350,000 | |
| | | Others | 5,000 | 5,000 | Quoted - Non-Trade | Fully paid | | 225,000 | 225,000 | |
| | | Others | 10,000 | 10,000 | Quoted - Non-Trade | Fully paid | | 250,000 | 250,000 | |
| | | Others | 5,000 | 5,000 | Quoted - Non-Trade | Fully paid | | 350,000 | 350,000 | |
| | | Others | 608,550 | 608,550 | Quoted - Non-Trade | Fully paid | | 12,104,675 | 12,104,675 | |
| | | Others | - | 216,530 | Unquoted - Non-Trade | Fully paid | | - | 2,165,300 | |
| | | Others | 907,200 | 907,200 | Unquoted - Non-Trade | Fully paid | | 9,072,000 | 9,072,000 | |
| | | Others | 11,800,000 | 11,800,000 | Unquoted - Non-Trade | Fully paid | | 43,000,000 | 43,000,000 | |
| | | Others | 1 | 1 | Unquoted - Non-Trade | Fully paid | | 10 | 10 | |
| | | Others | 560 | 560 | Quoted - Trade | Fully paid | | 122,500 | 122,500 | |
| | | Others | 70,694 | - | UnQuoted - Trade | Fully paid | | 7,074,838 | - | |
| | | | | | | | | (2,000,000) | (73,997,000) | |
| | | | | | | | | Total | 72,816,682 | 67,907,144 |
| (b) | Investment in Preference shares Centrum Broking Limited(Formerly known as Centrum Broking Private Limited) Indra Investments Advisory Private Limited SRR Consultants Private Limited Ray Realtors Private Limited | | - | 55,000,000 | Unquoted - Non-Trade | Fully paid | | - | 550,000,000 | |
| | | | 1,000,000 | 1,000,000 | Unquoted - Non-Trade | Fully paid | | 10,000,000 | 10,000,000 | |
| | | | 10,000 | 10,000 | Unquoted - Non-Trade | Fully paid | | 10,000,000 | 10,000,000 | |
| | | | 20,000 | 20,000 | Unquoted - Non-Trade | Fully paid | | 5,000,000 | 5,000,000 | |
| | | | | | | | | Total | 25,000,000 | 575,000,000 |
| (c) | Investment in Debentures Polar Industries Limited Oasis Counsel and Advisory Private Limited | | 300,000 | 300,000 | Unquoted | Fully paid | | 4,940,724 | 4,940,724 | |
| | | | 4,500 | 50,000 | Unquoted | Fully paid | | 4,500,000 | 50,000,000 | |
| | | | | | | | | Total | 9,440,724 | 54,940,724 |
| | | | | | | Grand Total | 107,257,406 | 697,847,868 | | |
| | | | | | | Less : Provision for diminution in value of investments | 4,672,640 | 3,190,423 | | |
| | | | | | | Net Total | 102,584,766 | 694,657,445 | | |

| | |
|------------------------------------------------------------|------------|
| Aggregate Value of Quoted Investments and market value | 13,547,334 |
| Aggregate Value of Unquoted Investments | 79,072,000 |
| Aggregate Provision for diminution in value of investments | 2202278 |

Consolidated Notes forming part of the financial statements

(₹)

| Particulars | As at June 30, 2012 | As at June 30, 2011 |
|------------------------------------------------------------------------------------------------------------|------------------------|------------------------|
| Note 15 : LONG TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD, UNLESS OTHERWISE SPECIFIED) | | |
| Deposits | 126,014,384 | 146,066,341 |
| | 126,014,384 | 146,066,341 |
| Included in Deposits are: | | |
| Dues from Enterprise controlled by Key Management Personnel | | |
| -Businessmatch Services Private Limited | 3,000,000 | 3,000,000 |
| [Maximum amount outstanding during the year ₹ 3,000,000/- (Previous Year ₹ 3,000,000/-)] | | |
| Dues from Key Management Personnel | | |
| -Chandir Gidwani | 3,000,000 | 3,000,000 |
| [Maximum amount outstanding during the year ₹ 3,000,000/- (Previous Year ₹ 3,000,000/-)] | | |
| Advance for purchase of shares | | |
| Advance for purchase of shares pending transfer | 10,000,000 | 10,000,000 |
| | 10,000,000 | 10,000,000 |
| Other Loans and Advances | | |
| Inter-corporate deposits | 576,221,890 | - |
| Loans to employees | 2,335,300 | - |
| Advance Tax & Tax Deducted at Source | 163,739,078 | 126,198,263 |
| (Net of provision for tax ₹ 390,053,012/- (Previous Year ₹ 308,266,642/-)] | | |
| Advances recoverable in cash or in kind or for the value to be received | 15,611,489 | - |
| Less:- Provision for doubtful advance | 945,878 | - |
| | 756,961,879 | 126,198,263 |
| | | |
| TOTAL | 892,976,263 | 282,264,604 |

Consolidated Notes forming part of the financial statements

Note 16 : Current Investments - (At cost)

| Sr. No. | Name of the Body Corporate | Subsidiary / Associate / JV/ Controlled Entity / Others | No. of Shares / Units | | Quoted / Unquoted/ Trade /Non Trade | Partly Paid / Fully paid | Extent of Holding (%) | | In Rupees | |
|---------|------------------------------------------------------------------------------------|---------------------------------------------------------|-----------------------|-----------|-------------------------------------|--------------------------|-----------------------|--------------|-------------------|-------------------|
| | | | As At | | | | As At | | As At | |
| | | | 30-Jun-12 | 30-Jun-11 | | | 30-Jun-12 | 30-Jun-11 | 30-Jun-12 | 30-Jun-11 |
| (a) | Investment in Equity Instruments | | | | | | | | | |
| | Reliance Money Manager Fund - Institutional- tional Option -Daily Dividend Plan | Others | - | - | Unquoted | | - | - | 29,559,654 | 27,554,298 |
| | | | | | | | | | 29,559,654 | 27,554,298 |
| | | | | | | | | Total | | |

| | |
|------------------------------------------------------------|------------|
| Aggregate Value of Quoted Investments and market value | - |
| Aggregate Value of Unquoted Investments | 29,559,654 |
| Aggregate Provision for diminution in value of investments | - |

Consolidated Notes forming part of the financial statements

| | As at June 30, 2012 | | As at June 30, 2011 | |
|-----------------------------------------------------------------------|---------------------|----------------|---------------------|-------------------|
| | Quantity (Units) | Amount (₹) | Quantity (Units) | Amount (₹) |
| Note 17 : INVENTORIES | | | | |
| <u>Inventories (at lower of cost and net realisable value)</u> | | | | |
| Unquoted bonds | | | | |
| 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 |
| NABARD 0% 2019 | 12 | 133,200 | - | - |
| Share in Finance Costs of Joint Venture | 50 | 2,803 | - | - |
| TOTAL | 62 | 136,003 | 104 | 26,749,151 |

(₹)

| Particulars | As at June 30, 2012 | As at June 30, 2011 |
|-----------------------------------------------------------------------|----------------------|---------------------|
| Note 18- TRADE RECEIVABLES | | |
| (UNSECURED, CONSIDERED GOOD, UNLESS OTHERWISE SPECIFIED) | | |
| Debtors outstanding for a period exceeding six months | | |
| Considered good | 185,559,088 | 288,376,846 |
| Considered doubtful | 85,555,733 | 55,638,108 |
| | 271,114,821 | 344,014,954 |
| Other Debts | | |
| Considered good | 774,996,681 | 445,325,751 |
| | 1,046,111,502 | 789,340,705 |
| Less : Provision for doubtful debts | 85,555,733 | 55,638,108 |
| TOTAL | 960,555,769 | 733,702,597 |
| Note 19- CASH AND BANK BALANCES | | |
| <u>Cash and Cash equivalents</u> | | |
| Balances with Banks | 180,734,913 | 222,667,407 |
| Cheques on hand | 22,500,000 | 23,362,704 |
| Cash on Hand including foreign currencies | 147,370,141 | 202,066,880 |
| Other Bank Balances | 87,500,000 | |
| Deposits with maturity for more than 3 months but less than 12 months | 30,405,358 | 28,675,274 |
| Earmarked Balances With Banks | - | |
| Unpaid dividend accounts | 96,218 | 99,996 |
| Share in cash on Hand with Joint Venture | 5,216,977 | |

Consolidated Notes forming part of the financial statements

(₹)

| Particulars | As at June 30, 2012 | As at June 30, 2011 |
|-------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|
| Share in Deposits with maturity for more than 3 months but less than 12 months of Joint Venture | 12,853,196 | 14,690,286 |
| TOTAL | 486,676,802 | 491,562,547 |
| Note 20 - SHORT TERM LOANS AND ADVANCES | | |
| (UNSECURED, CONSIDERED GOOD, UNLESS OTHERWISE SPECIFIED) | | |
| Loans and Advances to related parties | | |
| Centrum Fiscal Pvt. Ltd. [(Maximum amount outstanding during the year ₹ 100,000 (Previous year ₹ 100,000))] | 100,000 | - |
| Centrum Securities Private Limited [(Maximum amount outstanding during the year ₹ 1,153,696 (Previous year ₹ 10,426,688))] | 57,242,477 | 110,051,303 |
| Centrum ESPS Trust [(Maximum amount outstanding during the year ₹ 306,225,000 (Previous year ₹ 4,096,860))] | 306,225,000 | - |
| | 363,567,477 | 110,051,303 |
| Loans to employees | 5,247,711 | 33,725,692 |
| Loans to Others | | |
| Yule Investments Limited | 10,360,689 | 40,320,591 |
| Rinita Impex Private Limited | - | 743,395,052 |
| Top Class Capital Market Pvt. Ltd. | - | 90,000,000 |
| Bliss City Home Pvt Limited | - | 7,000,000 |
| | 15,608,400 | 914,441,335 |
| Other Loans and Advances | | |
| Pre-paid Expenses | 2,555,699 | 1,020,511 |
| Income Tax | 2,616,637 | |
| Other Loans and advances | 1,164,058 | |
| Considered good | 650,894,984 | 239,817,630 |
| Considered doubtful | 453,488 | 453,488 |
| | 651,348,472 | 240,271,118 |
| Less: Provision for doubtful advances | 453,488 | 1,399,366 |
| | 657,231,378 | 239,892,263 |
| TOTAL | 1,036,407,255 | 1,264,384,901 |

Consolidated Notes forming part of the financial statements

(₹)

| Particulars | As at June 30, 2012 | As at June 30, 2011 |
|-------------------------------------------------------------------------|------------------------|------------------------|
| Note 21- OTHER CURRENT ASSETS | | |
| Service tax (Input / Credit Account) | 7,650,400 | 35,862,851 |
| Rent Receivable | 5,048,453 | - |
| Advances recoverable in cash or in kind or for the value to be received | 38,411,968 | - |
| Other Current Assets | 2,152,922 | |
| Deposits Others | 89,637,927 | |
| Miscellaneous Expenditure | 1,746,741 | 1,947,657 |
| MAT Credit | - | 1,166,331 |
| Interest Receivable | 13,284,052 | 3,566,305 |
| Share in Other current Assets of Joint Venture | 1,734,430 | 4,479 |
| TOTAL | 159,666,893 | 42,547,623 |

(₹)

| Particulars | As at June 30, 2012 | As at June 30, 2011 |
|-------------------------------------------------|------------------------|------------------------|
| Note 22 : - REVENUE FROM OPERATIONS: | | |
| Syndication, Commisison & Brokerage | 529,853,486 | 504,630,351 |
| Forex / Forex equivalents | 29,156,947,849 | 6,082,810,660 |
| Income From Tours(Net) | 90,027,477 | 38,100,014 |
| <u>Advisory Services</u> | 1,335,250 | - |
| Brokerage & Commsion | 165,609,142 | - |
| Consultancy Fees | 4,648,322 | - |
| Interest Income | 45,198,092 | - |
| Trading in Bonds (net) | 24,864,865 | 61,397,484 |
| Share in Income from Operation of Joint Venture | 23,262 | 9,447,484,775 |
| TOTAL | 30,018,507,745 | 16,134,423,284 |
| NOTE 23 - OTHER INCOME | | |
| Interest | | |
| Others | 112,606,529 | 93,784,233 |
| Dividend income | - | |
| Dividend on Equity Shares - Non-trade | 2,104,431 | 300,116 |

Consolidated Notes forming part of the financial statements

(₹)

| Particulars | As at June 30, 2012 | As at June 30, 2011 |
|-------------------------------------------------------------|------------------------|------------------------|
| Dividend on Units of Mutual Fund - Non-trade | 17,584 | 497,998 |
| Dividend on Preference Shares - Non-trade | 100,000 | 100,000 |
| Profit on Sale of Fixed Assets | 1,285,543 | - |
| Profit on Sale of Investments - Long Term - Non-trade (net) | - | 3,228,775 |
| Profit on Sale of Mutual Fund | - | 159,585 |
| Long Term Capital Gain - Equity Shares | 14,550,816 | - |
| Rent Received | 4,473,000 | - |
| Foreign exchange gain (net) | 6,053,632 | - |
| Other Income | 6,387,999 | 361,141 |
| Share in Other Income from Operation of Joint Venture | 1,592 | 38,754,666 |
| TOTAL | 147,581,126 | 137,186,514 |
| Note 24:- EMPLOYEE BENEFIT EXPENSE | | |
| Salaries wages and bonus | 601,464,199 | 309,144,609 |
| <u>Contribution to provident & other funds</u> | - | |
| E.S.I.C. | 2,579,636 | 27,694 |
| Provident Fund | 23,601,286 | 10,288,129 |
| Gratuity Expenses | 1,287,852 | 3,629,463 |
| Compensated Absences | 6,863,619 | 2,640,216 |
| Staff welfare expenses | 8,524,756 | 4,092,083 |
| Share in Employee Benefit Expenses of Joint Venture | 305,2913 | 100,766,289 |
| TOTAL | 647,374,261 | 430,588,483 |
| Note 25 - FINANCE COSTS | | |
| Interest | | |
| on banks | 67,346,657 | 21,146,735 |
| others | 163,795,367 | 73,288,257 |
| Bank charges | 8,446,978 | 5,948,632 |
| Share in Finance Costs of Joint Venture | 7,733 | 24,582,747 |
| TOTAL | 239,596,734 | 124,966,371 |

Consolidated Notes forming part of the financial statements

(₹)

| Particulars | As at June 30, 2012 | As at June 30, 2011 |
|-----------------------------------------------------------------|------------------------|------------------------|
| NOTE 26 - OTHER EXPENSE | | |
| Rent | 271,728,718 | 130,410,776 |
| Rates & Taxes | 19,592,446 | 18,935,588 |
| [including wealth tax ₹ 160,000/- ,(Previous year ₹ 200,000/-)] | - | |
| Electricity | 15,312,378 | 5,966,516 |
| Foreign exchange loss (net) | - | 986,410 |
| Repair and maintenance - others | 12,394,804 | 2,532,921 |
| Insurance | 5,005,790 | 2,088,833 |
| Advertising | 20,151,842 | 12,212,775 |
| Business promotion | 7,824,804 | 8,981,058 |
| Meeting and seminars | 1,334,747 | 1,663,055 |
| Subscription and membership fees | 2,081,379 | 2,641,299 |
| Commission and brokerage | 40,989,742 | 18,268,667 |
| Travelling and conveyance | 33,231,174 | 21,462,212 |
| Depository Charges | 1,497,527 | - |
| Franking Charges | 205,100 | - |
| Vehicle Expenses | 13,730,292 | 10,523,900 |
| Communication costs | 23,502,619 | 10,415,457 |
| Printing and stationery | 10,896,748 | 4,293,824 |
| Legal & professional fees | 82,055,272 | 120,310,788 |
| Office Expenses | 12,990,142 | 6,710,983 |
| Impairment of Investments | 7,417,754 | 2,552,528 |
| Bad Debts Written Off | 12,296,690 | 12,916,387 |
| Provision for Doubtful Debts | 20,728,015 | 36,237,730 |
| Director's sitting fees | 550,000 | 950,000 |
| Audit Fees | 2,480,562 | 1,430,205 |
| Sundry Balance written off | 4,522 | 14,446,328 |
| Loss on sale of investments | - | 1,014,130 |
| Donation and contributions to charitable institutions | 100,000 | 233,310 |
| Preliminary expenses/ share issue expenses written off | 109,013 | 110,454 |
| Claims and Compensations | 1,547,350 | - |
| Loss on sale of fixed assets (net) | 57,577 | 638,811 |
| Miscellaneous expenses | 15,232,151 | 6,941,150 |
| Share In Administrative Expenses | 1,036,022 | 124,312,256 |
| TOTAL | 636,085,178 | 580,188,351 |

Consolidated Notes forming part of the financial statements

27. Segment Information

Primary Segment:

As of June 30, 2012, 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, broking activity, Portfolio Management, 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 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.

Annexure 1 of 27 of Financial Statements

Information about Primary business segments

| Particulars | Advisory & Transactional Services | | Trading in Bonds | | Forex and Forex Equivalents | | Tours & Travels | | Treasury | | Unallocated | | Elimination | | Total | | |
|--------------------------------------------------------------------------|-----------------------------------|---------------|------------------|--------------|-----------------------------|----------------|-----------------|-------------|---------------|---------------|---------------|---------------|-----------------|-----------------|----------------|----------------|-----------|
| | June 2012 | June 2011 | June 2012 | June 2011 | June 2012 | June 2011 | June 2012 | June 2011 | June 2012 | June 2011 | June 2012 | June 2011 | June 2012 | June 2011 | June 2012 | June 2011 | June 2012 |
| Revenue | | | | | | | | | | | | | | | | | |
| Income from operations | 616,568,134 | 483,576,974 | 24,864,865 | 61,397,484 | 29,260,827,722 | 15,503,818,348 | 105,910,572 | 71,626,564 | 184,926,534 | 117,487,033 | 77,660,594 | 74,933,964 | (104,669,551) | (41,230,589) | 30,166,088,870 | 16,271,609,798 | |
| Total revenue | 616,568,134 | 483,576,974 | 24,864,865 | 61,397,484 | 29,260,827,722 | 15,503,818,348 | 105,910,572 | 71,626,564 | 184,926,534 | 117,487,033 | 77,660,594 | 74,933,964 | (104,669,551) | (41,230,589) | 30,166,088,870 | 16,271,609,798 | |
| Result | | | | | | | | | | | | | | | | | |
| Segment result | (239,013,001) | (215,316,821) | (82,317,851) | (3,103,692) | 50,670,909 | (4,397,874) | (1,196,597) | 10,142,717 | 178,674,373 | 113,779,426 | 53,005,931 | 52,076,117 | 19,454,069 | (85,432,284) | (20,722,166) | (160,182,411) | |
| Interest expense | 55,341,037 | 9,413,083 | 8,233,795 | 12,768,927 | 69,358,406 | 28,552,546 | 1,992,131 | 1,058,101 | 51,266,649 | 55,871,224 | 119,850,954 | 34,020,765 | (66,448,237) | (29,520,910) | 2,39,596,734 | 112,163,736 | |
| Profit/(Loss) before taxation and prior period items | (294,354,038) | (224,729,904) | (90,551,645) | (43,802,619) | (18,687,497) | (32,950,420) | (3,188,728) | 9,084,161 | 127,405,724 | 57,908,202 | (66,845,023) | 18,055,352 | 85,902,307 | (55,911,374) | (260,316,900) | (272,346,147) | |
| Tax expenses | - | - | - | - | - | - | - | - | - | - | (47,929,209) | (2,662,918) | - | - | (47,929,209) | (2,662,918) | |
| Prior Period Items | - | - | - | - | - | - | - | (1,110,112) | - | - | - | - | - | - | - | (1,110,112) | |
| Extraordinary Items | - | 86,137,188 | - | - | - | - | - | - | - | - | - | - | - | - | - | 86,137,188 | |
| Net Loss | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (308,248,109) | (189,981,989) | |
| Other Information | | | | | | | | | | | | | | | | | |
| Segment assets | 1,165,477,594 | 623,971,518 | 38,026,398 | 59,343,582 | 1,437,422,557 | 885,132,042 | 130,674,492 | 166,709,448 | 1,003,605,136 | 1,196,123,959 | 3,072,775,341 | 2,598,681,996 | (1,904,720,923) | (1,644,866,057) | 4,943,260,595 | 3,985,096,488 | |
| Total Assets | 1,165,477,594 | 623,971,518 | 38,026,398 | 59,343,582 | 1,437,422,557 | 885,132,042 | 130,674,492 | 166,709,448 | 1,003,605,136 | 1,196,123,959 | 3,072,775,341 | 2,598,681,996 | (1,904,720,923) | (1,644,866,057) | 4,943,260,595 | 3,985,096,488 | |
| Segment liabilities | 624,329,292 | 214,531,755 | 21,710,435 | 26,553,993 | 600,694,842 | 703,286,843 | 111,976,072 | 142,371,374 | 682,731,664 | 306,341,973 | 1,293,133,988 | 996,721,942 | (584,469,949) | - | 2,750,106,344 | 2,389,807,860 | |
| Minority Interest | - | - | - | - | - | - | - | - | - | - | 6,459,311 | 7,512,823 | - | - | 6,459,311 | 7,512,823 | |
| Total liabilities | 624,329,292 | 214,531,755 | 21,710,435 | 26,553,993 | 600,694,842 | 703,286,843 | 111,976,072 | 142,371,374 | 682,731,664 | 306,341,973 | 1,299,593,299 | 1,004,234,765 | (584,469,949) | (264,418,219) | 2,756,565,655 | 2,132,902,464 | |
| Capital expenditure | 5,937,725 | 19,620,119 | 887,246 | 849,090 | 12,133,098 | - | 3,838,100 | - | - | - | - | - | - | - | 22,796,169 | 20,469,209 | |
| Depreciation | 38,837,279 | 35,718,505 | 5,319,565 | 4,611,991 | 16,237,056 | - | 1,522,904 | - | - | - | 113,308 | 12,540,041 | - | - | 62,030,112 | 52,870,537 | |
| Amortisation | 1,121,355 | 1,017,477 | 184,087 | 144,216 | 1,726,207 | - | 269,678 | - | - | - | - | - | - | - | 3,301,327 | 1,161,693 | |
| Provision for bad and doubtful debt and bad debts written off | 27,893,671 | 39,057,707 | - | - | 5,131,034 | - | - | - | - | - | 1,736,565 | - | - | - | 33,024,705 | 40,794,272 | |
| Miscellaneous expenditure (to the extent of not written off or adjusted) | - | 91,902 | - | - | - | - | - | - | - | 1,746,741 | 1,746,741 | 109,013 | - | - | 1,746,741 | 1,947,656 | |

Consolidated Notes forming part of the financial statements

28. Related Party Disclosures

- (i) 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:

| Names of related parties with whom transactions have taken place during the year | |
|----------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Joint Venture in which Holding Company is a Venturer | - Commonwealth Centrum Advisors Limited (w.e.f. February 15, 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 Limited (Formerly known as Centrum Broking Pvt. Ltd.) till December 07, 2011. - 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) - Mr. Shrimanta 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 - Mr. Sandeep Koni Nayak - Whole time director of Centrum Broking Limited (w.e.f. December 08, 2011) - Mr. Sriram Venkatasubramanian - Whole Time Director of Centrum Broking Limited (w.e.f. December 08, 2011) - Mr. Pradeep Oak - Whole time director of Centrum Broking Limited - Mr. Gangatharan Chokkalingam - Whole time director of Centrum Wealth Management Limited (w.e.f. April 01, 2012) |

Consolidated Notes forming part of the financial statements

Transactions carried out with the related parties in (i) above in ordinary course of business:

| Nature of transaction | Joint Ventures | | Enterprise controlled by Key Management Personnel | | Key Management Personnel | | Associates / Entities where company has significant influence | | Total | |
|----------------------------------------------------------------------------------|----------------|-----------|---------------------------------------------------|-----------|--------------------------|-----------|---------------------------------------------------------------|------------|-----------|------------|
| | 2011-2012 | 2010-2011 | 2011-2012 | 2010-2011 | 2011-2012 | 2010-2011 | 2011-2012 | 2010-2011 | 2011-2012 | 2010-2011 |
| Rent received | | | | | | | | | | |
| CentrumDirect Limited | - | 63,000 | - | - | - | - | - | - | - | 63,000 |
| Centrum Broking Limited | - | - | - | - | - | - | - | 7,356,624 | - | 7,356,624 |
| | | | | | | | | | | |
| Interest income | | | | | | | | | | |
| CentrumDirect Limited | - | 5,750,794 | - | - | - | - | - | - | - | 5,750,794 |
| Centrum Broking Limited | - | - | - | - | - | - | - | 8,562,295 | - | 8,562,295 |
| Centrum Securities Private Limited | - | - | - | - | - | - | 106,693 | 260,387 | 106,693 | 260,387 |
| Future Capital Securities Limited (Formerly FCH Centrum Wealth Managers Limited) | - | - | - | - | - | - | - | 1,617,159 | - | 1,617,159 |
| | | | | | | | | | | |
| Purchase of Air tickets | | | | | | | | | | |
| Club 7 Holidays Limited | - | - | - | - | - | - | - | 5,720,506 | - | 5,720,506 |
| | | | | | | | | | | |
| Purchase of Foreign currency | | | | | | | | | | |
| CentrumDirect Limited | - | 403,762 | - | - | - | - | - | - | - | 403,762 |
| | | | | | | | | | | |
| Commission and Brokerage paid | | | | | | | | | | |
| Centrum Broking Limited | - | - | - | - | - | - | - | 2,578,692 | - | 2,578,692 |
| Future Capital Securities Limited (Formerly FCH Centrum Wealth Managers Limited) | - | - | - | - | - | - | - | 10,231,061 | - | 10,231,061 |
| | | | | | | | | | | |
| Rent expenses | | | | | | | | | | |
| CentrumDirect Limited | - | 2,221,173 | - | - | - | - | - | - | - | 2,221,173 |
| Businessmatch Services (India) Private Limited | - | - | 1,665,446 | 976,935 | - | - | 1,021,935 | 976,875 | 2,687,381 | 1,953,810 |
| Future Capital Securities Limited (Formerly FCH Centrum Wealth Managers Limited) | - | - | - | - | - | - | - | 398,658 | - | 398,658 |
| Sriram Basu Malik | - | - | - | - | - | - | 168,000 | - | 168,000 | - |
| Pradeep Kumar Mukherjee | - | - | - | - | - | - | 84,000 | - | 84,000 | - |
| Aparna Chaturvedi | - | - | - | - | - | - | 84,000 | - | 84,000 | - |

Consolidated Notes forming part of the financial statements

| Nature of transaction | Joint Ventures | | Enterprise controlled by Key Management Personnel | | Key Management Personnel | | Associates / Entities where company has significant influence | | Total | |
|--------------------------------------------------|----------------|-----------|---------------------------------------------------|------------|--------------------------|-----------|---------------------------------------------------------------|------------|------------|------------|
| | 2011-2012 | 2010-2011 | 2011-2012 | 2010-2011 | 2011-2012 | 2010-2011 | 2011-2012 | 2010-2011 | 2011-2012 | 2010-2011 |
| Interest expense | | | | | | | | | | |
| CentrumDirect Limited | - | 3,431,164 | - | - | - | - | - | - | - | 3,431,164 |
| Directors sitting fees | | | | | | | | | | |
| Mr. Chandir Gidwani | - | - | 80,000 | 160,000 | - | - | - | - | 80,000 | 160,000 |
| Professional fees expense | | | | | | | | | | |
| Centrum Broking Limited | - | - | - | - | - | - | 1,000,000 | - | - | 1,000,000 |
| Sonchajyo Investment and Finance Private Limited | - | - | 367,785 | 361,854 | - | - | - | - | 367,785 | 361,854 |
| Managerial remuneration | | | | | | | | | | |
| Mr. T. R. Madhavan | - | - | 5,880,000 | 1,185,900 | - | - | - | - | 5,880,000 | 1,185,900 |
| Ms. Sonia Gidwani | - | - | - | 3,507,722 | - | - | - | - | - | 3,507,722 |
| Mr. G Narayanan | - | - | - | 3,024,179 | - | - | - | - | - | 3,024,179 |
| Mr. Chokkalingam G. | - | - | 8,406,000 | - | - | - | - | - | 8,406,000 | - |
| Mr. K. Sandeep Nayak | - | - | 8,097,603 | - | - | - | - | - | 8,097,603 | - |
| Mr. V. Sriram | - | - | 2,422,556 | 1,255,000 | - | - | - | - | 2,422,556 | 1,255,000 |
| Mr. Pradeep Oak | - | - | 2,909,040 | - | - | - | - | - | 2,909,040 | - |
| Mr. Alok Nanavaty | - | - | 1,170,294 | - | - | - | - | - | 1,170,294 | - |
| Mr. Sriram Basu Malik | - | - | 1,800,000 | 1,754,000 | - | - | - | - | 1,800,000 | 1,754,000 |
| Mr. Pradeep Kumar Mukherjee | - | - | 2,494,003 | 1,554,004 | - | - | - | - | 2,494,003 | 1,554,004 |
| Ms. Aparna Chaturvedi | - | - | 3,000,000 | 2,282,003 | - | - | - | - | 3,000,000 | 2,282,003 |
| Mr. Hardeep Dayal | - | - | - | 535,224 | - | - | - | - | - | 535,224 |
| Mr. K. Raghunath Kamath | - | - | - | 15,098,032 | - | - | - | - | - | 15,098,032 |
| Rent Receivable | | | | | | | | | | |
| Centrum Broking Limited | - | - | - | - | - | - | 5,045,993 | - | - | 5,045,993 |
| Interest receivable | | | | | | | | | | |
| Centrum Broking Limited | - | - | - | - | - | - | 2,560,422 | - | - | 2,560,422 |
| Centrum Securities Private Limited | - | - | - | - | - | - | 8,686,677 | 37,207 | 8,686,677 | 37,207 |
| Security Deposits | | | | | | | | | | |
| Businessmatch Services (India) Private Limited | - | - | 3,000,000 | 3,000,000 | - | - | 13,338,500 | 13,338,500 | 16,338,500 | 16,338,500 |
| Mr. Chandir Gidwani | - | - | - | - | 3,000,000 | 3,000,000 | - | - | 3,000,000 | 3,000,000 |

Consolidated Notes forming part of the financial statements

| Nature of transaction | Joint Ventures | | Enterprise controlled by Key Management Personnel | | Key Management Personnel | | Associates / Entities where company has significant influence | | Total | |
|----------------------------------------------------------------------------------|----------------|-----------|---------------------------------------------------|-----------|--------------------------|-----------|---------------------------------------------------------------|-------------|-------------|-------------|
| | 2011-2012 | 2010-2011 | 2011-2012 | 2010-2011 | 2011-2012 | 2010-2011 | 2011-2012 | 2010-2011 | 2011-2012 | 2010-2011 |
| | | | | | | | | | | |
| Loans/Advances receivable | | | | | | | | | | |
| Centrum Securities Private Limited | - | - | - | - | - | - | 57,242,477 | 111,103,103 | 57,242,477 | 111,103,103 |
| Centrum Broking Limited | - | - | - | - | - | - | - | 112,850,000 | - | 112,850,000 |
| Centrum ESPS Trust | - | - | - | - | - | - | 306,225,000 | 4,096,860 | 306,225,000 | 4,096,860 |
| | | | | | | | | | | |
| Guarantees outstanding at the year end | | | | | | | | | | |
| Centrum Broking Limited | - | - | - | - | - | - | - | 410,100,000 | - | 410,100,000 |
| | | | | | | | | | | |
| Loans / advances payable | | | | | | | | | | |
| Businessmatch Services (India) Private Limited | - | - | - | - | - | - | 233,850,000 | - | 233,850,000 | - |
| | | | | | | | | | | |
| Reimbursement of Expenses | | | | | | | | | | |
| Commonwealth Centrum Advisors Ltd-Other Expenses | 53,800 | - | - | - | - | - | - | - | 53,800 | - |
| Future Capital Securities Limited (Formerly FCH Centrum Wealth Managers Limited) | - | - | - | - | - | - | - | 67,763 | - | 67,763 |
| | | | | | | | | | | |
| Reimbursement of Expenses received | | | | | | | | | | |
| Future Capital Securities Limited (Formerly FCH Centrum Wealth Managers Limited) | - | - | - | - | - | - | - | 2,214,629 | - | 2,214,629 |
| | | | | | | | | | | |
| Investment in shares / Interest in the Limited Liability Company (LLC) | | | | | | | | | | |
| Commonwealth Centrum Advisors Limited | - | 7,446,085 | - | - | - | - | - | - | - | 7,446,085 |
| | | | | | | | | | | |
| Inter-Corporate Deposits given | | | | | | | | | | |
| Centrum Broking Limited | - | - | - | - | - | - | - | 213,500,000 | - | 213,500,000 |
| Centrum Securities Private Limited | - | - | - | - | - | - | 5,800,000 | - | 5,800,000 | - |

Consolidated Notes forming part of the financial statements

| Nature of transaction | Joint Ventures | | Enterprise controlled by Key Management Personnel | | Key Management Personnel | | Associates / Entities where company has significant influence | | Total | |
|----------------------------------------------------------------------------------|-------------------|----------------------|---------------------------------------------------|------------------|--------------------------|-------------------|---------------------------------------------------------------|----------------------|----------------------|----------------------|
| | 2011-2012 | 2010-2011 | 2011-2012 | 2010-2011 | 2011-2012 | 2010-2011 | 2011-2012 | 2010-2011 | 2011-2012 | 2010-2011 |
| Future Capital Securities Limited (Formerly FCH Centrum Wealth Managers Limited) | - | - | - | - | - | - | - | 50,600,000 | - | 50,600,000 |
| CentrumDirect Limited | - | 451,120,878 | - | - | - | - | - | - | - | 451,120,878 |
| Inter-Corporate Deposits taken back | | | | | | | | | | |
| Centrum Securities Private Limited | - | - | - | - | - | - | 73,058,696 | 4,674,208 | 73,058,696 | 4,674,208 |
| Centrum Broking Limited | - | - | - | - | - | - | - | 100,650,000 | - | 100,650,000 |
| Future Capital Securities Limited (Formerly FCH Centrum Wealth Managers Limited) | - | - | - | - | - | - | - | 90,700,000 | - | 90,700,000 |
| CentrumDirect Limited | - | 451,120,878 | - | - | - | - | - | - | - | 451,120,878 |
| Inter-Corporate Deposits taken | | | | | | | | | | |
| CentrumDirect Limited | - | 226,178,178 | - | - | - | - | - | - | - | 226,178,178 |
| Businessmatch Services (India) Private Limited | - | - | - | - | - | - | 444,200,000 | - | 444,200,000 | - |
| Inter-Corporate Deposits repaid | | | | | | | | | | |
| CentrumDirect Limited | - | 318,229,087 | - | - | - | - | - | - | - | 318,229,087 |
| Businessmatch Services (India) Private Limited | - | - | - | - | - | - | 210,350,000 | - | 210,350,000 | - |
| Total | 53,800 | 1,465,964,999 | 5,033,231 | 4,338,789 | 39,259,496 | 33,356,064 | 1,354,215,978 | 1,160,240,942 | 1,398,562,505 | 2,663,900,794 |
| Investments in Equity Shares as on June 30, 2012 | | | | | | | | | | |
| Centrum Broking Limited | - | - | - | - | - | - | - | 71,997,000 | - | 71,997,000 |
| Centrum Securities Private Limited | - | - | - | - | - | - | 16,874,793 | 14,217,840 | 16,874,793 | 14,217,840 |
| Essel-Centrum Holdings Limited | - | - | - | - | - | - | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| Commonwealth Centrum Advisors Limited | 19,809,794 | 7,446,085 | - | - | - | - | - | - | 19,809,794 | 7,446,085 |
| Total | 19,809,794 | 7,446,085 | - | - | - | - | 17,874,793 | 87,214,840 | 37,684,587 | 94,660,925 |

Consolidated Notes forming part of the financial statements

| Nature of transaction | Joint Ventures | | Enterprise controlled by Key Management Personnel | | Key Management Personnel | | Associates / Entities where company has significant influence | | Total | |
|-----------------------------------------|----------------|-----------|---------------------------------------------------|-----------|--------------------------|-----------|---------------------------------------------------------------|--------------------|-----------|--------------------|
| | 2011-2012 | 2010-2011 | 2011-2012 | 2010-2011 | 2011-2012 | 2010-2011 | 2011-2012 | 2010-2011 | 2011-2012 | 2010-2011 |
| Investments in Preference Shares | | | | | | | | | | |
| Centrum Broking Limited | - | - | - | - | - | - | - | 550,000,000 | - | 550,000,000 |
| Total | - | - | - | - | - | - | - | 550,000,000 | - | 550,000,000 |

Consolidated Notes forming part of the financial statements

29. Operating lease

- i) The Group's has entered into cancellable leasing arrangements for corporate and branch offices and residential premises. The lease rentals of ₹ 135,947,979/- (previous year ₹ 2,2476,826/-) have been included under the head Rent under Note 26 of Statement of Profit and Loss.
- ii) The Group has also entered into non-cancellable leasing arrangement for corporate office and other offices.

(₹)

| Particulars | For the year ended June 30, 2012 | For the year ended June 30, 2011 |
|----------------------------------------------------------|----------------------------------|----------------------------------|
| Lease rental paid during the year | 135,780,739 | 107,933,950 |
| | As at June 30, 2012 | As at June 30, 2011 |
| Future minimum lease payments are as under | | |
| Payment not later than one year | 68,495,154 | 120,552,674 |
| Payment later than one year but not later than five year | 19,753,578 | 58,316,125 |
| 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 ₹ 9,502,407/- per month for the period July 1, 2011 to December 9, 2011. The lease rent was revised in December 2011 and consequently the lease rent payable is ₹ 9,977,527/- per month for the period December 10, 2011 to June 30, 2012.

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 lesser hence effect of escalation is not taken in the above disclosure.

30. 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 up to March 31, 2011. Accordingly, Profit & Loss account figures for the previous year included only up to for a period of nine months ended March 31, 2011. Further, In the previous year, the Company had 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 numbers of Commonwealth Centrum Advisors Limited.

Consolidated Notes forming part of the financial statements

(₹)

| Particulars | As at June 30, 2012 | As at June 30, 2011 |
|----------------------------|---------------------|---------------------|
| Assets | 19,807,405 | 14,694,765 |
| Liabilities | 19,807,405 | 44,557 |
| Revenue | 24,854 | 9,496,011,135 |
| Depreciation/ Amortization | - | 12,872,320 |
| Other expenses | 4,700,665 | 9,539,051,774 |
| Loss before tax | (1,087,250) | (55,912,959) |

31. (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, 2012 | As at June 30, 2011 |
|--------------------------------------------------------------------|---------------------|---------------------|
| Subsidiary (A) | | |
| Share Capital | 100,000 | 100,000 |
| Share Premium | - | - |
| Share of opening reserve | (39,596) | (60,482) |
| Share of current year profit/(loss) | (5,235) | 20,886 |
| Total (A) | 55,169 | 60,404 |
| Fellow Subsidiary (B) | | |
| Share Capital | 360,000 | 180,000 |
| Share of opening reserve | 7,092,419 | 3,328,907 |
| Addition on account of conversion of Joint Venture into Subsidiary | - | 2,588,396 |
| Share of current year profit/(loss) | 25,865 | 1,355,116 |
| Deduction on account of additional sale of shares | 1,074,142 | - |
| Total (B) | 6,404,142 | 7,452,419 |
| Net Total (A+B) | 6,459,311 | 7,512,823 |

- (b) During the previous year, CentrumDirect Limited (CDL) had been converted from Joint Venture to Subsidiary w.e.f. March 29, 2011, consequent to same minority interest share of selling joint venture partner, i.e. Future Capital Holdings Limited, in the share of Club 7 Holidays Limited (subsidiary of CDL) as on March 31, 2011 had been taken over by the group and duly accounted for, as an adjustment to Minority Interest.

Consolidated Notes forming part of the financial statements

32. (a) Contingent Liabilities and capital commitments :

| (₹) | | |
|---------------------------------------------------------------------------------------------------------------|---------------------|---------------------|
| Particulars | As at June 30, 2012 | As at June 30, 2011 |
| Corporate Guarantees given by the Group on behalf of :- | | |
| - Associate | - | 410,100,000 |
| - Subsidiary | | |
| - Limit | 1,001,000,000 | 660,000,000 |
| - Outstanding | 397,158,599 | 422,539,229 |
| - Others | | |
| - Limit | - | 100,000,000 |
| - Outstanding | - | 77,500,000 |
| Partly paid equity shares of Essel-Centrum Holdings Limited | 4,000,000 | 4,000,000 |
| Income Tax in respect of Assessment Year 2007-2008 in respect of which the Holding Company has gone on appeal | - | 1,323,224 |
| Income Tax in respect of Assessment Year 2008-2009 in respect of which the Group has gone on appeal | 6,546,150 | 5,431,780 |
| Capital Commitments | - | 1,032,327 |
| Guarantees given by Banks on behalf of the Group | 3,553,000 | 2,750,000 |
| Legal claims pending in consumer court | 8,71,000 | 8,71,000 |

(b) In view of assessment order received from income tax authorities demanding ₹ 6,546,150/- (P.Y. towards liability on account of disallowance under section 14A of Income Tax Act, 1961 for assessment year 2008-2009 and 2009-2010. 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.

33. Gratuity and Post employment benefits 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.

Statement of Profit and Loss

Net employee benefit expense (recognized in personnel expense)

| (₹) | | |
|-------------------------------------|-------------------------------------|-------------------------------------|
| Particulars | For the year ended June 30, 2012 | For the year ended June 30, 2011 |
| Current service cost | 5,220,297 | 2,996,031 |
| Interest cost on benefit obligation | 1,439,604 | 610,757 |

Consolidated Notes forming part of the financial statements

(₹)

| Particulars | For the year ended June 30, 2012 | For the year ended June 30, 2011 |
|----------------------------------------------------|-------------------------------------|-------------------------------------|
| Expected return on plan assets | (1,270,075) | (495,491) |
| Past service cost(non vested benefit) recognised | Nil | Nil |
| Past service cost (vested benefit) recognised | Nil | Nil |
| Recognition of transition liability | Nil | Nil |
| Net actuarial(gain) / loss recognised in the year | 630,360 | 1,253,024 |
| Net benefit expense # | 6,045,186 | 4,364,322 |

Balance sheet

Details for provision for gratuity

(₹)

| Particulars | For the year ended June 30, 2012 | For the year ended June 30, 2011 |
|--------------------------------------------------|-------------------------------------|-------------------------------------|
| Liability at the end of the year | 21,153,011 | 16,457,290 |
| Fair Value of Plan Assets at the end of the year | 21,620,558 | 14,957,085 |
| Difference | (467,547) | 1,500,205 |
| Unrecognised past service cost | Nil | Nil |
| Unrecognised transition liability | Nil | Nil |
| Amount recognized in the Balance Sheet | (467,547) | 1,500,205 |

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

(₹)

| Particulars | For the year ended 30-Jun-12 | For the year ended 30-Jun-11 |
|----------------------------------------|---------------------------------|---------------------------------|
| Opening defined benefit obligation | 18,021,593 | 11,564,507 |
| Interest cost | 1,439,604 | 916,941 |
| Current service cost | 5,245,297 | 8,490,752 |
| Past service cost (non vested benefit) | Nil | Nil |
| Past service cost (vested benefit) | Nil | Nil |
| Settlement | Nil | Nil |
| Liability transfer in | Nil | 176,985 |
| Liability transfer out | Nil | Nil |
| Benefit paid | (2,694,560) | (79,694) |
| Actuarial (gain)/loss on obligation | 645,218 | 1,835,906 |
| Closing defined benefit obligation | 22,657,152 | 17,549,821 |

Consolidated Notes forming part of the financial statements

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

(₹)

| Particulars | For the year ended 30-Jun-12 | For the year ended 30-Jun-11 |
|------------------------------------------------|---------------------------------|---------------------------------|
| Opening fair value of plan assets | 15,875,924 | 9,912,444 |
| Expected return on plan assets | 1,270,075 | 2,776,619 |
| Contributions by employer | 5,650,120 | 4,145,978 |
| Transfer from other Company | Nil | Nil |
| Transfer to other Company | Nil | Nil |
| Benefit paid | (2,694,560) | (666,827) |
| Actuarial gain/(loss) on plan assets | 14,858 | (79,103) |
| Closing fair value of plan assets | 20,116,417 | 13,864,554 |
| Total actuarial gain / (loss) to be recognized | (549,839) | (1,560,491) |

The group expects to contribute ₹ 4,082,495/- to gratuity for the year July 01, 2012 to June 30, 2013.

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 30-Jun-12 | For the year ended 30-Jun-11 |
|--------------------------|---------------------------------|---------------------------------|
| 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 30-Jun-12 | For the year ended 30-Jun-11 |
|-----------------------------------|---------------------------------|---------------------------------|
| Discount rate | 8.25-8.50% | 8.25-8.50% |
| Expected rate of return on assets | 8.00% | 8.00% |
| Salary escalation | 4.00-6.00% | 4.00-6.00% |
| 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.

Consolidated Notes forming part of the financial statements

Amounts for the current years are as follows*:

(₹)

| Particulars | July 01, 2011 to June 30, 2012 | July 01, 2010 to June 30, 2011 | July 01, 2009 to June 30, 2010 | July 01, 2008 to June 30, 2009 | *July 01, 2007 to June 30, 2008 |
|-----------------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|---------------------------------------|
| Defined benefit obligation | (22,657,152) | 18,415 | (8,271,711) | (7,267,886) | Not Available |
| Plan assets | 20,116,417 | 13,864,554 | 7,012,505 | 6,163,351 | Not Available |
| Surplus / (deficit) | (2,540,735) | 1,145,227 | 1,259,207 | (1,104,535) | Not Available |
| Experience adjustments on plan liabilities | 815,528 | 1,325,682 | 508,968 | (817,519) | Not Available |
| Experience adjustments on plan assets | 14,858 | 165,169 | 121,614 | (323,535) | Not Available |

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

The difference of ₹ 734,859/- in previous year 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.

34. Derivative instruments and un-hedged foreign currency exposure :

- There were no forward 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 | Current Year | | | Previous Year | | |
|------------------------------------|--------------|-------|-------------------|---------------|-------|-------------------|
| | Quantity | Rate | Amount (₹) | Quantity | Rate | Amount (₹) |
| Sundry creditors | | | | | | |
| USD | 492,948 | 55.68 | 27,447,317 | 244,272 | 44.7 | 10,918,494 |
| EURO | 129,039 | 70.11 | 9,046,718 | 87,748 | 64.71 | 5,677,989 |
| GBP | 52,965 | 86.96 | 4,606,032 | 37,106 | 71.62 | 2,657,688 |
| CAD | 55,699 | 54.47 | 3,033,835 | 19,432 | 46.32 | 900,034 |
| AUD | 38,942 | 56.73 | 2,209,269 | 38,639 | 47.84 | 1,848,131 |
| OTHERS | | | 4,930,167 | | | 2,357,487 |
| Total | | | 51,273,338 | | | 24,359,823 |
| Forex and forex equivalents | | | | | | |
| USD | 1,223,949 | 55.65 | 68,112,479 | 2,324,255 | 44.7 | 103,407,944 |
| EURO | 789,251 | 70 | 55,244,188 | 1,140,211 | 64.71 | 72,940,678 |
| GBP | 119,093 | 86.95 | 10,355,115 | 241,874 | 71.62 | 17,306,720 |
| CAD | 66,834 | 54.47 | 3,640,338 | 54,524 | 46.32 | 2,525,399 |
| JPY | 2,387,071 | 0.69 | 1,655,911 | 6,450,401 | 0.55 | 3,572,232 |
| AED | 126,047 | 15.08 | 1,900,310 | 453,720 | 12.15 | 5,546,028 |
| AUD | 59,850 | 56.63 | 3,389,493 | 129,422 | 47.84 | 6,181,728 |
| SGD | 97,220 | 43.86 | 4,263,871 | 160,818 | 36.32 | 5,841,339 |
| CHF | 31,235 | 58.38 | 1,823,365 | 50,033 | 53.09 | 2,656,186 |
| SAR | 84,610 | 14.77 | 1,249,343 | 104,830 | 11.9 | 1,246,967 |

Consolidated Notes forming part of the financial statements

| Particulars | Current Year | | | Previous Year | | |
|-------------------------|--------------|---------|--------------------|---------------|-------|--------------------|
| | Quantity | Rate | Amount (₹) | Quantity | Rate | Amount (₹) |
| OTHERS | | | 9,909,077 | | | 15,229,978 |
| Total | | | 161,543,490 | | | 236,455,199 |
| Loan and Advance | | | | | | |
| USD | 98,750 | 56.0542 | 5,535,352 | 98,750 | 45.33 | 4,476,812 |
| GBP | | | Nil | 60,434 | 72.62 | 4,388,409 |
| Total | | | 5,535,352 | | | 8,865,221 |

35. 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 June 30, 2012 | Maximum outstanding during the year | As at June 30, 2011 | Maximum outstanding during the year |
|-------------------------------------------------------|---------------------|-------------------------------------|---------------------|-------------------------------------|
| Parties under the same management | | | | |
| Centrum Broking Private Limited | - | - | 115,410,422 | 115,410,422 |
| Centrum Securities Private Limited | 625,000 | 1,153,696 | 1,190,903 | 10,426,688 |
| Centrum ESPS Trust | 306,225,000 | 306,225,000 | 4,096,860 | 4,096,860 |
| Parties in which directors are interested | | | | |
| Businessmatch Services (India) Private Limited | 3,000,000 | 3,000,000 | 3,000,000 | 3,000,000 |
| Deposits outstanding from Director of Holding Company | 3,000,000 | 3,000,000 | 3,000,000 | 3,000,000 |

36. 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, 2012 | For the year ended June 30, 2011 |
|----------------------------------------------------|----------------------------------|----------------------------------|
| Deferred tax liabilities | | |
| Difference between book and tax depreciation | 25,633,801 | 34,179,965 |
| Total (A) | 25,633,801 | 34,179,965 |
| Less : Deferred tax assets | | |
| Provision for gratuity and leave encashment | 3,328,170 | 1,123,833 |
| Provision for bad debts | 21,554,176 | 11,729,872 |
| Carried forward Losses | 113,313,509 | - |
| Total (B) | 138,195,855 | 12,853,705 |
| Net deferred tax (Assets)/liability (A - B) | (112,562,053) | 21,326,260 |

Consolidated Notes forming part of the financial statements

Deferred tax reconciliation

(₹)

| | |
|----------------------------------------------------------------------|----------------------|
| Opening deferred tax liability as on July 1, 2011 | 21,326,260 |
| Add: Addition on account of acquisition of share in subsidiary | (113,313,509) |
| Deferred Tax charge / (credit) in Consolidated Profit & Loss Account | (20,574,804) |
| Closing deferred tax assets as on June 30, 2012 | (112,562,053) |

37. Earnings Per Share

(₹)

| Particulars | For the year ended June 30, 2012 | For the year ended June 30, 2011 |
|-------------------------------------------------------------------------------------------|-------------------------------------|-------------------------------------|
| Profit/(Loss) after taxes (net of prior period items) attributable to equity shareholders | (308,253,345) | (191,357,991) |
| Number of Equity Shares of ₹ 10/- each issued and outstanding at the end of the year | 6,933,879 | 6,933,879 |
| Weighted average number of equity shares outstanding during the year | 6,933,879 | 6,933,879 |
| Basic and diluted earnings per share | (44.46) | (27.96) |
| Nominal Value of Equity Shares | 10/- | 10/- |

- 38.** In case of group's associate Companies 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.
- 39.** During the previous 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 had 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'.
- 40.** Trade Receivables are subject to confirmations, reconciliations and adjustments, if any, arising there from.
- 41.** During the year, Centrum Securities (Europe) Limited, London, a Wholly Owned Subsidiary of the Company has been wound up.

Consolidated Notes forming part of the financial statements

- 42.** During the year the Company has increased equity stake in associate company 'Centrum Broking Limited' (CBL) from 48.74% to 90.00% and from 90.00% to 99.26%, consequently the associate company became the subsidiary of the Company. However, In earlier years, the company had made provision towards losses of Centrum Broking Limited (CBL) of ₹ 7,19,97,000/- which is now adjusted against goodwill derived on consolidation of financials of CBL.
- 43.** The Group has long outstanding trade receivable amounting to ₹ 64,953,975/- (P.Y. 102,022,920/-). Subsequent to balance sheet date company has received ₹ 19,121,343 /- from the said party. Based on recent trends in collection, sale of pledge shares, the above amount, in view of the management, is fully recoverable and accordingly the same need not be subject to any provisioning.
- 44.** The financial statements for the year ended June 30, 2011 had been prepared as per the then applicable, Schedule VI to the Companies Act, 1956. The financial statements for the year ended June 30, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous years figures have also been reclassified to conform to this year's classification. The adoption of the Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financials.

45. Prior Year Comparatives

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

Previous year's figures do not include the figures of newly acquitted subsidiary company namely, Centrum Broking Limited.

As per our report of even date

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

For Haribhakti & Co.

Chartered Accountants

Firm registration No.103523W

P. R. Kalyanaraman

Managing Director

K. V. Krishnamurthy

Director

Sumant Sakhardande

Partner

Membership No.034828

Alpesh Shah

Company Secretary

Place : Mumbai

Date: 3rd December, 2012

Place : Mumbai

Date: 3rd December, 2012

Information on the financials of the subsidiary companies for the year ended June 30, 2012

[Prepared in compliance with the requirements of the exemption letter(s) of the Ministry of Corporate Affairs, Government of India]

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

| Name of the Subsidiary Company | ₹ | | | | | | | | | |
|------------------------------------------------------------|-----------------------------------------|-----------------------------------|-----------------------|----------------------------------------------------------|------------------------------------|------------------------------|------------------------|-------------------------|-------------------------|---------------|
| | Centrum Infrastructure & Realty Limited | Centrum Wealth Management Limited | CentrumDirect Limited | Accounts Receivables Management Services (India) Limited | Centrum Financial Services Limited | Centrum Capital Holdings LLC | Centrum Securities LLC | Centrum Broking Limited | Club 7 Holidays Limited | |
| The financial year of the subsidiary ended on | June 30, 2012 | June 30, 2012 | June 30, 2012 | June 30, 2012 | June 30, 2012 | June 30, 2012 | June 30, 2012 | June 30, 2012 | June 30, 2012 | June 30, 2012 |
| Capital | 500,000 | 500,000 | 59,044,340 | 500,000 | 47,500,000 | 30,686,675 | 30,686,675 | 194,340,020 | 1,500,000 | |
| Reserves | (115,319,763) | (201,754,740) | 1,044,897,115 | (224,151) | 57,119,573 | (22,844,748) | (17,302,838) | 88,997,331 | 29,659,512 | |
| Total Assets | 24,043,094 | 27,058,030 | 1,759,307,664 | 292,703 | 734,853,017 | 13,388,490 | 15,778,473 | 407,051,136 | 156,495,976 | |
| Total Liabilities | 24,043,094 | 27,058,030 | 1,759,307,664 | 292,703 | 734,853,017 | 13,388,490 | 15,778,473 | 407,051,136 | 156,495,976 | |
| Investments (except in case of investment in subsidiaries) | - | - | 29,559,654 | - | 6,970,371 | - | - | 7,074,838 | 122,500 | |
| Turnover | 5,139,913 | 34,200,745 | 29,419,743,961 | - | 63,044,933 | (17,399,396) | 2,545,425 | 67,603,953 | 107,458,101 | |
| Profit / (Loss) before taxation | (14,615,068) | (169,142,445) | 101,646,574 | (26,177) | 5,524,123 | (13,979,175) | (12,895,109) | (157,374,186) | (1,641,199) | |
| Provision for taxation | - | - | (34,486,451) | - | (1,942,382) | - | - | - | 1,748,970 | |
| Profit / (Loss) after taxation | (14,615,068) | (169,142,445) | 67,160,123 | (26,177) | 3,581,741 | (13,979,175) | (12,895,109) | (157,374,186) | 107,771 | |
| Proposed dividend | - | - | - | - | - | - | - | - | - | |

Notes:

- The Ministry of Corporate Affairs has vide its letter(s) bearing No. 47/634/2010-CL-III dated July 1, 2010 exempted the Company from attaching to its Balance Sheet, certain information in respect of its subsidiaries specified in Section 212(1) of the Companies Act, 1956.
- The annual accounts of the subsidiary companies are available for inspection at the Corporate Office of the Company.

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

P. R. Kalyanaraman
Managing Director

K. V. Krishnamurthy
Director

Alpesh Shah
Company Secretary

Place : Mumbai
Date: 3rd December, 2012

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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; info@centrum.co.in | Website: www.centrum.co.in

Investment Banking - Debt & Equity | Infrastructure & Realty | Securities Broking | Private Wealth
Foreign Exchange | Travel & Tours | NBFC - Lending