



Centbank Financial Services Limited  
CIN: U67110MH1929GOI001484  
Registered Office: Central Bank of India - MMO Building, 3<sup>rd</sup> Floor (East Wing),  
55, Mahatma Gandhi Road, Fort, Mumbai 400001  
☎: 022 - 2261 6217; Fax: 022 - 2261 6208  
e-mail: dts@cfsi.in, website: www.cfsi.in

# 88<sup>th</sup> Annual Report: 2016-17



Centbank Financial Services Limited

CIN: U67110MH1929GOI001484

Registered Office: Central Bank of India - MMO Building, 3<sup>rd</sup> Floor (East Wing),  
55, Mahatma Gandhi Road, Fort, Mumbai 400001

☎: 022 - 2261 6217; Fax: 022 - 2261 6208, e-mail: dts@cfsl.in, website: www.cfsl.in

## **NOTICE**

NOTICE is hereby given that the Eighty-eighth Annual General Meeting of the Members of Centbank Financial Services Limited will be held on Monday, 25 September 2017 at 12.00 hours at Opal Room, Chandramukhi, 11<sup>th</sup> Floor, Nariman Point, Mumbai 400021 to transact the following business:

### **Ordinary Business:**

1. To receive, consider and adopt the financial statements for the financial year ended 31<sup>st</sup> March 2017 together with the Reports of the Auditors and Directors thereon.
2. To declare a dividend on equity shares.
3. To appoint a Director in place of Shri BK Divakara (DIN: 06439053), who retires by rotation under Section 152(6) of the Companies Act, 2013 (read with Article 155 of the Company's Articles of Association) and being eligible, offers himself for re-appointment.
4. To apprise the Members about the appointment of the Auditors of the Company as per Section 139(5) of the Companies Act, 2013 and authorise Chairman to fix their remuneration as per Section 142(1) of the said Act by passing following Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 142(1) of the Companies Act, 2013, the Chairman of the Company be and is hereby authorised to fix remuneration of Statutory Auditors of the Company appointed by the Comptroller & Auditor General of India under Section 139(5) of the said Act in respect of the financial year 2017-18."

### **Special Business:**

5. To consider and if thought fit, to pass with or without modification/s, the following Resolution as an Ordinary Resolution:

"RESOLVED THAT Shri Satyanarayanan Krishnamurthy (DIN: 07822028), who was appointed by the Board of Directors as an Additional Director of the Company with effect from 15 May 2017, and who holds office up to the date of this Annual General Meeting under Section 161(1) of the Companies Act, but who is eligible for appointment and in respect of whom the Company has received a Notice in writing from a Member under Section 160(1) the said Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as Director of the Company liable to retire by rotation."

6. To consider and if thought fit, to pass with or without modification/s, the following Resolution as an Ordinary Resolution:

"RESOLVED THAT Shri Rajendra Nivrutti Hirve (DIN: 07870390), who was appointed by the Board of Directors as an Additional Director of the Company with effect from 23 August 2017, and who holds office up to the date of this Annual General Meeting under Section 161(1) of the Companies Act, but who is eligible for appointment and in respect of whom the Company has received a Notice in writing from a Member under Section 160(1) the said Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as Director of the Company liable to retire by rotation."

**By Order of the Board of Directors**

Place: Mumbai  
Date: 23 August 2017

  
H.V. Kamdar  
Company Secretary

**Registered Office:**

Central Bank of India- MMO Building, 3<sup>rd</sup> Floor (East Wing)  
55, Mahatma Gandhi Road, Fort  
Mumbai 400001

**NOTES:**

- (1) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE, IN CASE OF POLL ONLY, ON HIS/HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES, IN ORDER TO BE VALID, SHOULD BE DULY COMPLETED, STAMPED AND SIGNED AND MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.** A person can act as Proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights provided that a member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or member.
- (2) Register of Members and Share Transfer Books of the Company would remain closed from 19 September 2017 to 22 September 2017 (both days inclusive).
- (3) Dividend on Equity Shares, if declared at the Meeting, would be paid to those Members whose names appear on the Register of Members on 25 September 2017 within 15 days of declaration.

**Explanatory Statement pursuant to Section 102 of the Companies Act, 2013**

**Item No. 4**

The Statutory Auditors of the Company are appointed every year by the Comptroller & Auditor General of India and in terms of the provisions of Section 142(1) of the Companies Act, 2013, the remuneration of the Auditors is to be fixed by the Company in General Meeting or in such manner as the Company in General Meeting may determine. For administrative convenience, it is proposed that the members may authorise the Chairman to fix the remuneration of Auditors.

The Directors recommend the resolution as set out at item No. 4 of the Notice for your approval.

None of the Directors, Key Managerial Personnel of your Company or relatives of Directors/Key Managerial Personnel are concerned or interested in the said Resolution at Item No.4 of the accompanying Notice.

**Item No. 5**

Pursuant to the provisions of Section 161(4) of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014, the Board of Directors, in its meeting held on 31 March 2017, had appointed Shri Satyanarayanan Krishnamurthy (DIN: 07822028) with effect from 15 May 2017 as Additional Director of the Company, and he holds the office of Director upto the date of this Annual General Meeting.

The Company has received a notice along with requisite deposit under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director.

Shri Satyanarayanan Krishnamurthy, M Com, CAIIB, aged 54 years, has over 34 years' of experience in Banking. He is working with Central Bank of India as General Manager (Credit Monitoring). Looking at the business of Security Trusteeship and Debenture Trusteeship, his appointment is considered important for the Company. He has been nominated as Member of the Audit Committee and Investment Committee of the Company.

Shri Satyanarayanan Krishnamurthy is not holding any Share in the Company, and is not on the Board of any other company.

The Directors recommend the Ordinary Resolution for approval of members. Shri Satyanarayanan Krishnamurthy may be deemed to be concerned or interested in Item No.5 as it relates to his appointment as a Director of the Company. Other than him, none of the other Directors, Key Managerial Personnel of your Company and relatives of Directors / Key Managerial Personnel are in anyway concerned or interested in the said Resolution at Item No.5 of the accompanying Notice.

**Item No. 6**

Pursuant to the provisions of Section 161(4) of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014, the Board of Directors, in its meeting held on 23 August 2017, had appointed Shri Rajendra Nivrutti Hirve (DIN: 07870390) with effective from the same date as Additional Director of the Company, and he holds the office of Director upto the date of this Annual General Meeting.

The Company has received a notice along with requisite deposit under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director.

Shri Rajendra Nivrutti Hirve, B Com (Hons), LL B (Spl), CAIIB, aged 59 years, has over 39 years' of experience in Banking. He is working with Central Bank of India as General Manager (Treasury & International Division). Looking at the business of Security Trusteeship and Debenture Trusteeship, his appointment is considered important for the Company. He has been nominated as Member of the Audit Committee and Corporate Social Responsibility Committee of the Company.

Shri Rajendra Nivrutti Hirve is holding 1 Equity Share as nominee of Central Bank of India, and is not on the Board of any other company.

The Directors recommend the Ordinary Resolution for approval of members. Shri Rajendra Nivrutti Hirve may be deemed to be concerned or interested in Item No.6 as it relates to his appointment as a Director of the Company. Other than him, none of the other Directors, Key Managerial Personnel of your Company and relatives of Directors / Key Managerial Personnel are in anyway concerned or interested in the said Resolution at Item No.6 of the accompanying Notice.

**By Order of the Board of Directors**

Place: Mumbai  
Date: 23 August 2017

  
HW Kamdar  
Company Secretary

**Registered Office:**

Central Bank of India- MMO Building, 3<sup>rd</sup> Floor (East Wing)  
55, Mahatma Gandhi Road, Fort,  
Mumbai 400001

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**FORM OF PROXY**

Form MGT-11

[Sec.105(6) of the Companies Act 2013 and Rule 19(3) of the Companies (Management and Administration Rules 2014)]

88<sup>th</sup> Annual General Meeting on Monday, 25 September 2017

Name(s) of the Member(s): \_\_\_\_\_

Registered Address: \_\_\_\_\_

E-mail Id: \_\_\_\_\_

Folio No.: \_\_\_\_\_

I/We, the member(s) of \_\_\_\_\_ shares of the abovenamed Company, hereby appoint:

1. Name \_\_\_\_\_ e-mail Id: \_\_\_\_\_  
Address \_\_\_\_\_  
Signature \_\_\_\_\_; or failing him/her
2. Name \_\_\_\_\_ e-mail Id: \_\_\_\_\_  
Address \_\_\_\_\_  
Signature \_\_\_\_\_; or failing him/her
3. Name \_\_\_\_\_ e-mail Id: \_\_\_\_\_  
Address \_\_\_\_\_  
Signature \_\_\_\_\_

as my/our Proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 88<sup>th</sup> Annual General Meeting of the Company to be held on Monday, 25 September 2017 at 12.00 hours at Opal Room, Chandermukhi, 11<sup>th</sup> Floor, Nariman Point, Mumbai 400021 and at any adjournment thereof in respect of such resolutions and in such manner as are indicated below:

Reso- lution No.	Description	Optional	
		For	Against
	Ordinary Business:		
1	Ordinary Resolution for Adoption of the Audited Financial Statement for the year ended 31 <sup>st</sup> March 2017, together with the Reports of the Auditors and Directors thereon.		
2	Ordinary Resolution for Declaration of Dividend on Equity Shares for the financial year ended 31 <sup>st</sup> March 2017.		

3	Ordinary Resolution for appointment of Shri BK Divakara, Director, who retires by rotation and being eligible, offers himself for re-appointment.		
4	Ordinary Resolution for fixation of Remuneration of Statutory Auditors for the financial year 2017-18.		
	Special Business:		
5	Ordinary Resolution for appointment of Shri Satyanarayanan Krishnamurthy as Director of the Company		
6	Ordinary Resolution for appointment of Shri Rajendra Nivrutti Hirve as Director of the Company		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2017

Signature of Shareholder across Revenue Stamp for ₹ 1/-
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Signature of Proxy holder \_\_\_\_\_

**Note:** This form of proxy, in order to be effective, should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.



## DIRECTORS' REPORT

Your Directors feel great pleasure in presenting 88<sup>th</sup> Annual Report of your Company comprising the Audited Financial Statements for the year ended 31<sup>st</sup> March 2017.

### FINANCIAL HIGHLIGHTS & PERFORMANCE

(Amount in ₹)

Sr.	Particulars	Current Year ended 31 <sup>st</sup> March 2017	Previous Year ended 31 <sup>st</sup> March 2016
1	<b>Revenue from Operations</b>		
	Fees from Executor & Trusteeship	36,97,765	40,97,743
	Fees from Debenture & Security Trusteeship	2,69,31,110	2,56,73,602
2	Other Income	3,34,61,936	3,24,11,096
3	<b>Total Income</b>	<b>6,40,90,811</b>	<b>6,21,82,441</b>
4	<b>Total Expenses</b>	<b>2,29,02,145</b>	<b>3,38,65,456</b>
5	<b>Profit Before Tax</b>	<b>4,11,88,666</b>	<b>2,83,16,984</b>
6	<b>Tax Expenses</b>		
	Current Tax	1,55,63,230	1,40,90,000
	Tax adjustments for earlier years	-	-
	Deferred Tax	(20,76,499)	(57,45,835)
7	<b>Profit After Tax</b>	<b>2,77,01,935</b>	<b>1,99,72,820</b>
8	Rate of Proposed Dividend	40%	100%
9	Proposed Dividend	2,00,00,000	5,00,00,000
10	Tax on Dividend	40,72,000	1,02,15,178
11	<b>Transfer to General Reserve</b>	<b>25,00,000</b>	23,60,692
12	<b>Amount of Reserves &amp; Surplus in the Balance Sheet</b>	<b>29,82,86,375</b>	<b>29,46,56,439</b>

### DIVIDEND

The Company's overall performance during the year under review was satisfactory. Your Directors have pleasure in recommending payment of dividend of ₹ 400/- (40%) per share on the Company's Share Capital [previous year ₹ 1,000/- (100%) per share]. This will absorb total cash outflow of ₹ 2,40,72,000/- (previous year ₹ 6,02,15,178/-) including Corporate Dividend Distribution Tax of ₹ 40,72,000/- (previous year ₹ 1,02,15,178/-). The proposed dividend is from current year's profits, and in accordance with the 'Investment Management of CPSEs - Guidelines on Capital Restructuring of Central Public Sector Enterprises (CPSEs)' issued by the Central Government.

### SHARE CAPITAL OF THE COMPANY

The paid up equity share capital of your Company is ₹ 5,00,00,000/- (Rupees Five Crore only) divided into 50,000 Equity shares of the face value of ₹ 1,000/- (Rupee One Thousand Only) each fully paid up.



## **MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY**

There have been no material changes and commitments, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

## **HOLDING, SUBIDIARY AND ASSOCIATE COMPANIES**

Your Company is a subsidiary of Central Bank of India. Your Company did not have any subsidiary or associate company during the financial year.

## **PUBLIC DEPOSITS:**

During the year under review, the Company has not accepted any deposits within the meaning of Section 73 and 76 of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014.

## **EXTRACT OF ANNUAL RETURN:**

An extract of Annual Return in Form MGT 9 is appended to this Report as **Annexure A**.

## **DIRECTORS AND KMP**

In accordance with the provisions of Section 152 of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014 and Articles of Association of the Company, Shri BK Divakara (DIN: 06439053), Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment and your Board recommends his re-appointment.

Shri Satyanarayanan Krishnamurthy (DIN: 07822028), was appointed as Additional Director on 15 May 2017; and Shri Rajendra Nivrutti Hirve (DIN: 07870390), was appointed as Additional Director on 23 August 2017. They hold the Office till the date of 88<sup>th</sup> Annual General Meeting. The Company has received a notice along with requisite deposit under Section 160 of the Companies Act 2013 proposing their candidature for the office of Director; and accordingly, your Board recommends their appointment as Director of the Company.

Shri Ram Niwas Syndolia (DIN: 07629572) was appointed as Director w.e.f. 03 Oct 2016, and resigned w.e.f. 01 July 2017. Shri Duvvuri Bapanna (DIN: 06639597), Director resigned w.e.f. 01 August 2016 and Shri Raj Kumar Goyal (DIN: 06478614), Director (Chairman) resigned w.e.f. 01 January 2017. The Board expresses its appreciation for their active participation in the Board Meetings; and Audit & CSR Committee Meetings with valuable contributions, suggestions, guidance and service rendered by them during their association with the Company.

## **DIRECTORS' RESPONSIBILITY STATEMENT:**

Your Directors, to the best of their knowledge and belief and according to the information and explanations obtained by them and as required under Section 134(3)(c) of the Companies Act, 2013 state that:

- a. that in the preparation of the annual accounts for the year ended 31 March 2017, the applicable accounting standards have been followed;
- b. that such accounting policies have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31 March 2017 and of the profit for the year ended on that date;
- c. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d. that the annual accounts have been prepared on a going concern basis;

- e. that the internal financial controls to be followed by the Company have been laid down and that such internal financial controls are adequate and are operating effectively; and
- f. the systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

#### **INTERNAL FINANCIAL CONTROLS AND ITS ADEQUACY**

Your Company has devised an internal control across various functions and the same is reviewed by the Statutory Auditors and Internal Auditors. 'Maker-Checker' concept is incorporated in each transaction entered in the system. All payments are subject to pre-authorisation.

#### **RISKS AND AREAS OF CONCERN**

The Company has laid down a well-defined Risk Management Policy covering the risk mapping, trend analysis, risk exposure, potential impact and risk mitigation process. A detailed exercise is being carried out to identify, evaluate, manage and monitoring of both business and non-business risk. The Board reviews the risks and suggests steps to be taken to control and mitigate the same through a properly defined framework.

#### **CORPORATE SOCIAL RESPONSIBILITY**

The company has constituted Corporate Social Responsibility Committee, which framed Corporate Social Responsibility Policy, and the same has been approved by the Board.

Corporate Social Responsibility Committee comprised of the following Directors as its Members as on 31 March 2017:

1. Shri K Raghuraman, Chairman
2. Shri R N Syndolia, Member
3. Shri R L Wadhwa, Member

The Corporate Social Responsibility Policy of the Company has been displayed on the Company's website ([www.cfsl.in](http://www.cfsl.in))

#### **SECRETARIAL AUDIT**

Provisions regarding Secretarial Audit are not applicable to your Company.

#### **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SECTION 188(1) OF THE COMPANIES ACT 2013**

All Related Party Transactions entered during the year were in Ordinary Course of the Business and not on Arm's Length basis, as specified in the audited statement of accounts. No Material Related Party Transactions, i.e. transactions exceeding ten percent of the annual consolidated turnover or of net worth as per the last audited financial statements, were entered during the year by your Company. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3) of the Companies Act, 2013 in Form AOC-2 is not applicable.

#### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186**

Your Company has not given Loan or Guarantee during the year; and details of Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

#### **DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE**

There was no significant or material order passed by any regulator or court or tribunal, which impacts the going concern status of the Company or will have bearing on company's operations in future.

#### **MEETINGS OF THE BOARD:**

The Board meets at regular intervals to discuss and decide on Company / business policy and strategy apart from other businesses.

The notice of Board meeting is given well in advance to all the Directors of the Company 7 days prior to the date of the meeting. The agenda for the Board and Committee meetings are also circulated in advance, that include detailed notes on the items to be discussed at the meeting to enable the Directors to take an informed decision. In one instance, the Directors/Members of Committees gave consent to hold the Meetings at shorter notice.

The Board met Five (5) times during the year on 23 May 2016, 01 Sept 2016, 29 Sept 2016, 22 December 2016 and 31 March 2017; and the intervening gap between the two consecutive Meetings was within the period prescribed under the Companies Act, 2013.

Particulars of Directors' attendance at Board Meetings are appended to this Report in **Annexure B**.

#### **COMMITTEES OF THE BOARD**

As on 31 March 2017, the Company had three Committees, the details of which are as under:

##### **(i) AUDIT COMMITTEE**

As per the provisions of the Section 177 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014, the Company is not required to constitute an Audit Committee. However, the Company has an Audit Committee. The Audit Committee of the Company reviews the reports to be submitted with the Board of Directors with respect to auditing and accounting matters.

The Audit Committee met Three (3) times during the year: 23 May 2016, 22 December 2016 and 31 March 2017.

As on 31 March 2017, the Audit Committee comprised of Shri K Raghuraman, Shri B K Divakara, and Shri RN Syndolia, Directors.

Shri K Raghuraman is the Chairman of Audit Committee of the Company. Shri HV Kamdar, Company Secretary of the Company, acts as Secretary of the Audit Committee.

##### **(ii) INVESTMENT COMMITTEE**

Investment Committee formalises the framework for Company's investment activities to be exercised to ensure effective and judicious fiscal and investment management of the funds.

The Investment Committee met on 31 March 2017.

As on 31 March 2017, the Investment Committee comprised of Shri B K Divakara, and Shri R L Wadhwa.

Shri B K Divakara is the Chairman of Investment Committee of the Company. Shri HV Kamdar, Company Secretary of the Company, acts as Secretary of the Investment Committee.

##### **(iii) CSR COMMITTEE:**

Corporate Social Responsibility Committee formulated and recommended to the Board, a Corporate Social Responsibility Policy which indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act 2013; and recommend the amount of expenditure to be incurred on the CSR activities; and monitor the Corporate Social Responsibility Policy of the Company from time to time.

The Corporate Social Responsibility Committee met on 31 March 2017.

As on 31 March 2017, the Corporate Social Responsibility Committee comprised of Shri K Raghuraman, Shri RN Syndolia and Shri R L Wadhwa.

Shri K Raghuraman is the Chairman of Corporate Social Responsibility Committee of the Company. Shri HV Kamdar, Company Secretary of the Company, acts as Secretary of the Corporate Social Responsibility Committee.

Particulars of Members' attendance at the said three Committees' Meetings are appended to this Report in **Annexure B**.

#### **PARTICULARS OF REMUNERATION**

During the year under review there were no employees drawing the remuneration in excess of the limit prescribed under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Hence, no particulars in this regard are furnished in the Report.

#### **AUDITORS**

Under section 139(5), M/s C M Gabhawala & Co, Chartered Accountants, Mumbai, were appointed as the Statutory Auditors of your Company for the financial year 2016-17 by the Comptroller and Auditor General of India.

For the financial year 2017-18, the Comptroller and Auditor General of India has appointed M/s Jeswani & Rathore, Chartered Accountants, Mumbai, as the Statutory Auditors of your Company.

Your Company had appointed M/s Sarda & Pareek, Chartered Accountants, as the Internal Auditors for the years 2016-17, and reappointed for the year 2017-18.

#### **REPLY TO AUDITORS' REMARKS/QUALIFICATIONS**

The Auditors have made a qualification in their Report, and the Board submits the following clarification:

The Company is holding shares in fiduciary capacity, on behalf of various Trusts/Estates. In the course of functioning of such Trusts, the Corpus is transformed from and to Shares, Debentures, Units, Deposits, etc. Sale of shares & securities in market is one of the components. Prior to dematerialization era, such transactions used to be under 'Blank Transfer', where the seller, we, would get the sale consideration on Settlement Date (and invest in other scrip or deposit as per the constituent's instruction); and such Blank Transfer Deed it would continue to move in the Stock Exchange from broker to broker. Thus, the transaction is completed in so far as its effect to relevant Trust Account is concerned.

It so happens that the ultimate purchasers of shares do not get the shares transferred to their respective names. Since our Company's name continues to appear on Register of Members of such investee companies, we (being shareholder) receive dividends and corporate benefits. It is apparent that the ultimate purchasers might have lost or mislaid the scrips and forgotten to follow up with original holder (i.e., ourselves) for and on behalf of various Trusts.

Because the matter pertains to pre-computerisation era, it is practically difficult to identify legitimate/ultimate purchaser of securities. This amount is increasing, since we have been receiving dividends in respect of the shares already sold in physical form. Same is the case with respect to the Debentures/Bonds sold in the market, where redemption proceeds have been received.

The issue of this Unallocated Dividend and Interest as well as Redemption Accounts has already been discussed in Audit Committee as well as Board Meetings.

Further, we also receive amounts by ECS, but in absence of specific reference of Folio or FD number in the ECS Sheet, such amounts have to be parked such amounts temporarily in this account, and it is reversed on receiving the ECS Confirmation communique from the investee entity. All these amounts are maintained in Current Account with the Bank.

As a matter of liquidation strategy, we had undertaken correspondence with different companies. We had called for details of such investments (such as folio, distinctive & certificate numbers, capital reorganisation, corporate actions, date of investment, etc) so as to reverse such entries. Position of such balances for last 3 years is as under:

<i>Particulars</i>	<i>Amount in ₹</i>
Balance as on 31.03.2015	1,39,09,146
Balance as on 31.03.2016	1,25,93,952
Balance as on 31.03.2017	1,32,91,143

Purchaser of the shares steps in the shoes of the beneficiary, and he is entitled to claim all benefits of the original holder (i.e., ourselves) for and on behalf of various Trusts. This amounts to implied trust for the purchaser of such shares. The Company has again obtained Legal Opinions from Solicitors/Advocates, who have opined that the Company has to continue with the said Accounts (Unclaimed Dividends, Interest, Redemption, etc).

The Board is of the opinion that the above shall not have any adverse effect on the functioning of the Company.

#### **INSURANCE**

The insurable interests of the Company are adequately covered.

#### **INFORMATION UNDER THE SEXUAL HARRASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The Company has constituted an Internal Complaints Committee under Section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year no complaint was filed before the said Committee.

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

The business operation of your Company is not energy intensive. However, sufficient measures have been taken to minimize the energy consumption. Since Company is engaged in the service industry, the details regarding Energy Conservation, Technology Absorption are not furnished.

There was no Foreign Exchange earnings and outgo during the financial year under review.

#### **ACKNOWLEDGEMENT**

Your Directors wish to thank all the stakeholders of the Company for their continued support and cooperation and employees for their dedication and the excellence they have displayed in conducting the operations. Your Directors wish to place on record their gratitude for the faith reposed in the Company by the Securities and Exchange Board of India and other regulators.

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**

Place: Mumbai  
Date: 23 August 2017



**B K Divakara**  
**DIN: 06439053**  
**Chairman**



## Annexure to Directors' Report

### Annexure A EXTRACT OF ANNUAL RETURN

Form No. MGT-9  
(As on the financial year ended on 31<sup>st</sup> March 2016)

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

#### I. REGISTRATION AND OTHER DETAILS:

1	CIN	U67110MH1929GOI001484
2	Registration Date	1 <sup>st</sup> May 1929
3	Name of the Company	Centbank Financial Services Limited
4	Category/Sub-Category of the Company	Union Government Company limited by shares
5	Address of Registered Office and contact details	Central Bank - MMO Bldg, 3rd Floor (East Wing) 55 MG Road, Fort Mumbai 400001 Landline: (022) 2261 6217 Fax: (022) 2261 6208 e-mail: info@cfsl.in / dts@cfsl.in
6	Whether listed Company (Yes/No):	No
7	Name, Address and Contact details of Registrar and Transfer Agent, if any	Not Applicable

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr	Name and Description of Main Product/Services	NIC Code of the Product	% to total turnover of the company
1	Debenture Trustee & Security Trustee	66190	87.92
2	Executor & Trusteeship	64300	12.08

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr	Name and Address of the company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares	Applicable Section
1	Central Bank of India & its Nominees Chandermukhi Nariman Point Mumbai 400021	NA	Holding Company	100	2(87)(ii)

#### IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### i. Category-wise Share Holding:

Category of shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
1. Indian									
a. Individual/ HUF	-	-	-	-	-	-	-	-	-
b. Central Govt.	-	-	-	-	-	-	-	-	-
c. State Govt.	-	-	-	-	-	-	-	-	-
d. Bodies Corp.	-	-	-	-	-	-	-	-	-
e. Bank/ FI	-	50,000	50,000	100	-	50,000	50,000	100	-
f. Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (1):</b>	<b>-</b>	<b>50,000</b>	<b>50,000</b>	<b>100</b>	<b>-</b>	<b>50,000</b>	<b>50,000</b>	<b>100</b>	<b>-</b>
2. Foreign									
a. NRI- Individual	-	-	-	-	-	-	-	-	-
b. Other Individuals	-	-	-	-	-	-	-	-	-
c. Body Corporate	-	-	-	-	-	-	-	-	-
d. Bank/ FI	-	-	-	-	-	-	-	-	-
e. Any Others	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (2):</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Share Holding of Promoters A (1+2)</b>	<b>-</b>	<b>50,000</b>	<b>50,000</b>	<b>100</b>	<b>-</b>	<b>50,000</b>	<b>50,000</b>	<b>100</b>	<b>-</b>

<b>B. Public Shareholding</b>									
1. Institution									
a. Mutual Funds	-	-	-	-	-	-	-	-	-
b. Bank/FI	-	-	-	-	-	-	-	-	-
c. Central Govt.	-	-	-	-	-	-	-	-	-
d. State Govt.	-	-	-	-	-	-	-	-	-
e. Venture Capital	-	-	-	-	-	-	-	-	-
f. Insurance Companies	-	-	-	-	-	-	-	-	-
g. FIIs	-	-	-	-	-	-	-	-	-
h. Foreign Venture Capital Fund	-	-	-	-	-	-	-	-	-
i. Others	-	-	-	-	-	-	-	-	-
<b>Sub-total B (1)</b>	-	-	-	-	-	-	-	-	-
2. Non-Institutions	-	-	-	-	-	-	-	-	-
a. Body Corp. i. Indian ii. Overseas	-	-	-	-	-	-	-	-	-
b. Individual i. Individual shareholders holding nominal share capital upto Rs. 1 lakh ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	-	-	-	-	-	-	-	-	-
c. Others (Specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total B (2)</b>	-	-	-	-	-	-	-	-	-



<b>Total Public Shareholding (B)= B(1)+B(2)</b>	-	-	-	-	-	-	-	-	-
<b>C. Shares held by Custodians for GDRs and ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	-	<b>50,000</b>	<b>50,000</b>	<b>100</b>	-	<b>50,000</b>	<b>50,000</b>	<b>100</b>	-

**ii. Shareholding of Promoters and Promoters group:**

Sr.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in shareholding during the year
		No. of Shares	% of total shares of the company	% of shares Pledged/encumbered to total shares	No. of Shares	% of total shares of the company	% of shares Pledged/encumbered to total shares	
1	Central Bank of India and its Nominees	50,000	100	-	50,000	100	-	-
	<b>Total</b>	<b>50,000</b>	<b>100</b>	-	<b>50,000</b>	<b>100</b>	-	-

**iii. Change in Promoters' Shareholding (please specify, if there is change):**

Sr.	Promoters' Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
<b>1</b>	<b>Central Bank of India</b>				
A	At the beginning of year	50000	100	-	-
B	Changes during the year	No change			
C	At the end of year	50000	100	50000	100

**iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):** NIL

#### v. Shareholding of Directors and Key Managerial Personnel:

Sr.	For Each of the Directors and KMP		Shareholding at the beginning of the year		Cumulative shareholding during the year	
	Name of the Director/KMP		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Shri B K Divakara j/w Central Bank of India					
A	At the beginning of the year		1	0.002	-	0.002
B	Changes during the year		Nil	-	-	-
C	At the end of year		1	0.002	<b>1</b>	<b>0.002</b>
2.	Shri R N Syndolia j/w Central Bank of India					
A	At the beginning of the year		-	-	-	-
B	Changes during the year					
	Date	Reason				
	01/09/2016	Transfer	1	0.002	1	0.002
C	At the end of year		1	0.002	<b>1</b>	<b>0.002</b>
3.	Shri R L Wadhwa j/w Central Bank of India					
A	At the beginning of the year		1	0.002	1	0.002
B	Changes during the year		Nil	-	-	-
C	At the end of year		1	0.002	<b>1</b>	<b>0.002</b>

#### V. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment  
(Amount in ₹)

Particulars	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year 01.04.2016	-	-	-	-
1) Principal Amount	-	-	-	-
2) Interest due but not paid	-	-	-	-
3) Interest accrued but not due	-	-	-	-
<b>Total of (1+2+3)</b>	-	-	-	-
Change in Indebtedness during the financial year	-	-	-	-
+ Addition	-	-	-	-
-Reduction	-	-	-	-
<b>Net change</b>	-	-	-	-
Indebtedness at the end of the financial year 31.03.2017	-	-	-	-
1) Principal Amount	-	-	-	-
2) Interest due but not paid	-	-	-	-

3) Interest accrued but not due	-	-	-	-
<b>Total of (1+2+3)</b>	-	-	-	-

**Note:** There is no borrowing/indebtedness by the Company. However, 'Security Deposit' of ₹ 1,000/- collected from each client/borrower under Security Trusteeship Account has been shown as 'Long Term Borrowings' in Note 2.3 of the Audited Balance Sheet. This was ₹ 9,000/- on 31.03.2017. These are the security trust deposits received, which are interest-free and unsecured, and also not Inter-corporate Deposit.

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

### A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:

Sr.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount (in ₹)
		Managing Director	Shri RL Wadhwa	
1.	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act	13,77,912		13,77,912
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-		-
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-		-
2.	Stock Option	-		-
3.	Sweat Equity	-		-
4.	Commission - As % of Profit - Others, specify	-		-
5.	Others, please specify	-		-
	Total	13,77,912		13,77,912
	Ceiling as per the Act	5% of the net profits of the Company		

### B. Remuneration of other directors:

Sr.	Particulars of Remuneration	Name of Directors	Total Amount ₹
1	<b>Other Non-Executive Directors</b>	Shri K Raghuraman	
	- Fee for attending Board and Committee meetings	1,20,000	1,20,000
	- Commission	-	-
	- Others	-	-
	<b>Total</b>	<b>1,20,000</b>	<b>1,20,000</b>

**Remuneration to Key Managerial Personnel Other Than MD/ Manager/ WTD**

Sr.	Particulars of Remuneration	Name of the KMP	Total Amount ₹
		Shri HV Kamdar, Company Secretary	
1.	Gross Salary		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act	11,26,964	11,26,964
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-	-
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission - As % of Profit - Others, specify	-	-
5.	Others, please specify	-	-
	Total	11,26,964	11,26,964

**VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:** None**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**Place: Mumbai  
Date: 23 August 2017**B K Divakara**  
**DIN: 06439053**  
**Chairman**



## Annexure to Directors' Report

### Annexure B

**Attendance of Directors at the Board Meetings** held on 23 May 2016, 01 September 2016, 29 September 2016, 22 December 2016 and 31 March 2017 **and last Annual General Meeting**

Name of Director	Number of Board Meetings held during their tenure in 2016-17	Number of Board Meetings attended by Director during 2016-17	Whether attended last (87 <sup>th</sup> ) Annual General Meeting held on 29 Sept 2016
Shri R K Goyal (Chairman) (upto 31 Dec 2016)	4	4	Yes
Shri B K Divakara	5	5	Yes
Shri K Raghuraman	5	4	Yes
Shri Duvvuri Bapanna (upto 31 July 2016)	1	0	Not Applicable
Shri R N Syndolia (from 03 Oct 2016)	2	2	Not Applicable
Shri R L Wadhwa (Managing Director)	5	5	Yes

**Attendance of Members at the Audit Committee Meetings** held on 23 May 2016, 22 December 2016 and 31 March 2017

Name of Member	Number of Audit Committee Meetings held during their tenure in 2016-17	Number of Audit Committee Meetings attended by Member during 2016-17
Shri K Raghuraman (Chairman)	3	3
Shri B K Divakara	3	3
Shri RN Syndolia	2	2

**Attendance of Members at the Investment Committee Meeting** held on 31 March 2017

Name of Member	Number of Investment Committee Meetings held during their tenure in 2016-17	Number of Investment Committee Meetings attended by Member during 2016-17
Shri B K Divakara (Chairman)	1	1
Shri R L Wadhwa	1	1

**Attendance of Members at the Corporate Social Responsibility Committee Meeting**  
held on 31 March 2017

Name of Member	Number of Corporate Social Responsibility Committee Meetings held during their tenure in 2016-17	Number of Corporate Social Responsibility Committee Meetings attended by Member during 2016-17
Shri K Raghuraman (Chairman)	1	1
Shri R N Syndolia	1	1
Shri R L Wadhwa	1	1

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**

Place: Mumbai  
Date: 23 August 2017

*B K Divakara*

**B K Divakara**  
**DIN: 06439053**  
**Chairman**

# **C. M. GABHAWALA & CO.** (Regd.)

## **CHARTERED ACCOUNTANTS**

42, Nanik Niwas, 30, Dr. D.D.Sathe Marg, Opera House, Mumbai - 400 004  
Phone: 2388 0101 / 2382 3923 , Fax : 2385 0931 , e-mail : admin@cmgco.net

### **INDEPENDENT AUDITOR'S REPORT (REVISED) TO THE MEMBERS OF CENTBANK FINANCIAL SERVICES LIMITED**

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of CENTBANK FINANCIAL SERVICES Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depends on the auditor's



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judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### **Basis for Qualified Opinion**

*The company has not transferred or allocated dividend, interest and other corporate benefits received over a period of time from various companies/undertakings, amounting to 1,32,91,143 to the trusts/beneficiaries, on whose behalf the investment portfolios are held under trusteeship services. The said amount stood at Rs. 1,25,93,952 as on 31.03.2016 and has increased to Rs. 1,32,91,143 as at 31<sup>st</sup> march, 2017.*

*Similarly, Company has not transferred or allocated sales/redemption proceeds of shares/debentures amounting to Rs. 15,88,138 to the respective trust/beneficiary. The same is outstanding since 2005-06.*

*The company has kept the above funds in current account with its bank.*

### **Qualified Opinion**

In our opinion and to the best of our information and according to the explanations given to us, *except for the possible effects of the matter described in the basis for Qualified Opinion paragraph above*, the financial statements give the information required by the Act 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 March 31, 2017; and
- b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date;
- c) In the case of the Cash Flow statement for the year ended on that date.





# C. M. GABHAWALA & CO. (Regd.)

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### Report on Other Legal and Regulatory Requirements

- I. As required by the Companies(Auditors Report) Order,2016("the Order"), issued by the Central Government of India, in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 & 4 of the order.
- II. As required by Section 143(3) of the Act, we report that:
- (a) *Except for the effects of the matter described in the basis for qualified opinion paragraph above, we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.*
  - (b) *Except for the effects of the matter described in the basis for qualified opinion paragraph above, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.*
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) *Except for the effects of the matter described in the basis for qualified opinion paragraph above, in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.*
  - (e) The matter described in the Basis of Qualified opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the company.
  - (f) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2017, taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (g) With respect to the adequacy of the internal financial control over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
  - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements-Refer Note 2.23 to the financial statements..
    - ii. The company has made provision, as required under the applicable law or accounting standards for material foreseeable losses, if any, on the long-term contracts.



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- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company.
- iv. The Company had provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016 and are in accordance with the books of accounts maintained by the company.

III. Report on Sub-directions under section 143(5) of the Companies Act, 2013 for the year 2016-17 as issued by comptroller and Auditor-General of India are as follows:

1. The Company does not own any leasehold or freehold property, hence the revised direction u/s 143(5), to that extent, is not applicable.
2. There are no cases of waiver/write off of debts/Loans/interest.
3. No inventories are lying with third parties and no assets are received as gift/grant(s) from the Government or other authorities.

For **C.M. GABHAWALA & CO**  
Chartered Accountants  
Firm Registration No: 102870W



Gopal M. Gabhawala  
(Partner)  
Mem. No. 017573  
Place: Mumbai  
Dated: 23<sup>rd</sup> May, 2017



Kdoc No: 91305

# C. M. GABHAWALA & CO. (Regd.)

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### ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31st March 2017, we report that:

- i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
b) The Company has a regular programme of physical verification of its fixed asset by which its fixed asset are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed asset were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.  
c) According to the information and explanations given by the management, there are no immovable properties, included in the fixed asset of the company and accordingly, the requirements under paragraph 3(i)(c) to the companies (Auditor's Report) order, 2016 are not applicable to the company and hence not commented upon.
- ii) The Company is a service company, primarily rendering financial services. Accordingly, it does not hold any physical inventories. Thus paragraph 3(ii) of the Order is not applicable to the company and hence not commented upon.
- iii) In our opinion and according to the information and explanation given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, the provisions of clause 3(iii) (a), (b) & (c) of the Order is not applicable to the company and hence not commented upon.
- iv) In our opinion and according to the information and explanation given to us, there are no loans, investment, guarantees, and security in accordance with section 185 & 186 of Companies Act, 2013. Thus paragraph 3(iv) of the Order is not applicable.
- v) In our opinion and According to the information and explanations given to us, the company has not accepted any deposit within the meaning of section 73 to 76 of the act or any other provision of the Companies Act, 2013 and the rules framed there under, hence paragraph 3(v) of the order is not applicable to the company.
- vi) To the best of our knowledge and as explained, the Central Government of India has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.
- vii) a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including professional tax, income tax, service tax, cess and other material statutory dues have been regularly deposited during the year by



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the Company with the appropriate authorities, except income tax demand of Rs. 4,50,125/-, which has remained outstanding for more than six months from the date it became payable.

b) According to the information and explanations given to us, the company did not have any disputed dues on account of Income tax or Service tax.

- viii) The company has not taken any loans from financial Institutions, banks and nor has it issued any debentures, thus the paragraph 3 (viii) of the order is not applicable.
- ix) According to the information and explanations given by the management, the company has not raised any money by way of initial public offer or further public offer (including debt instrument), thus paragraph 3(iv) of the Order is not applicable.
- x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanation given by the management, we report that no fraud by company or fraud on company by its officers or employees has been noticed or reported during the year.
- xi) In our opinion and according to the information and explanation given to us, the managerial remuneration has been paid in accordance with the requisite approvals mandated by the provisions of section 197 read with rule schedule V of Companies Act 2013.
- xii) In our opinion and according to the information and explanation given to us, the nature of activities of the company does not attract any special statute applicable to Nidhi Company, thus the paragraph 3(xii) of the Order is not applicable.
- xiii) In our opinion and according to information and explanation given to us transaction with related party are in compliance with section 177 & 188 of Companies Act, 2013 where applicable and details have been disclosed in financial Statements as required by the applicable accounting standards.
- xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debenture during the year under review. Thus paragraph 3(xiv) of the Order is not applicable to the company and not commented upon.
- xv) In our opinion and according to information and explanation given to us the company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.
- xvi) The Company is not required to registered under section 45-IA of the Reserve Bank of India Act, Thus the paragraph 3(xvi) is not applicable to the company.

For, C. M. Gabhawala & Co.  
Chartered Accountants  
FRN: 102870W



**Gopal M. Gabhawala**  
Partner  
Membership No. 017573  
Place: Mumbai  
Date: 23<sup>rd</sup> May, 2017



# **C. M. GABHAWALA & CO. (Regd.)**

## **CHARTERED ACCOUNTANTS**

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### **ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT**

#### **Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Centbank Financial Services Ltd ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

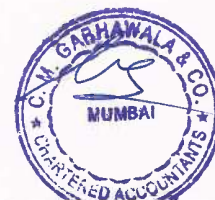
The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing specified under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



# C. M. GABHAWALA & CO. (Regd.)

## CHARTERED ACCOUNTANTS

42, Nanik Niwas, 30, Dr. D.D.Sathe Marg, Opera House, Mumbai - 400 004  
Phone: 2388 0101 / 2382 3923 , Fax : 2385 0931 , e-mail : admin@cmgco.net

### Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide Reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls over Financial Reporting

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

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For, **C.M. GABHAWALA & CO**  
Chartered Accountants  
Firm Registration No: 102870W



**Gopal M. Gabhawala**  
Partner  
Mem. No. 017573  
Place: Mumbai  
Dated: 23<sup>rd</sup> May, 2017



भारतीय लेखापरीक्षा तथा लेखा विभाग  
कार्यालय प्रधान निदेशक वाणिज्यिक लेखापरीक्षा  
तथा पदेन सदस्य, लेखापरीक्षा बोर्ड-1, मुंबई



INDIAN AUDIT & ACCOUNTS DEPARTMENT  
OFFICE OF THE PRINCIPAL DIRECTOR OF  
COMMERCIAL AUDIT & EX-OFFICIO MEMBER,  
AUDIT BOARD-I, MUMBAI

गोपनीय/शीघ्र डाक

संख्या: जी ए/आर 1/ सी एफ एस/लेखा/2016-17/ 28

23 JUN 2017

सेवा में,

प्रबंध निदेशक

सेंट्रल बैंक फाइनेंसियल सर्विसेज लिमिटेड

3<sup>rd</sup> floor (East Wing),

Central Bank of India MMO Building,

55, M.G.Road, Fort,

Mumbai 400 001

विषय: 31 मार्च 2017 को समाप्त वर्ष हेतु सेंट्रल बैंक फाइनेंसियल सर्विसेज लिमिटेड के वित्तीय विवरणों पर कंपनी अधिनियम 2013 की धारा 143(6)(बी) के अंतर्गत भारत के नियंत्रक एवं महालेखापरीक्षक की टिपणियाँ।

महोदय,

31 मार्च 2017 को समाप्त वर्ष हेतु सेंट्रल बैंक फाइनेंसियल सर्विसेज लिमिटेड के वित्तीय विवरणों पर कंपनी अधिनियम 2013 की धारा 143(6)(बी) के अंतर्गत भारत के नियंत्रक एवं महालेखापरीक्षक के द्वारा दी गई टिपणियाँ इस पत्र के साथ संलग्न हैं। टिपणियों को मुद्रित वार्षिक प्रतिवेदन के विषयसूची में उचित संकेत सहित सांविधिक लेखापरीक्षक के प्रतिवेदन के आगे रखा जाये।

वार्षिक सामान्य बैठक के समापन के पश्चात, वित्तीय विवरणों, सांविधिक लेखापरीक्षक का प्रतिवेदन तथा भारत के नियंत्रक एवं महालेखापरीक्षक की टिपणियों को अपनाते हुए सामान्य वार्षिक बैठक की कार्यवाही की एक प्रतिलिपि इस कार्यालय को अविलंब अग्रेषित की जाए। मुद्रित वार्षिक रिपोर्ट की दस प्रतियाँ भी इस कार्यालय को भेजी जायें।

कृपया इस पत्र एवं संलग्नकों की प्राप्ति की सूचना दें।

भवदीया,

(रूप राशि)

प्रधान निदेशक वाणिज्यिक लेखापरीक्षा तथा  
पदेन सदस्य, लेखापरीक्षा बोर्ड-1, मुंबई

संलग्न: यथोपरि।

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL  
OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT,  
2013 ON THE FINANCIAL STATEMENTS OF CENTBANK  
FINANCIAL SERVICES LIMITED FOR THE YEAR ENDED 31  
MARCH 2017**

The preparation of Financial Statements of Centbank Financial Services Limited for the year ended 31 March 2017 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing opinion on the Financial Statements under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 22 May 2017.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the Financial Statements of Centbank Financial Services Limited for the year ended 31 March 2017 under section 143(6)(a) of the Act.

For and on the behalf of the  
Comptroller and Auditor General of India



(Roop Rashi)

Principal Director of Commercial Audit and  
ex-officio Member, Audit Board-I, Mumbai

Place : Mumbai

Date :

**23 JUN 2017**



**CENTBANK FINANCIAL SERVICES LIMITED**

CIN: U67110MH1929GOI001484

Registered Office: Central Bank of India- MMO Bldg, 3rd Floor (East Wing), 55 MG Road, Fort, Mumbai - 400 001

**BALANCE SHEET AS AT 31st MAR 2017**

Amount in Rs.

Particulars	Note No.	As at 31st March 2017	As at 31st March 2016
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	2.1	5,00,00,000	5,00,00,000
(b) Reserves and Surplus	2.2	29,82,86,375	29,46,56,438
<b>(2) Share Application money pending allotment</b>			
<b>(3) Non-Current Liabilities</b>			
(a) Long term borrowings	2.3	9,000	9,000
(b) Deferred Tax Liabilities (Net)		-	-
(c) Other Long Term Liabilities	2.3(a)	74,44,941	74,44,941
<b>(4) Current Liabilities</b>			
(a) Other Current Liabilities	2.4	5,94,06,517	6,86,46,211
(b) Short-Term Provisions	2.5	2,49,54,453	6,04,10,825
<b>TOTAL</b>		<b>44,01,01,286</b>	<b>48,11,67,416</b>
<b>II. ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Fixed Assets	2.6		
(i) Tangible Assets		4,19,681	9,34,817
(ii) Intangible Assets		2,08,975	8,76,060
(b) Non-current investments	2.7	3,000	3,000
(c) Deferred tax assets (net)	2.8	65,35,147	44,58,648
(d) Long-term Loans and Advances		-	-
(e) Other non-current assets	2.9	1,64,000	2,46,000
<b>(2) Current Assets</b>			
(a) Trade Receivables	2.10	11,30,346	53,13,867
(b) Cash and cash equivalents	2.11	38,80,34,624	40,00,66,478
(c) Short-term loans and advances	2.12	4,36,05,513	6,92,68,545
(d) Other current assets		-	-
<b>TOTAL</b>		<b>44,01,01,286</b>	<b>48,11,67,416</b>

**Significant accounting policies and Notes forming part of the financial statements**

2.18 to 2.27

As per our report on even date

For and on behalf of the Board of Directors

**For C. M. Gabhawala & Co.**

Chartered Accountants

(FRN: 102870W)

*(B K Divakara)*

(B K Divakara)

Chairman

DIN: 06439053

**(Gopal M. Gabhawala)**

Partner

Mem. No. 017573

Place : Mumbai

Date : 22nd May, 2017



*(H V Kamdar)*  
**(H V Kamdar)**  
 Company Secretary  
 Mem. No. F2418

Place : Mumbai  
 Date : 22nd May, 2017



*(R L Wadhwa)*  
**(R L Wadhwa)**  
 Managing Director  
 DIN: 07177597

**CENTBANK FINANCIAL SERVICES LIMITED**

CIN: U67110MH1929GOI001484

Registered Office: Central Bank of India- MMO Bldg, 3rd Floor (East Wing), 55 MG Road, Fort, Mumbai - 400 001

**PROFIT & LOSS FOR THE YEAR ENDED 31ST MAR, 2017**

Particulars	Note No.	Amount in Rs.	
		For the year ended 31st March, 2017	For the year ended 31st March, 2016
I. Revenue from operations	2.13	3,06,28,875	2,97,71,345
II. Other Income	2.14	3,34,61,936	3,24,11,096
<b>III. Total Income</b>		<b>6,40,90,811</b>	<b>6,21,82,441</b>
<b>IV. Expenses:</b>			
Operating & Administrative Expenses	2.15	1,22,49,887	2,23,83,076
Employee Benefit Expenses	2.16	96,42,111	1,02,69,867
Depreciation and Amortization Expenses	2.17	10,10,147	12,12,513
<b>IV. Total Expenses</b>		<b>2,29,02,145</b>	<b>3,38,65,456</b>
<b>V. Profit / (Loss) before extraordinary items and tax</b>	( III - IV )	<b>4,11,88,666</b>	<b>2,83,16,985</b>
Extraordinary Items		-	-
<b>Profit / (Loss) before tax</b>		<b>4,11,88,666</b>	<b>2,83,16,985</b>
<b>VI. Tax expense:</b>			
(1) Current tax		1,55,63,230	1,40,90,000
(2) short/(excess) provision			
(3) Deferred tax		(20,76,499)	(57,45,835)
		<b>1,34,86,731</b>	<b>83,44,165</b>
<b>VII. Profit(Loss) for the period</b>	( V-VI )	<b>2,77,01,935</b>	<b>1,99,72,820</b>
<b>VIII. Earnings per share</b>			
Equity shares of par value of Rs 1000/- each			
(a) Basic		554.04	399.46
(a) Diluted		554.04	399.46

As per our report on even date  
**For C. M. Gabhawala & Co.**  
 Chartered Accountants  
 (FRN: 102870W)

For and on behalf of the Board of Directors

*Gopal M. Gabhawala*

**(Gopal M. Gabhawala)**  
 Partner  
 Mem. No. 017573  
 Place : Mumbai  
 Date : 22nd May, 2017



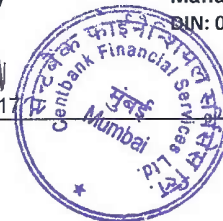
*(B K Divakara)*

**(B K Divakara)**  
 Chairman  
 DIN: 06439053

*(H V Kamdar)*

**(H V Kamdar)**  
 Company Secretary  
 Mem. No. F2418

Place : Mumbai  
 Date : 22nd May, 2017



**(R L Wadhwa)**  
 Managing Director  
 DIN: 07177597

**CENTBANK FINANCIAL SERVICES LIMITED**

CIN: U67110MH1929GOI001484

Registered Office: Central Bank of India- MMO Bldg, 3rd Floor (East Wing), 55 MG Road, Fort, Mumbai - 400 001

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MAR, 2017**

Particulars	For the year ended 31st March 2017	For the year ended 31st March 2016
<b>A. Cash Flow From Operating Activities</b>		
Net Profit before Tax & Extraordinary items	4,11,88,666	2,83,16,984
Add:		
1) Depreciation	9,28,147	11,30,513
2) Preliminary Expenses	82,000	82,000
3) (Profit)/Loss on Sale of Assets (Net)	1,65,150	(1,878)
4) Dividend Received	(14,250)	(12,000)
5) Provision for Leave encashment (Net of Payment)	70,924	48,794
6) Interest Received	(3,02,88,904)	(3,23,96,472)
	(2,90,56,932)	(3,11,49,043)
<b>Operating Profit before Working Capital Changes</b>	1,21,31,734	(28,32,059)
Adjustments for working capital changes:		
(Increase) / Decrease in Trade Receivables	41,83,521	1,69,69,547
(Increase) / Decrease in Other Receivables	2,56,63,031	(1,80,19,665)
(Increase) / Decrease in Short Term Provisions	(1,37,500)	2,32,000
Increase / (Decrease) in Trade Payables	-	60,89,559
Increase / (Decrease) in Provisions for Bad debts	-	-
Increase / (Decrease) in Other Liabilities	(93,10,618)	1,000
(Inc)/Dec. in Working Capital	2,03,98,434	52,72,441
Cash Generated From Operations	3,25,30,168	24,40,382
Less: Direct Taxes Paid	1,47,75,277	1,70,16,260
<b>(A)</b>	1,77,54,891	(1,45,75,878)
<b>B. Cash Flow From Investing Activities</b>		
Purchase of Fixed Assets	(17,899)	(13,432)
Sale of Fixed Assets	1,06,824	13,200
Interest Received	3,02,88,904	3,23,96,472
Dividend Received	14,250	12,000
<b>(B)</b>	3,03,92,079	3,24,08,240
<b>C. Cash Flow From Financing Activities</b>		
Dividends Tax paid	(1,01,78,825)	(20,35,765)
Dividend paid	(5,00,00,000)	(1,00,00,000)
<b>(C)</b>	(6,01,78,825)	(1,20,35,765)
<b>Net Increase in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>(1,20,31,854)</b>	<b>57,96,597</b>
Opening Balance	40,00,66,478	39,42,69,881
Closing Balance	38,80,34,624	40,00,66,478
<b>Net Increase/ (Decrease) in Cash &amp; Cash Equivalents</b>	<b>(1,20,31,854)</b>	<b>57,96,597</b>

Notes:-

1) The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard -3 on Cash Flow Statement issued by ICAI.

2) Previous year figures have been regrouped/rearranged to conform to those of current years

As per our report on even date

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

**For C. M. Gabhawala & Co.**

Chartered Accountants

(FRN: 102870W)

(Gopal M. Gabhawala)

Partner

Mem. No. 017573

Place : Mumbai

Date : 22nd May, 2017



*(B K Divakara)*

(B K Divakara)

Chairman

DIN: 06439053

*(H V Kamdar)*  
(H V Kamdar)  
Company Secretary  
Mem. No. F2418

Place : Mumbai  
Date : 22nd May, 2017

*(R L Wadhwa)*  
(R L Wadhwa)  
Managing Director  
DIN: 07177597



# CENTBANK FINANCIAL SERVICES LIMITED

Notes forming part of the financial statements

		Amount in Rs.	
Sr. No	Particulars	As at 31st March 2017	As at 31st March 2016
	<b>Note : 2.1 : Share Capital</b>		
1	<b>AUTHORIZED CAPITAL</b> 1,00,000 Equity Shares of Rs. 1000/- each.	10,00,00,000	10,00,00,000
		<b>10,00,00,000</b>	<b>10,00,00,000</b>
2	<b>ISSUED, SUBSCRIBED &amp; PAID UP CAPITAL</b> To the Subscribers of the Memorandum Nil Equity Shares of Rs. 1000/- each <b>Paid up Share capital by allotment</b> 50000 Equity Shares of Rs. 1000/- each, Fully Paid Up	5,00,00,000	5,00,00,000
		<b>5,00,00,000</b>	<b>5,00,00,000</b>
The company has one class of shares referred to as equity shares having a par value of Rs.1000/-. Each holder of equity shares is entitled to one vote per share.			
<b>Details of shares held by each shareholder holding more than 5% shares:</b>			
	Name of the shareholder	No. of Shares	No. of Shares
	Central Bank of India and its nominees	50,000	50,000
	Percentage of shareholding	100	100
<b>The reconciliation of the number of shares outstanding is set out below:</b>			
	Particulars	As at 31st March 2017	As at 31st March 2016
	Number of shares at the beginning	50,000	50,000
	Add: Allotment of Equity Shares	-	-
	Number of shares at the end	50,000	50,000
	<b>Note : 2.2 : Reserves &amp; Surplus</b>		
1	General Reserve Balance brought forward from previous year	2,65,00,000	2,41,39,308
	Add: Retained earnings	-	-
	Add: Transfer from Profit & Loss account	25,00,000	23,60,692
		<b>2,90,00,000</b>	<b>2,65,00,000</b>
2	Surplus (Profit & Loss Account) Balance brought forward from previous year	26,81,56,440	31,07,59,490
	Add: Profit for the period	2,77,01,935	1,99,72,820
	Less: Proposed Dividend	(2,00,00,000)	(5,00,00,000)
	Less: Provision for Dividend Distribution Tax	(40,72,000)	(1,02,15,178)
	Less: Transfer to General Reserve	(25,00,000)	(23,60,692)
		<b>26,92,86,375</b>	<b>26,81,56,440</b>
		<b>29,82,86,375</b>	<b>29,46,56,439</b>
	<b>Note : 2.3 : Long Term Borrowings</b>		
	Long Term Borrowings	9,000	9,000
		<b>9,000</b>	<b>9,000</b>
	<b>Note : 2.3(b) : Other Long Term Liabilities</b>		
1	Balance held in Debenture Trust A/c 1787419858 SHREE ABMBIC MILLS LTD	5,87,662	5,87,662
	Balance held in Debenture Trust A/c 1787419961 TUNGABHADRA IND. LTD	19,95,716	19,95,716
	Balance held in Debenture Trust A/c 1787421006 AHMED.S.RAM.K.MILL	48,61,563	48,61,563
		<b>74,44,941</b>	<b>74,44,941</b>



<b>Note : 2.4 : Other Current Liabilities</b>			
1	Trust Account Balances	4,40,26,928	5,39,84,315
2	TDS Payable	74,311	71,365
3	Swatcha Bharat Cess	-	7,772
4	Unallocated Dividend / Interest	1,32,91,143	1,25,93,952
5	Unallocated/unclaimed proceeds on redemption of Securities	15,88,138	15,88,138
6	Advance from Customers	-	3,135
7	Other Liability	1,47,074	1,89,535
8	Provision for Leave Encashment	2,78,924	2,08,000
		<b>5,94,06,517</b>	<b>6,86,46,211</b>
<b>Note : 2.5 : Short Term Provisions</b>			
1	Proposed Dividend	2,00,00,000	5,00,00,000
2	Provision for Dividend Distribution Tax	40,72,000	1,01,78,825
3	Provision for audit fees (Internal Audit and Statutory Audit)	94,500	1,21,000
4	Provision for Tax	7,87,953	-
5	Professional Charges Payable	-	1,11,000
		<b>2,49,54,453</b>	<b>6,04,10,825</b>
<b>Note : 2.7 : Non Current Investment ( At Cost )</b>			
<u>Quoted</u>			
Investment in Equity Shares		3,000	3,000
1500 shares of HDFC Bank Ltd of Rs. 2/- each (Market Value Rs.25,14,000)			
		<b>3,000</b>	<b>3,000</b>
<b>Note : 2.8 : Defered Tax Asset</b>			
Deferred Tax Asset		65,35,147	44,58,648
		<b>65,35,147</b>	<b>44,58,648</b>
<b>Note : 2.9 : Other Non Current Assets</b>			
<u>Preliminary Expenses</u>			
1	Stamp Duty	48,800	73,200
2	Registration Fees	1,15,200	1,72,800
		<b>1,64,000</b>	<b>2,46,000</b>



## CENTBANK FINANCIAL SERVICES LIMITED

Notes forming of the financial Statements

Particulars		Method	Gross Block			Depreciation and Amortization- For the period April 2016 to Mar 2017				Amount in Rs.		
			As at 1.04.2016	Add.	Ded.	As at 31.03.2017	Dep. Upto 31.03.2016	For the period Apr to Mar 2017	Ded.	Up to 31.03.2017	31.03.2017	31.03.16
<b>Tangible Asset</b>												
Computers	SLM		8,12,880	17,899	-	8,30,779	7,60,530	13,109	-	7,73,639	57,141	52,350
End user Devices	SLM		4,92,525	-	-	4,92,525	2,80,494	93,703	-	3,74,197	1,18,329	2,12,031
Server & Network	SLM		1,00,852	-	-	1,00,852	15,935	10,114	-	26,049	74,802	84,916
Furniture	SLM		6,38,075	-	-	6,38,075	3,87,202	81,464	-	4,68,666	1,69,409	2,50,873
Office Equipments	SLM		5,72,374	-	5,72,374	-	2,37,727	62,673	3,00,400	-	-	3,34,647
<b>Intangible Asset</b>												
Computer Software	SLM		45,86,207	-	-	45,86,207	37,10,147	6,67,085	-	43,77,232	2,08,975	8,76,060
<b>Grand Total</b>			72,02,913	17,899	5,72,374	66,48,438	53,92,035	9,28,147	3,00,400	60,19,782	6,28,655	18,10,877
<b>Previous Year</b>			72,07,480	13,432	18,000	72,02,912	42,68,199	11,30,513	6,678	53,92,035	18,10,876	29,39,281



# CENTBANK FINANCIAL SERVICES LIMITED

Notes forming part of the financial statements

Amount in Rs.

Sr. No	Particulars	As at 31st March 2017	As at 31st March 2016
	<b>Note : 2.10 : Trade Receivables</b>		
	<b>Unsecured</b>		
	Debts outstanding for a period exceeding six months	-	-
	Considered good		
	Considered doubtful	1,97,25,214	1,89,29,677
	Other Debts		
	Considered good	7,32,394	5,81,448
	Considered doubtful	-	-
		<b>2,04,57,608</b>	<b>1,95,11,125</b>
	Less: Provision for Doubtful Debts	1,93,27,262	1,41,97,258
		<b>11,30,346</b>	<b>53,13,867</b>
	<b>Note : 2.11 : Cash &amp; Bank Balances</b>		
1	<b>Cash and Cash Equivalents</b>		
	Cash Balance	3,132	8,300
	<b>Bank Balance</b>		
	- In Current Accounts		
	With Central Bank of India A/c No. 1787420987 Bank ac 1	5,84,24,682	6,74,57,371
	With Central Bank of India A/c No. 1787426399 Bank ac 2	1,50,260	41,70,706
	With Central Bank of India A/c No. 1787421006 (AHMED.S.RAM.K.MILL LTD)	48,61,563	48,61,563
	With Central Bank of India A/c No. 1787419858(Shree Ambica Mills)	5,87,662	5,87,662
	With Central Bank of India A/c No. 1787419961(Tungabhadra)	19,95,716	19,95,716
	Sub Total (A)	<b>6,60,23,016</b>	<b>7,90,81,319</b>
2	<b>Other Bank Balances</b>		
	- In Deposit Account with Central Bank of India		
	Maturity less than 12 months	15,02,61,876	-
	Maturity more than 12 months	17,17,49,732	32,09,85,159
	Sub Total (B)	<b>32,20,11,608</b>	<b>32,09,85,159</b>
	Total [ A + B ]	<b>38,80,34,624</b>	<b>40,00,66,478</b>
	<b>Note : 2.12 : Short Terms Loans and Advances (Net of provisions)</b>		
	Income Tax Refund Receivable A.Y. 2012-13	-	6,07,492
	Income Tax Refund Receivable A.Y. 2013-14	7,06,196	1,28,486
	Income Tax Refund Receivable A.Y. 2014-15	-	1,24,25,847
	Income Tax Refund Receivable A.Y. 2015-16	26,02,470	26,02,470
	Income Tax Refund Receivable A.Y. 2016-17	29,26,260	29,26,260
	Interest Accrued on FDR	3,66,86,480	4,89,14,250
	Other Receivables	5,339	23,509
	Service Tax Cenvat Receivables	4,14,402	10,95,717
	Krishi Kalyan Cenvat	15,324	-
	Prepaid Expenses	2,35,543	5,44,513
	Service tax cenvat receivable (Deferred)	13,500	-
		<b>4,36,05,513</b>	<b>6,92,68,544</b>



## CENTBANK FINANCIAL SERVICES LIMITED

Notes forming part of the financial statements

		Amount in Rs.	
Sr. No	Particulars	For the year ended 31st March 2017	For the year ended 31st March 2016
	<b><u>Note : 2.13 : Revenue from Operations</u></b>		
1	Fees from Executor Trusteeship	36,97,765	40,97,743
2	Fees from Debenture & Security Trusteeship	2,69,31,110	2,56,73,602
		<b>3,06,28,875</b>	<b>2,97,71,345</b>
	<b><u>Note : 2.14 : Other Income</u></b>		
1	Interest on FDR's	3,02,88,904	3,23,96,472
2	Other Income	7,300	746
3	Dividend Income	14,250	12,000
4	Trustee Association Membership Fees	50,000	-
5	Profit on sale of assets	-	1,878
6	Interest on Income tax	31,01,482	-
		<b>3,34,61,936</b>	<b>3,24,11,096</b>
	<b><u>Note : 2.15 : Operating &amp; Administrative Expenses</u></b>		
1	Telephone Expenses	1,79,518	1,74,908
2	Travelling Expenses	2,35,559	4,45,998
3	Office Maintenance	1,28,807	97,410
4	General Expenses	3,89,059	4,63,219
5	Insurance Expenses	10,571	15,438
6	Electricity Charges	3,00,000	7,11,434
7	Postage & Telegram	12,234	17,360
8	Professional Charges	3,85,600	4,97,980
9	Security Expenses	-	92,733
10	Stationery Expenses	42,266	1,10,923
11	Membership Fees	-	50,000
12	Auditors Remuneration -Audit Fees	2,09,000	2,19,934
13	Rent Rates & Taxes	45,28,800	47,04,443
14	Website & Internet Expenses	43,116	42,633
15	SEBI Registration Fees - MBD	-	57,072
16	SEBI Registration Fees - Debenture Trustee	2,98,905	2,98,905
17	Directors Sitting Fees	1,20,000	1,43,708
18	ROC Filing Charges	61,700	38,300
19	Safe Locker charges	4,798	3,421
20	Shop and Establishment exp	4,800	-
21	Loss on sale of car	1,65,150	-
	<b>SubTotal</b>	<b>71,19,883</b>	<b>81,85,818</b>
22	Provision for Doubtful Debts	51,30,004	1,41,97,258
		<b>1,22,49,887</b>	<b>2,23,83,076</b>





<b>Note : 2.16 : Employment Benefit Expenses</b>			
1	Salaries & Allowances	70,55,264	77,14,892
2	Provision for Leave Encashment	81,971	48,794
3	Compensation Paid To Managing Director	13,77,912	12,20,868
4	Compensation Paid to Key Managerial person	11,26,964	12,85,313
		<b>96,42,111</b>	<b>1,02,69,867</b>
<b>Note : 2.17 : Depreciation &amp; Amortised Cost</b>			
1	Depreciation	9,28,147	11,30,513
2	Preliminary Expenses W/O	82,000	82,000
		<b>10,10,147</b>	<b>12,12,513</b>



## **Centbank Financial Services Limited**

Significant Accounting Policies & Notes to Accounts for the year ended 31<sup>st</sup> March, 2017:

### **(1) Significant Accounting Policies:**

#### **A. Basis of Presentation:**

The Financial statements of the Company have been prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the applicable mandatory Accounting Standards notified under the Companies (Accounting Standard) Rules, 2006 (as amended), as notified under Companies (Accounts) Rules, 2014 (GSR No. 239(E)), Schedule III and relevant provisions of the Companies Act, 2013. The financial statements have been prepared under the Historical Cost convention using the accrual method of accounting, except for fees in respect of Debenture Trusteeship business of suit filed and/ or BIFR, registered companies and brokerage income earned as mutual fund product distributor, which is accounted on receipt basis.

#### **B. Use of estimates:**

The preparation of the financial statements in conformity with generally accepted accounting principles (GAAP) in India requires management to make estimates and assumptions that affect the reported amount of assets, liabilities and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision to the accounting estimates is recognized prospectively in current and future periods.

#### **C. Revenue Recognition:**

In relation to Executor Trusteeship business income is accrued on occurrence of transactions relating to trust account.

Revenue from Debenture & Security Trusteeship services is recognized on period basis and accounted on accrual basis except the income from Debenture Trusteeship business of suit filed and/or BIFR companies, which is accounted on receipt basis.

#### **D. Investments:**

Current investments are stated at lower of the cost or fair value. Non-Current investments are stated at cost. Provision for diminution, if any in the value of the Non-Current investments is made only if the diminution in the value is of permanent nature.

#### **E. Fixed Assets:**

Fixed assets are stated at acquisition cost including incidental expenses in connection thereto less Depreciation.

#### **F. Intangible Assets:**

Intangible assets are stated at cost of acquisition less amortization.



**G. Depreciation & Amortization:**

- a. Depreciation on Fixed Assets has been provided on Straight Line Method at the rates and in the manner specified in Schedule II to the Companies Act, 2013. The useful life of fixed assets have been adopted as per Schedule II of Companies Act, 2013 and differential amount of asset carrying value as on the first day of the year has been suitably adjusted in accounts.
- b. Depreciation on assets added/disposed during the year is provided with reference to the date of addition/disposition.
- c. Intangible assets have been amortized considering the economic life of the asset ascertained to be 5 years by the management and amortized accordingly.

**H. Impairment of Assets:**

The carrying amounts of assets, other than investment properties, deferred tax assets and non-current assets (or disposal groups) held for sale, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to

An impairment loss is recognized in profit or loss in the period in which it arises.

**I. Foreign Currency Transactions**

The Company does not have any Foreign Currency Transactions.

**J. Preliminary Expenses:**

Preliminary expenses relating to Stamp Duty paid and Registration fees on issue of Equity Shares as a result of increase in authorize capital is written off over a period of ten years.

**K. Tax Expenses:**

Provision for current tax is computed as per 'Total Income' returnable under the Income Tax Act, 1961 taking into account available deductions and exemptions.

Deferred tax is recognized for all timing differences being the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

**L. Earnings per share ('EPS')**

Basic EPS is computed using the weighted average number of equity shares outstanding during the year. Diluted EPS is computed using the weighted average



number of equity and dilutive equity equivalent shares outstanding during the year except where the results would be anti-dilutive

#### M. Sundry Unallocated Income & Proceeds

The amounts received on behalf of beneficiaries of whom details about the beneficiaries cannot be ascertained, have been accounted in nominal account "Sundry Party Unclaimed Dividend / Interest" and "Unallocated / Unclaimed Proceeds on Redemption of Securities"

As and when the details are received from the payer about the beneficiaries, the amount is transferred to the respective beneficiary account.

#### N. Provision & Contingent Liabilities

Provisions are recognized when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle present obligation at the Balance sheet date and are not discounted to it's present value.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not fully within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle a reliable estimate of the amount cannot be made, is termed as a contingent liability.

2.19.1 Except three officers, all other staff members including Managing Director of the Company are on deputation from Central Bank of India. As mutually agreed, the Company has reimbursed the following expenditure to parent company Central Bank of India:

Nature		Amount for the Year 2016-17(Rs.)	Amount for the Year 2015-16(Rs.)
1	Establishment Expenses (Incl. Staff Costs)	81,13,606	93,87,824
2	Rent on Office	45,28,800	47,04,443
<b>Total Rs.</b>		<b>1,26,42,406</b>	<b>1,40,92,267</b>

2.20 Sundry debit/credit balances and individual Trust account are subject to confirmation

2.21 The Company holds investments in the nature of shares, securities and immovable properties on behalf of its clients in a fiduciary capacity on a Trustee-Beneficiary relationships, which in the opinion of the Board of Directors are adequately safeguarded and properly recorded and all duties arising from such fiduciary relationships are adequately fulfilled



2.22 There are no amounts overdue and remaining unpaid to Small Scale and /or Ancillary Industrial suppliers on account of principal and/or interest as at close of the year. This disclosure is based on the information available with the Company regarding the status of suppliers as defined under the "Interest on delayed payments to Small Scale and Ancillary Industrial Undertaking Act, 1993."

2.22(a) Accounting Standard 18: Related Party Disclosures:

Name of the Party where Control Exists	Nature of the Relationship
Central Bank of India	Holding Company

Key Management Personnel	Nature of Relationship
Mr. R L Wadhwa	Managing Director
Mr. H V Kamdar	Company Secretary & Asstt Vice President

(b) During the year, the transactions entered with related parties are as under:

Particulars		Amount for FY 2016-17 (Rs.)	Amount for FY 2015-16 (Rs.)
i)	Expenses:		
	Reimbursed to Central Bank of India		
	- Establishment Expenses ( Incl. Staff Costs)	81,13,606	93,87,824
	- Rent on Office	45,28,800	47,04,443
		<b><u>1,26,42,406</u></b>	<b><u>1,40,92,267</u></b>
ii)	Income Received by way of interest on Fixed Deposits from Central Bank of India	<b>3,02,88,904</b>	<b>3,23,96,472</b>
iii)	Sale of Assets to Central Bank of India	<b>1,06,824</b>	<b>13,200</b>
iv)	Dividend Paid to Central Bank of India	<b>5,00,00,000</b>	<b>1,00,00,000</b>



v)	Deposits with Central Bank of India on	31.03.2017	31.03.2016
	- Fixed Deposits	<b><u>32,20,11,608</u></b>	<b><u>32,09,85,159</u></b>
	- Current Accounts		
	* Trust Current A/c No.1787420987	5,84,24,682	6,74,57,371
	* Company's A/c No.1787426399	1,50,260	41,70,706
	* Debenture Trust A/c No.1787421006 (ASRM)	48,61,563	48,61,563
	* Debenture Trust A/c No.1787419858 (Ambica Mills)	5,87,662	5,87,662
	* Debenture Trust A/c No.1787419961 (Tungbhadra)	19,95,716	19,95,716
	<b>TOTAL DEPOSITS</b>	<b><u>38,80,31,492</u></b>	<b><u>40,00,58,177</u></b>

vi)	Remuneration to Key Management Personnel		
	a. Mr. R L Wadhwa	13,77,912	12,20,869
	b. Mr. H V Kamdar	11,26,964	12,85,313

(c) The Company is primarily engaged in the business of rendering financial services, which are considered by the management to constitute as a single segment. This being the only reportable segment as per Accounting Standard 17 issued by The Institute of Chartered Accountants of India on "Segment results and segment reporting", the profit and loss statement and the Balance Sheet depict the picture of segment result and the segmental assets and liabilities.

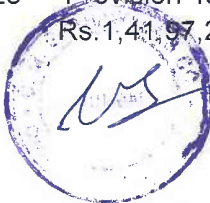
2.23 In compliance of Accounting Standard 22 referred in Section 133 of the Companies Act, 2013 on accounting for Taxes on Income, the Company has created 'Deferred Tax Liabilities' on account of timing difference :

Particulars	31.03.2017	31.03.2016
Opening Deferred tax Liability/ (Asset)	(44,58,648)	12,87,187
Add/(Less):- <u>Deferred Tax Liability/(Asset) for the year</u>	(20,76,499)	(57,45,835)
Closing Deferred tax Liability/(Asset)	(65,35,147)	(44,58,648)

2.24 Contingent Liabilities not provided for:

Suit filed against the Company Rs. 25,00,000/- (Previous year Rs. 25,00,000/-)

2.25 Provision for doubtful debt of Rs 51,30,004/- is made for the year. (Previous Year- Rs.1,41,97,258/-)



- 2.26 Previous year's figures have been regrouped and rearranged wherever necessary.
- 2.27 Details of Specified Bank Notes held and transacted during the demonetization period (8th November, 2016 to 30th December, 2016) as provided in the table below:

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 8.11.2016	NIL	971	971
(+) Permitted receipts	NIL	21,290	21,290
(-) Permitted payments	NIL	10,882	10,882
(-) Amount deposited in Banks	NIL	4,500	4,500
Closing cash in hand as on 30.12.2016	NIL	6,879	6879


For C M GABHAWALA & CO  
 CHARTERED ACCOUNTANTS  
 Firm Reg. No.: 102870W

For and on behalf of the Board of Directors



Gopal M. Gabhawala  
 Partner  
 Mem. No. 017573  
 Place: MUMBAI  
 Date: 22<sup>nd</sup> May, 2017



  
 (B K Divakara)  
 Chairman  
 DIN: 06439053

  
 (H V Kamdar)  
 Company Secretary  
 Mem No: F2418

Place: MUMBAI  
 Date: 22<sup>nd</sup> May, 2017

  
 (R L Wadhwa)  
 Managing Director  
 DIN: 07177597

