

**Centrum Investment Advisors Limited**  
**Balance Sheet as at 31 March 2020**  
(All amounts in INR Lakhs, unless otherwise stated)

Particulars	Note No.	As at 31-Mar-20	As at 31-Mar-19
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant & equipment	2	0.27	0.39
<b>Financial assets</b>			
(i) Loans	3	80.08	100.00
Deferred tax assets(net)	4	4.95	1.34
Income tax assets	5	15.84	1.74
		<u>101.14</u>	<u>103.47</u>
<b>Current assets</b>			
<b>Financial assets</b>			
(i) Trade receivables	6	36.22	10.67
(ii) Cash and cash equivalents	7	42.30	24.35
(iii) Other financial assets	3	-	-
Other current assets	8	26.39	9.23
		<u>104.91</u>	<u>44.25</u>
<b>Total</b>		<u><b>206.05</b></u>	<u><b>147.72</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	9	50.00	50.00
Other equity	10	50.23	60.32
		<u>100.23</u>	<u>110.32</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Employee benefit obligations	11	1.97	-
		<u>1.97</u>	<u>-</u>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
(i) Trade Payables	12		
(a) total Outstanding dues of Micro Enterprises and Small Enterprises		-	-
(b) total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises		88.18	31.47
(ii) Other financial liabilities	13	0.75	0.25
Employee benefit obligations	11	0.08	-
Other current liabilities	14	14.84	5.67
		<u>103.85</u>	<u>37.40</u>
<b>Total</b>		<u><b>206.05</b></u>	<u><b>147.72</b></u>

The accompanying notes are an integral part of these financial statements

As per our report of even date

For Ketan Negandhi & Associates  
Chartered Accountants  
ICAI Firm registration number: 116834W

*Ketan N. Negandhi*

Proprietor  
Date: June 08, 2020  
Place: Mumbai

UDIN: 20102241AAAA R7514



For and on behalf of Centrum Investment Advisors Limited

*Arpita*

Arpita Vinay  
Director  
DIN :06940663

*S Ganashyam*

S Ganashyam  
Director  
DIN : 02370933

**Centrum Investment Advisors Limited**  
**Statement of Profit and Loss for the year ended 31 March 2020**  
 (All amounts in INR Lakhs, unless otherwise stated)

Particulars	Note No.	Year ended 31-Mar-20	Year ended 31-Mar-19
<b>REVENUE</b>			
Revenue from operations	15	236.53	63.05
Other Income	16	11.29	11.39
<b>Total revenue</b>		<b>247.82</b>	<b>74.44</b>
<b>EXPENSES</b>			
Employee benefit expenses	17	19.96	-
Depreciation and amortisation expense	18	0.12	0.12
Finance costs	19	0.01	0.64
Other expenses	20	241.34	69.78
<b>Total expenses</b>		<b>261.44</b>	<b>70.54</b>
<b>Profit/(Loss) before tax</b>		<b>(13.62)</b>	<b>3.90</b>
Income tax expense	21		
Current tax		0.10	2.43
Deferred Tax		(3.61)	(1.53)
<b>Profit/(Loss) for the year - A</b>		<b>(10.11)</b>	<b>3.01</b>
<b>Other Comprehensive Income</b>			
Items that will not be reclassified to profit or loss			
I. Remeasurement of post employment benefit obligation		-	-
II. Income Tax relating to above items		-	-
<b>Other comprehensive income for the year - B</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year (A+B)</b>		<b>(10.11)</b>	<b>3.01</b>
<b>Earning per Equity Shares</b>			
Basic		(2.02)	0.60
Diluted		(2.02)	0.60

The accompanying notes are an integral part of these financial statements

As per our report of even date

For Ketan Negandhi & Associates  
 Chartered Accountants  
 ICAI Firm registration number: 116834W

For and on behalf of Centrum Investment Advisors Limited

*Ketan N Negandhi*

Proprietor  
 Date: June 08, 2020  
 Place : Mumbai



*Arpita*

Arpita Vinay  
 Director  
 DIN : 06940663

*S Ganashyam*

S Ganashyam  
 Director  
 DIN : 02370933

UQIN: 20102261AAAAAK7514

**Centrum Investment Advisors Limited**  
**Statement of Changes in Equity for the year ended 31 March 2020**  
 (All amounts in INR Lakhs, unless otherwise stated)

**A. Equity Share Capital**

Particulars	Total
As at 31st March, 2018	50
Changes in equity share capital during the year	-
As at 31st March, 2019	50
Changes in equity share capital during the year	=
As at 31st March, 2020	50

**B. Other Equity**

Particulars	Retained Earnings	Total
As at 31st March, 2018	57.32	57.32
Profit for the year	3.01	3.01
Other comprehensive income	-	-
As at 31st March, 2019	60.32	60.32
Loss for the year	(10.11)	(10.11)
Other comprehensive income	-	-
As at 31st March, 2020	50.21	50.21

The accompanying notes are an integral part of these financial statements

For Ketan Negandhi & Associates  
 Chartered Accountants  
 ICAI Firm registration number: 116834W



*Ketan N. Negandhi*

Proprietor  
 Date: June 08, 2020  
 Place: Mumbai

UDIN: 20102241AGAA K 7514

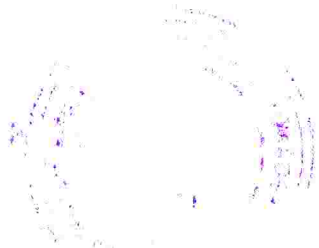
For and on behalf of Centrum Investment Advisors Limited

*Arpita*

Arpita Vinay  
 Director  
 DIN : 06940663

*S Ganashyam*

S Ganashyam  
 Director  
 DIN : 02370933



**Centrum Investment Advisors Limited**  
**Cash Flow Statement for the year ended 31 March 2020**  
 (All amounts in INR Lakhs, unless otherwise stated)

Particulars	Year ended 31-Mar-20	Year ended 31-Mar-19
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / Loss Before Tax	(13.62)	3.01
Adjustments for :		
Interest expenses	0.12	0.12
Depreciation and amortisation		
	<u>(13.50)</u>	<u>3.13</u>
<b>Operating loss before working capital changes</b>		
Adjustments for:		
(Increase) / Decrease in Trade Receivables	(25.55)	0.09
(Increase)/Decrease in Other financial assets	-	0.94
(Increase) / Decrease in other current assets	(27.23)	(6.30)
(Increase) / Decrease in other assets	-	(1.33)
(Decrease)/Increase in Trade Payables	56.70	31.16
(Decrease)/Increase in Other current liabilities	9.17	3.64
(Decrease)/Increase in Other Financial liabilities	0.50	0.19
(Decrease)/Increase in Provisions	2.06	-
	<u>2.14</u>	<u>31.53</u>
<b>Cash Generated from Operations</b>	<u>(14.19)</u>	<u>(13.01)</u>
Taxes Paid/Refund (Including tax deducted at source)	<u>(12.05)</u>	<u>18.52</u>
<b>Net cash used in Operating Activities ( A )</b>		
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	30.00	-
Receipts from Loans and Advances		
<b>Net cash used in Investing Activities ( B )</b>	<u>30.00</u>	
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of Short-term Borrowings	-	-
Interest paid	-	-
<b>Net cash generated from Financing Activities ( C )</b>		
	<u>17.95</u>	<u>18.52</u>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents: (A+B+C)</b>		
Cash and Bank Balance		
As at the beginning of the Period	0.01	-
Cash in hand including foreign currencies	24.34	5.83
Balance with scheduled banks-current accounts	<u>24.35</u>	<u>5.83</u>
	<u>42.30</u>	<u>24.35</u>
<b>Closing cash and cash equivalents</b>		
As at the end of the year (refer note 7)	0.01	0.01
Cash in hand including foreign currencies	42.29	24.34
Balance with scheduled banks-current accounts	<u>42.30</u>	<u>24.35</u>
<b>Closing cash and cash equivalents</b>		

The above cash flow statements have been prepared under the indirect method set out IND AS-7 'Statement of Cash Flows'

The accompanying notes are an integral part of these financial statements

For Ketan Negandhi & Associates  
 Chartered Accountants  
 ICAI Firm registration number: 1168344

Proprietor  
 Date: June 08, 2020  
 Place : Mumbai

UDIN : QV102241AAAAA K7514



For and on behalf of Centrum Investment Advisors Limited

Arpita Vinay  
 Director  
 DIN : 06940663

S Ganashyam  
 Director  
 DIN : 02370933

Centrum Investment Advisors Limited

Notes to the Financial Statements for the year ended and as at 31 March 2020

(All amounts in INR Lakhs, unless otherwise stated)

2. PROPERTY, PLANT & EQUIPMENT

Particulars	Office Equipments	Total
<b>Gross Block</b>		
As at 1st April, 2018	0.65	0.65
Additions - Mar 19	-	-
Disposals - Mar 19	-	-
<b>As at 31st March, 2019</b>	<b>0.65</b>	<b>0.65</b>
Additions - Mar 20	-	-
Disposals - Mar 20	-	-
<b>As at 31st Mar, 2020</b>	<b>0.65</b>	<b>0.65</b>
<b>Accumulated Depreciation</b>		
As at 1st April, 2018	0.14	0.14
Additions - Mar 19	0.12	0.12
Disposals - Mar 19	-	-
<b>As at 31st March, 2019</b>	<b>0.26</b>	<b>0.26</b>
Additions - Mar 20	0.12	0.12
Disposals - Mar 20	-	-
<b>As at 31st Mar, 2020</b>	<b>0.38</b>	<b>0.38</b>
<b>Net Block</b>		
As at 31st Mar, 2020	0.27	0.27
As at 31st March, 2019	0.39	0.39



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Centrum Investment Advisors Limited  
Notes to the Financial Statements for the year ended 31 March 2020  
(All amounts in INR Lakhs, unless otherwise stated)

3. Loans (Unsecured, considered good unless otherwise stated)	As at 31-Mar-20	As at 31-Mar-19
<b>Current</b>		
Loans to others	-	-
<b>Non current</b>		
Loans to Related Parties*	80.08	100.00
Less: Loss Allowance for doubtful loans	-	-
<b>Total Current</b>	<u>-</u>	<u>-</u>
<b>Total Non-Current</b>	<u>80.08</u>	<u>100.00</u>
*( Short term loan - Interest rate - 13%, Payable annually, Maturity date - 31st March,2021)		
<b>Breakup of Security details</b>		
Loans considered good - secured	80.08	100.00
Loans considered good - unsecured		
Loans which have significant increase in credit risk		
Loans - credit impaired		
	<u>80.08</u>	<u>100.00</u>
Less :Loss Allowance for doubtful loans	-	-
<b>Total Loans</b>	<u>80.08</u>	<u>100.00</u>

4. DEFERRED TAX ASSETS	As at 31-Mar-20	As at 31-Mar-19
<b>Deferred Tax asset on account of :</b>		
Depreciation/Amortisation on property plant and equipments and Intangible assets	0.03	0.01
Provision for Doubtful Debts	0.02	1.43
Provision for Employee Benefit Obligations	0.67	-
Provision for Expenses Payable	0.38	-
Carry forward of losses	3.85	-
<b>Deferred tax liability on account of:</b>		
Preliminary Expenses	-	(0.09)
	<u>4.95</u>	<u>1.34</u>

Movements in deferred tax assets/(liabilities)

Particulars	At April 01, 2018	(Charged) / Credited		At March 31, 2019
		To Profit / Loss	To OCI	
Property, Plant and Equipment	-	0.01	-	0.01
Receivables	-	1.43	-	1.43
Preliminary Expenses	(0.19)	0.10	-	(0.09)
Provision for Employee Benefit Obligations	-	-	-	-
Provision for Expenses Payable	-	-	-	-
	<u>-0.19</u>	<u>1.53</u>	<u>-</u>	<u>1.34</u>

Particulars	At April 01, 2019	(Charged) / Credited		At March 31, 2020
		To Profit / Loss	To OCI	
Property, Plant and Equipment	0.01	0.01	-	0.02
Receivables	1.43	(1.40)	-	0.03
Preliminary Expenses	(0.09)	0.09	-	0.00
Provision for Employee Benefit Obligations	-	0.67	-	0.67
Provision for Expenses Payable	-	0.38	-	0.38
Carry Forward of Losses	-	3.85	-	3.85
	<u>1.35</u>	<u>3.61</u>	<u>-</u>	<u>4.95</u>



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Centrum Investment Advisors Limited  
Notes to the Financial Statements for the year ended 31 March 2020  
(All amounts in INR Lakhs, unless otherwise stated)

	As at 31-Mar-20	As at 31-Mar-19
<b>5. INCOME TAX ASSETS</b> (Unsecured, considered good unless otherwise stated)		
Advance Tax [Net off Provision for Tax - Nil, (Previous year - Nil)]	15.84	1.74
<b>Total</b>	<b>15.84</b>	<b>1.74</b>
<b>6. TRADE RECEIVABLES</b>	<b>As at 31-Mar-20</b>	<b>As at 31-Mar-19</b>
Unsecured, Considered good	-	-
From Related Parties	-	-
From Others	36.31	16.12
Less :Allowances for doubtful trade receivables	-0.09	-5.46
<b>Total</b>	<b>36.22</b>	<b>10.67</b>
<b>7. CASH AND CASH EQUIVALENTS</b>	<b>As at 31-Mar-20</b>	<b>As at 31-Mar-19</b>
Cash on hand	0.01	0.01
Balances with banks -In current accounts	42.29	24.34
<b>Total</b>	<b>42.30</b>	<b>24.35</b>
<b>8. OTHER CURRENT ASSETS</b>	<b>As at 31-Mar-20</b>	<b>As at 31-Mar-19</b>
Balances with Government Authorities	26.39	9.23
	<b>26.39</b>	<b>9.23</b>
<b>9. SHARE CAPITAL</b>	<b>As at 31-Mar-20</b>	<b>As at 31-Mar-19</b>
<b>Authorised Share Capital</b> 5,00,000 (31-March-19: 5,00,000 ) equity shares of Rs. 10 each	50.00	50.00
<b>Total</b>	<b>50.00</b>	<b>50.00</b>
<b>Issued, subscribed and fully paid up Share Capital</b> 5,00,000 (31-March-19: 5,00,000 ) equity shares of Rs. 10 each	50.00	50.00
<b>Total</b>	<b>50.00</b>	<b>50.00</b>

9.a Reconciliation of shares outstanding at the beginning and at the end of the year

Particulars	As at 31 March 2020		As at 31 March 2019	
	No of shares	Amount	No of shares	Amount
Balance as at the beginning of the year	5,00,000	50	5,00,000	50
Increase/Decrease during the year	-	-	-	-
<b>Balance as at the end of the year</b>	<b>5,00,000</b>	<b>50.00</b>	<b>5,00,000</b>	<b>50.00</b>

9.b Rights, preferences and restrictions attached to shares

The company has one class of equity shares having a par value of Rs. 10 each. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all the preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.



Centrum Investment Advisors Limited  
Notes to the Financial Statements for the year ended 31 March 2020  
(All amounts in INR Lakhs, unless otherwise stated)

9.c Particulars of shareholders holding more than 5% of aggregate shares

Particulars	As at 31 March 2020		As at 31 March 2019	
	No of shares	Amount	No of shares	Amount
Centrum Wealth Management Limited	2,55,000	51%	2,55,000	51%
Centrum Retail Services Limited	2,45,000	49%	2,45,000	49%

10. OTHER EQUITY

	As at 31-Mar-20	As at 31-Mar-19
Balance at the beginning of the year	60.32	57.32
Movement during the year	(10.11)	3.01
	<u>50.23</u>	<u>60.32</u>

11. EMPLOYEE BENEFIT OBLIGATIONS

	As at 31-Mar-20	As at 31-Mar-19
<b>Provision for Gratuity</b>		
Current	-	-
Non current	1.55	-
<b>Provision for Compensated Absences</b>		
Current	0.08	-
Non current	0.42	-
<b>Total Current</b>	<u>0.08</u>	<u>-</u>
<b>Total Non-Current</b>	<u>1.97</u>	<u>-</u>

12. TRADE PAYABLES

	As at 31-Mar-20	As at 31-Mar-19
Total Outstanding dues of Micro Enterprises and Small Enterprises	-	-
Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises *	88.18	31.47
<b>Total</b>	<u>88.18</u>	<u>31.47</u>
<b>Note:</b>		
*Total outstanding dues to Related Parties	<u>82.32</u>	<u>31.26</u>

13. OTHER FINANCIAL LIABILITIES

	As at 31-Mar-20	As at 31-Mar-19
Other payables	0.75	0.25
	<u>0.75</u>	<u>0.25</u>

14. OTHER CURRENT LIABILITIES

	As at 31-Mar-20	As at 31-Mar-19
Statutory dues payable	14.84	5.67
<b>Total</b>	<u>14.84</u>	<u>5.67</u>



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Centrum Investment Advisors Limited  
Notes to the Financial Statements for the year ended 31 March 2020  
(All amounts in INR Lakhs, unless otherwise stated)

	Year ended 31-Mar-20	Year ended 31-Mar-19
<b>15. REVENUE FROM OPERATIONS</b>		
Advisory Fees	89.77	63.05
Brokerage & Commission	146.75	-
<b>Total</b>	<b>236.53</b>	<b>63.05</b>
<b>16. OTHER INCOME</b>		
Interest Income - Loans	11.29	11.39
<b>Total</b>	<b>11.29</b>	<b>11.39</b>
<b>17. EMPLOYEE BENEFITS EXPENSE</b>		
Salaries	17.07	-
Contributions to provident fund	1.34	-
Gratuity expenses	1.55	-
<b>Total</b>	<b>19.96</b>	<b>-</b>
<b>18. DEPRECIATION AND AMORTIZATION EXPENSE</b>		
Depreciation on property, plant and equipment	0.12	0.12
<b>Total</b>	<b>0.12</b>	<b>0.12</b>
<b>19. FINANCE COSTS</b>		
Interest on Borrowings	-	-
Interest on Employee Benefit Expense	-	-
Other Interest payments	0.01	0.64
<b>Total</b>	<b>0.01</b>	<b>0.64</b>
<b>20. OTHER EXPENSES</b>		
Rent Expenses	0.77	-
Membership and Subscription fees	4.88	0.36
Legal & professional fees	234.22	61.47
Commission and Brokerage	4.59	-
Audit fees (Refer note below)	0.25	0.25
Office Expenses	2.00	2.25
Allowances for Doubtful Debts	(5.37)	5.46
<b>Total</b>	<b>241.34</b>	<b>69.78</b>
<b>Note: Auditors' remuneration</b>		
Audit Fees - Statutory Audit	0.25	0.25
<b>Total</b>	<b>0.25</b>	<b>0.25</b>



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Centrum Investment Advisors Limited  
Notes to the Financial Statements for the year ended 31 March 2020  
(All amounts in INR Lakhs, unless otherwise stated)

21. INCOME TAX EXPENSE	Year ended 31-Mar-20	Year ended 31-Mar-19
Current Income tax charge	0.10	2.43
Adjustments in respect of current income tax of previous year		
Deferred tax	<u>(3.61)</u>	<u>(1.53)</u>
<b>Income tax expense</b>	<b><u>(3.50)</u></b>	<b><u>0.89</u></b>

Reconciliation of Taxes to the amount computed by applying statutory income tax rate to the income before taxes is summarized below

	As at 31 March 2020	As at 31 March 2019
Profit/(Loss) before income tax expense	(13.62)	3.90
Computed tax charge on applicable tax rates in India - Tax Rate - 24.48% ( 31st March,2020-26%)	(3.34)	1.01
<b>Tax effect of:</b>		
Unrecognised temporary differences	(0.02)	(0.12)
Impact of change in Tax rate	(0.08)	
Sundry Items	(0.17)	
<b>Income Tax at effective tax rate</b>	<b><u>(3.61)</u></b>	<b><u>0.89</u></b>
Effective Tax Rate	26.53%	22.92%



Centrum Investment Advisors Limited  
Notes to the Financial Statements for the year ended 31 March 2020

22. Earnings per share

(INR in Lakhs)

Particulars	For the Year Ended 31st March, 2020	For the Year Ended 31st March, 2019
Profit attributable to the equity holders of the company (A) (Rs. in lakhs)	(10.11)	3.01
Weighted average number of shares for Basic EPS (B)	5,00,000	5,00,000
Adjustments for calculation of Diluted EPS ( C )	-	-
Weighted average number of shares for Diluted EPS (D= B+C)	5,00,000	5,00,000
(a) Basic EPS	(2.02)	0.60
(b) Diluted EPS	(2.02)	0.60

23. Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital and reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to safeguard the Company's ability to remain as a going concern and maximise the shareholder value.

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. Management monitors the return on capital.

The Company has adequate cash and bank balances and no interest bearing liabilities. The Company monitors its capital by a careful scrutiny of the cash and bank balances and a regular assessment of any debt requirements. In the absence of any interest bearing debt, the maintenance of the debt equity ratio etc. may not be of any relevance to the Company.



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Centrum Investment Advisors Limited  
Notes to the Financial Statements for the year ended 31 March 2020

Note 24: Fair Value Measurements

A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Financial Assets and Liabilities as at 31st March, 2020	Carrying value		Routed through Profit and Loss			Routed through OCI			Carried at amortised cost			Total Amount	Total Fair Value	
	Non Current	Current	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3			Total
<b>Financial Assets</b>														
Trade receivable	-	36.22	-	-	-	-	-	-	-	-	36.22	36.22	-	
Cash and Cash equivalents	-	42.30	-	-	-	-	-	-	-	-	42.30	42.30	-	
Other Financial Assets	80.08	-	-	-	-	-	-	-	-	-	80.08	80.08	-	
<b>Total</b>	<b>80.08</b>	<b>78.52</b>	-	-	-	-	-	-	-	-	<b>158.60</b>	<b>158.60</b>	-	
<b>Financial Liabilities</b>														
Trade Payables	-	88.18	-	-	-	-	-	-	-	-	88.18	88.18	-	
Other Financial Liabilities	-	0.75	-	-	-	-	-	-	-	-	0.75	0.75	-	
<b>Total</b>	-	<b>88.92</b>	-	-	-	-	-	-	-	-	<b>88.92</b>	<b>88.92</b>	-	

Financial Assets and Liabilities as at 31st March, 2019	Carrying value		Routed through Profit and Loss			Routed through OCI			Carried at amortised cost			Total Amount	Total Fair Value	
	Non Current	Current	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3			Total
<b>Financial Assets</b>														
Trade receivable	-	10.67	-	-	-	-	-	-	-	-	10.67	10.67	-	
Cash and Cash equivalents	-	24.35	-	-	-	-	-	-	-	-	24.35	24.35	-	
Other Financial Assets	100.00	-	-	-	-	-	-	-	-	-	100.00	100.00	-	
<b>Total</b>	<b>100.00</b>	<b>35.02</b>	-	-	-	-	-	-	-	-	<b>135.02</b>	<b>135.02</b>	-	
<b>Financial Liabilities</b>														
Trade Payables	-	31.47	-	-	-	-	-	-	-	-	31.47	31.47	-	
Other Financial Liabilities	-	0.25	-	-	-	-	-	-	-	-	0.25	0.25	-	
<b>Total</b>	-	<b>31.72</b>	-	-	-	-	-	-	-	-	<b>31.72</b>	<b>31.72</b>	-	

B. Measurement of fair value

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Fair value of cash and short-term deposits; trade and other short term receivables, trade payables, other current liabilities approximate their carrying amounts largely due to short term maturities of these instruments.

C. Fair Value Hierarchy

The fair value of financial instruments as referred to above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities. The fair value of financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the Level 1. Level 1 hierarchy includes financial instruments measured using quoted prices. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required Level 2. The fair value of financial instruments that are not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.



**Centrum Investment Advisors Limited**  
**Notes to the Financial Statements for the year ended 31 March 2020**

**Note 25: Financial Risk Management**

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's activities expose it to a variety of its financial risk such as credit risk and liquidity risk. The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified are systematically addressed through mitigating actions on a continuing basis.

**(A) Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The carrying amounts of financial assets represent the maximum credit risk exposure.

**i. Trade and Other receivables**

The Company had trade and other receivables of Rs. 10.67 Lakhs at March 31, 2020 (March 31, 2019: 10.76 Lakhs) which is being short term in nature.

The expected loss rates are based on the payment profiles of sales over a period of 36 month before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The allowance for expected credit loss on trade receivables for year ended 31st March, 2020 and 31st March, 2019 was 0.09 Lakhs and 5.45 lakhs respectively. The reconciliation for allowance of trade receivables is as follows

	(INR in Lakhs)	
	Year Ended 31st March, 2020	Year Ended 31st March, 2019
Balance at the beginning of the year	5.46	-
Change during the year	-5.37	5.46
Balance at the end of the year	<b>0.09</b>	<b>5.46</b>

**ii. Cash and bank balances**

The Company held cash and bank balance of INR 25.54 Lakhs at 31st March, 2020 (31st March, 2019: INR 24.35 Lakhs). The same are held with bank and financial institution counterparties with good credit rating therefore does not expose the company to credit risk.

**(B) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows.



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### Maturities of financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments.

(INR in Lakhs)

Particulars	1 year or less	1-2 years	Total
<b>As at 31 March 2020</b>			
Trade Payables	88.18	-	<b>88.18</b>
Other financial liabilities	0.75	-	<b>0.75</b>
<b>Total</b>	<b>88.92</b>	<b>-</b>	<b>88.92</b>
<b>As at 31 March 2019</b>			
Trade Payables	31.47	-	<b>31.47</b>
Other financial liabilities	0.25	-	<b>0.25</b>
<b>Total</b>	<b>31.72</b>	<b>-</b>	<b>31.72</b>

### (C) Cash flow and fair value interest rate risk

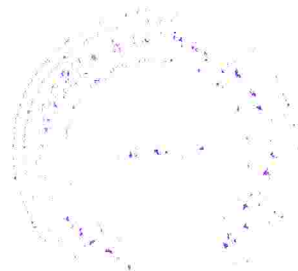
Interest rate risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not subject to interest rate risk since there are no borrowings.

### (d) Foreign currency risk

The Company caters mainly to the Indian Market. Most of the transactions are denominated in the company's functional currency i.e. Rupees. Hence the Company is not exposed to Foreign Currency Risk.



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**Note 26: Employee Benefits**

**(a) Long term employee benefit obligations**

The leave obligations cover the Company's liability for casual and earned leave. The compensated absences charge for the year ended March 31, 2020 amounting to Rs. 0.50 lakhs (March 31, 2019 - Rs. Nil) has been charged in the Statement of Profit and Loss.

**(b) Post employment obligations**

**Defined contribution plans**

The company also contributes on a defined contribution basis to employees' provident fund.

Contributions are made to provident fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the company is limited to the amount contributed and it has no further contractual nor any constructive obligation.

The expense recognised during the period towards defined contribution plan

(Rs. in lakhs)

Particulars	(Rs. in lakhs)	
	For the Year Ended 31st March, 2020	For the Year Ended 31st March, 2019
Employer's Contribution to Provident Fund	0.80	-

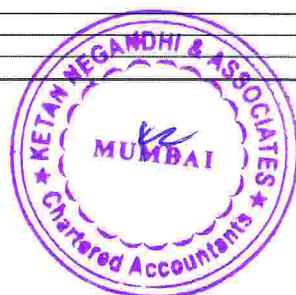
**Defined benefit plans**

**Gratuity**

The company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan.

(Rs. in lakhs)

Particulars	Present value of obligation	Fair value of plan assets	Total
<b>As at April 01, 2018</b>	-	-	-
Current service cost	-	-	-
Interest expense/(income)	-	-	-
<b>Total amount recognised in profit and loss</b>	-	-	-
<b>Remeasurements</b>			
Return on plan assets, excluding amount included in interest expense/(income)	-	-	-
Actuarial (Gains )/losses on obligations due to change in demographic assumptions	-	-	-
Actuarial (Gains )/losses on obligations due to change in financial assumptions	-	-	-
Actuarial (Gains )/losses on obligations due to experience	-	-	-
<b>Total amount recognised in other comprehensive income</b>	-	-	-
Employer contributions	-	-	-
Benefit payments	-	-	-
<b>As at March 31, 2019</b>	-	-	-
Particulars	Present value of obligation	Fair value of plan assets	Total
<b>As at April 01, 2019</b>	-	-	-
Current service cost	1.55	-	1.55
Interest expense/(income)	-	-	-
<b>Total amount recognised in profit and loss</b>	1.55	-	1.55
<b>Remeasurements</b>			
Return on plan assets, excluding amount included in interest expense/(income)	-	-	-
Actuarial (Gains )/losses on obligations due to change in demographic assumptions	-	-	-
Actuarial (Gains )/losses on obligations due to change in financial assumptions	-	-	-
Actuarial (Gains )/losses on obligations due to experience	-	-	-
<b>Total amount recognised in other comprehensive income</b>	-	-	-
Employer contributions	-	-	-
Benefit paid	-	-	-
<b>As at March 31, 2019</b>	1.55	-	1.55
The net liability disclosed above relates to gratuity are as follows:			
Particulars	31st March, 2020	31st March, 2019	
Fair value of plan assets	-	-	
Present value of funded obligations	1.55	-	
<b>Funded Status Surplus/(Deficit)</b>	(1.55)	-	
<b>Net (Liability)/Asset Recognized in the Balance Sheet</b>	(1.55)	-	
<b>Categories of plan assets are as follows:</b>			
Particulars	31st March, 2020	31st March, 2019	
Insurer managed funds	-	-	
<b>Total</b>	-	-	



**Significant estimates: Actuarial assumptions and sensitivity**

The significant actuarial assumptions were as follows:

Particulars	31st March, 2020	31st March, 2019
Expected Return on Plan Assets	N.A.	-
Rate of Discounting	6.56%	-
Rate of Salary Increase	0% for next 2 years, 6.26% p.a for next 1 year, starting from the 3rd year	-
Rate of Employee Turnover	5.00% p.a. thereafter, 10.00%	-
Mortality Rate during Employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

**Sensitivity analysis**

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Particulars	Impact on Profit and Loss					
	Change in assumptions		Increase in assumptions		Decrease in assumptions	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Discount rate	1.00%	-	(0.12)	-	-	0.13
Salary Increase	1.00%	-	0.14	-	-	(0.09)
Employee Turnover	1.00%	-	(0.01)	-	-	0.01

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

**Risk exposure**

**Interest Rate risk:** A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

**Salary Risk:** The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

**Mortality Risk:** Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

**Concentration Risk:** Plan is having a concentration risk as all the assets are invested with the insurance company and a default will wipe out all the assets. Although probability of this is very less as insurance companies have to follow regulatory guidelines.

**Asset Liability Matching Risk:** The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

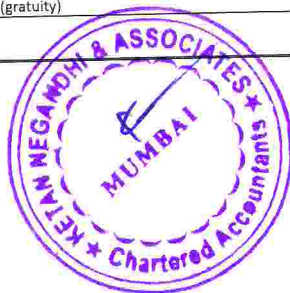
**Investment Risk:** The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

**Employer expected contributions**

Expected contributions to post-employment benefit plans for the year ending March 31, 2020 is, Rs. Nil

The weighted average duration of the defined benefit obligation is 10 years (March 31, 2019 – Nil). The expected maturity analysis of undiscounted gratuity is as follows:

Particulars	Less than a year	Between 2-5 years	Over 5 years	Total
March 31, 2020				
Defined benefit obligation (gratuity)	0.00	0.64	2.33	2.97
March 31, 2019				
Defined benefit obligation (gratuity)	-	-	-	-



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Note 27: Related Party disclosures

a. Details of related parties:

Description of relationship	Name of the related party
Holding Company	Centrum Wealth Management Limited
Fellow Subsidiary	Centrum Retail Services Ltd
Fellow Subsidiary	Centrum Capital Limited
Fellow Subsidiary	Centrum Financial Services Limited
Fellow Subsidiary	Centrum Broking Limited

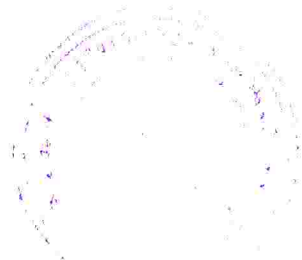
b. Details of related party transactions:

Particulars	Nature of Transaction	As at March 31, 2020	As at March 31, 2019
Centrum Wealth Management Limited	Inter-Corporate Deposits Given	-	-
	Inter-Corporate Deposits Taken back	-	87,79,000
	Interest Income	-	2,34,933
	Professional Fees	2,20,43,127	47,37,688
Centrum Retail Services Limited	Inter-Corporate Deposits Given	-	1,00,00,000
	Inter-Corporate Deposits Taken back	30,00,000	-
	Interest Income	11,19,918	9,04,384
	Rent Expenses	76,523	-
	Electricity Expenses	15,061	-
	Telephone Expenses	3,668	-
Centrum Capital Limited	Brokerage & Commission	70,18,250	-
Centrum Financial Services Limited	Brokerage & Commission	22,68,700	-
Centrum Broking Limited	Professional Fees	-	9,37,368

c. Details of balances outstanding for related party transactions

Particulars	Nature of Transaction	As at March 31, 2020	As at March 31, 2019
Centrum Wealth Management Limited	Loan Receivable	-	-
	Interest Receivable	-	-
	Professional Fees payable	82,32,096	31,25,680
	Equity Share Capital	25,50,000	25,50,000
Centrum Retail Services Limited	Loan Receivable	70,00,000	1,00,00,000
	Interest Receivable	10,07,926	-
	Sundry Creditors	5,077	-
	Equity Share Capital	24,50,000	24,50,000
Centrum Capital Limited	Brokerage & Commission Receivable	-	-
Centrum Broking Limited	Professional Fees Payable	-	6,06,376

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Centrum Investment Advisors Limited  
Notes to the Financial Statements for the year ended 31 March 2020

Particulars	(INR in Lakhs)	
	As at 31st March, 2020	As at 31st March, 2019
Contingent liabilities	NIL	NIL

**Note 29: Capital and other commitment**

Capital expenditure contracted for at the end of the reporting period net of capital advance is Rs. Nil (31st March, 2019 : Nil, )

**Note 30: Segment reporting**

The Managing Director of the Company acts as the chief operating decision maker (CODM) of the Company in accordance with Operating Segment (Ind AS 108), for purpose of assessing the financial performance and position of the Company, and make strategic decisions. Centrum Investment Advisors Limited is predominantly engaged in business of Financial Planning and Investment Advisory Services which is the only reportable segment, hence, there are no additional disclosures required under IND AS 108. The Company's operations are primarily in India, accordingly there is no reportable secondary geographical segment.

**Note 31:**

Figures of the Previous Year have been regrouped/reclassified/ rearranged wherever necessary to make them comparable to those for the current year.

As per our report of even date

For Ketan Negandhi & Associates  
Chartered Accountants  
ICAI Firm registration number: 116834W

Ketan N. Negandhi

Proprietor  
Date: June 08, 2020  
Place : Mumbai

UOIN: 20102241AAAAA K7514



For and on behalf of  
Centrum Investment Advisors Limited

Arpita

Arpita Vinay  
Director  
DIN : 06940663

S Ganashyam

S Ganashyam  
Director  
DIN : 02370933

**Centrum Investment Advisors Limited**  
**Notes to the Financial Statements for the year ended March 31, 2020**

**Corporate Information**

Centrum Investment Advisors Limited ('CIAL' or 'the company') was incorporated on 24<sup>th</sup> September, 2015 with an object to carry on business of Financial Planning and Investment Advisory Service.

**1.0 Significant accounting policies**

**1.1 Basis of Preparation**

The Financial Statements of the Company have been prepared and presented in accordance with the Generally Accepted Accounting Principles (GAAP) under the historical cost convention and on accrual basis of accounting unless stated otherwise. GAAP comprises of Indian Accounting Standards (Ind AS) as specified in Section 133 of the Companies Act, 2013 (The 'Act'), pronouncements of regulatory bodies applicable to the Company and other provisions of the Act. Accounting policies have been consistently applied to all the years presented.

**1.2 Statement of Compliance**

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) and other relevant provisions of the Act.

**1.3 Property, plant and equipment**

Properties, Plant & Equipment's are stated at cost less accumulated depreciation, amortization and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

**Depreciation**

Depreciation on property, plant and equipment is provided on straight line method over the useful lives of assets as prescribed in Schedule II of the Companies Act, 2013.

<b>Assets</b>	<b>Estimated useful life specified under Schedule II of the Companies Act 2013</b>
Office Equipment	5 years



**1.4 Impairment of property, plant and equipment and intangible assets**

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's each class of the property, plant and equipment or intangible assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

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**Centrum Investment Advisors Limited**  
**Notes to the Financial Statements for the year ended March 31, 2020**

**1.5 Revenue recognition**

Revenue is measured at fair value of the consideration received or receivable. Revenue is recognised when (or as) the Company satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

When (or as) a performance obligation is satisfied, the Company recognizes as revenue the amount of the transaction price (excluding estimates of variable consideration) that is allocated to that performance obligation.

The Company applies the five-step approach for recognition of revenue:

- Identification of contract(s) with customers;
- Identification of the separate performance obligations in the contract;
- Determination of transaction price;
- Allocation of transaction price to the separate performance obligations; and
- Recognition of revenue when (or as) each performance obligation is satisfied.

**Revenue from Investment Advisory services**

Revenue related to Investment Advisory services is recognised at point in time when performance obligation is satisfied as per the contractual terms with the customers.

**Brokerage and commission income**

Revenue is recognised at point in time when performance obligation is satisfied as per the contractual terms with the customers. Revenue, where there is no uncertainty as to measurement or collectability of consideration but invoicing has not been completed are recognised as unbilled revenues.

**Interest Income**

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and the effective interest rate applicable.

**Dividend income:**

Dividend income from investments is recognised when the shareholder's rights to receive payment have been established.

**1.6 Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

**Current tax**

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.



### **Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the company has a legally enforceable right for such setoff.

### **Current and deferred tax for the year**

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

## **1.7 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### **A. Financial assets**

#### **(i) Classification, recognition and measurement:**

Financial assets are recognized when the Company becomes a party to the contractual provisions of the instrument.

The company classifies its financial assets in the following measurement categories:

- a) those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- b) those to be measured at amortised cost.

The classification depends on the company's business model for managing the financial assets and whether the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.



**Centrum Investment Advisors Limited**  
**Notes to the Financial Statements for the year ended March 31, 2020**

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

Type of instruments	Classification	Rationale for classification	Initial measurement	Subsequent measurement
Debt instruments	Amortized cost	Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest on principal amount outstanding are measured at amortised cost.	At fair value plus transaction costs that are directly attributable to the acquisition of the financial asset	Amortized cost is calculated using Effective Interest Rate (EIR) method, taking into account interest income, transaction cost and discount or premium on acquisition. EIR amortization is included in finance Income. Any gain and loss on de-recognition of the financial instrument measured at amortised cost recognised in profit and loss account.
	Fair value through other comprehensive income (FVOCI)	Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest on principal amount outstanding, are measured at FVOCI.	At fair value plus transaction costs that are directly attributable to the acquisition of the financial asset	Changes in carrying value of such instruments are recorded in OCI except for impairment losses, interest income (including transaction cost and discounts or premium on amortization) and foreign exchange gain/loss which is recognized in income statement.  Interest income, transaction cost and discount or premium on acquisition are recognized in to income statement (finance income) using effective interest rate method.



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				On de-recognition of the financial assets measured at FVOCI, the cumulative gain or loss previously recognized in OCI is classified from Equity to Profit and Loss account in other gain and loss head.
	Fair value through profit or loss (FVTPL)	Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain and loss on a debt instrument that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss in the period in which arise.	At fair value. Transaction costs of financial assets expensed to income statement	Change in fair value of such assets are recorded in income statement as other gains/ (losses) in the period in which it arises.  Interest income from these financial assets is included in the finance income.
Equity instruments	FVOCI	The Company's management has made an irrevocable election at the time of initial recognition to account for the equity investment (On an instrument basis) at fair value through other comprehensive	At fair value plus transaction costs that are directly attributable to the acquisition of the financial asset	Change in fair value of such instrument are recorded in OCI.  On disposal of such instruments, no amount is reclassified to income statement.  Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.



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**Centrum Investment Advisors Limited**  
**Notes to the Financial Statements for the year ended March 31, 2020**

		income. This election is not permitted if the equity investment is held for trading. The classification is made on initial recognition and is irrevocable.		Dividend income from such instruments are however recorded in income statement.
	FVTPL	When no such election is made, the equity instruments are measured at FVTPL	At fair value. Transaction costs of financial assets expensed to income statement	Change in fair value of such assets are recorded in income statement.

All financial assets are recognised initially at fair value and for those instruments that are not subsequently measured at FVTPL, plus/minus transaction costs that are attributable to the acquisition of the financial assets.

**(ii) Impairment:**

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Trade receivables.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade and other receivables which do not contain a significant financing component.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable. At every reporting date, historical observed default rates are updated and changes in the forward- looking estimates are analysed.





**(iii) Derecognition of financial assets:**

A financial asset is derecognised only when

- (a) the company has transferred the rights to receive cash flows from the financial asset or
- (b) retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the company has transferred an asset, the company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the company has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the company has not retained control of the financial asset. Where the company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

**B. Financial liabilities and equity instruments :**

Debt and equity instruments issued by an entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

**Classification, recognition and measurement:**

**(a) Equity Instruments:**

An equity instrument is any contract that evidences a residual interest in the net assets of an entity. Equity instruments issued by the company are recognised at the proceeds received, net of direct issue costs.

**(b) Financial liabilities:**

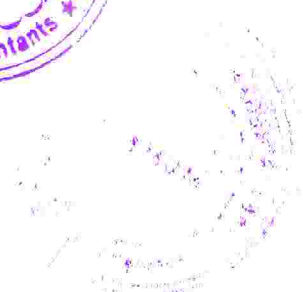
**Initial recognition and measurement:**

Financial liabilities are initially recognised at fair value plus any transaction that are attributable to the acquisition of the financial liabilities except financial liabilities at FVTPL which are initially measured at fair value.

**Subsequent measurement:**

The financial liabilities are classified for subsequent measurement into following categories:

- at amortised cost
- at fair value through profit or loss (FVTPL)



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**Notes to the Financial Statements for the year ended March 31, 2020**

**(i) Financial liabilities at amortised cost:**

The company is classifying the following under amortised cost;

- Borrowings from banks
- Borrowings from others
- Trade payables

Amortised cost for financial liabilities represents amount at which financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount.

**(ii) Financial liabilities at fair value through profit or loss:**

Financial liabilities held for trading are measured at FVTPL.

Financial liabilities at FVTPL are stated at fair value with any gains or losses arising on re measurement, recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

**Derecognition:**

A financial liability is removed from the balance sheet when the obligation is discharged, or is cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

**C. Offsetting financial instruments :**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

**1.8 Fair value measurement:**

The Company measures financial instruments, such as, certain investments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the company.



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The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

### **1.9 Provisions and Contingencies**

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

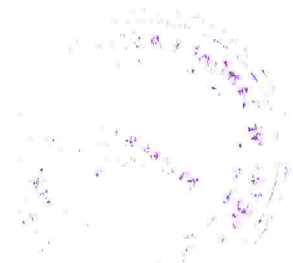
Contingent liabilities are recognised at their fair value only, if they were assumed as part of a business combination. Contingent assets are not recognised. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, and is recognised as an asset. Information on contingent liabilities is disclosed in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote. The same applies to contingent assets where an inflow of economic benefits is probable.

### **1.10 Cash and cash equivalent:**

Cash and cash equivalents in the Cash Flow Statement comprise cash at bank.

### **1.11 Earnings per share:**

The basic Earnings Per Share ("EPS") is computed by dividing the net profit / (loss) after tax for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.



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

**1.12 Current/ Non-current classification:**

An assets is classified as current if:

- (a) it is expected to be realised or sold or consumed in the Company's normal operating cycle;
- (b) it is held primarily for the purpose of trading;
- (c) it is expected to be realised within twelvemonths after the reporting period; or
- (d) it is cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current if:

- (e) it is expected to be settled in normal operating cycle;
- (f) it is held primarily for the purpose of trading;
- (g) it is expected to be settled within twelvemonths after the reporting period;
- (h) it has no unconditional right to defer the settlement of the liability for at lease twelvemonths after the reporting period.

All other liabilities are classified as non-current.

The operating cycle is the time between acquisition of assets for processing and their realisation in cash and cash equivalents. The Company's normal operating cycle is twelve months.

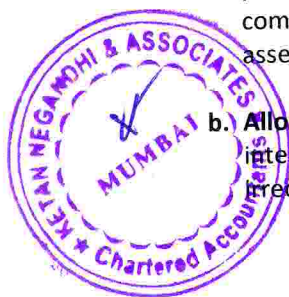
**1.13 Significant accounting estimates, judgements and assumptions:**

The preparation of the Company's financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances existing when the financial statements were prepared. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates is recognised in the year in which the estimates are revised and in any future year affected.

In the process of applying the Company's accounting policies, management has made the following judgements which have significant effect on the amounts recognised in the financial statements:

**a. Useful lives of property, plant and equipment:** Determination of the estimated useful life of tangible assets and the assessment as to which components of the cost may be capitalised. Useful life of tangible assets is based on the life specified in Schedule II of the Companies Act, 2013 and also as per management estimate for certain category of assets. Assumption also need to be made, when company assesses, whether as asset may be capitalised and which components of the cost of the assets may be capitalised.

**b. Allowances for uncollected accounts receivable and advances:** Trade receivables do not carry interest and are stated at their normal value as reduced by appropriate allowances for estimated irrecoverable amounts. Individual trade receivables are written off when management deems them



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not collectable. Impairment is made on the expected credit loss model, which are the present value of the cash shortfall over the expected life of the financial assets. The impairment provisions for financial assets are based on assumption about the risk of default and expected loss rates. Judgement in making these assumption and selecting the inputs to the impairment calculation are based on past history, existing market condition as well as forward looking estimates at the end of each reporting period.

- c. **Contingencies:** Management judgement is required for estimating the possible outflow of resources, if any, in respect of contingencies/ claim/ litigation against company as it is not possible to predict the outcome of pending matters with accuracy.

