

November 11, 2020

To,  
The Manager (Listing),  
BSE Limited,  
1<sup>st</sup> Floor, P.J. Towers,  
Dalal Street, Mumbai - 400 001

Ref Scrip Code - 958310, 958343, 958361, 958436, 958571, 958761, 958839, 958856, 959014, 959062, 959077, 959452, 959462, 959476, 959499, 959713, 959879, 959951, 960078 and 960103.

**Sub: Certificate from Debenture Trustee**

Madam/ Dear Sir,

Pursuant to Regulation 54(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), we are enclosing herewith a Security/ Asset Cover Certificate, issued by Statutory Auditors, of the Company for the half year ended as on September 30, 2020.

We request you to take the above information on record.

Thanking you,

Yours truly,

**For Centrum Financial Services Limited**

  
**Archana Goyal**  
Company Secretary



Encl: a/a

# HARIBHAKTI & CO. LLP

Chartered Accountants

The Board of Directors

**Centrum Financial Services Limited**

Centrum House,

CST Road, Vidyanagari Marg,

Kalina Santacruz (E),

Mumbai - 400098

**Statutory Auditor's Certificate on compliance of Regulation 56(1)(d) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended**

1. We have been requested by Centrum Financial Services Limited ("the Company"), having its corporate office at the above mentioned address, to certify that the Company has maintained hundred percent asset cover as at September 30, 2020 (the "Annexure") and complied with all the covenants as at that date in accordance with Regulation 56(1)(d) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2020 ("LODR") for the purpose of onward submission to the Debenture Trustees of the Company. Accordingly, this certificate is issued in accordance with the terms of our engagement letter dated November 03, 2020.

## Management's Responsibility

2. The preparation of the Annexure is the responsibility of the Management of the Company including the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.
3. The Management is also responsible for ensuring that the Company complies with the requirements of LODR, complies with all the covenants with respect to listed Market linked debentures ("listed MLDs") and listed Non-Convertible debentures ("listed NCDs") and provides all relevant information to the Debenture Trustees.

## Auditor's Responsibility

4. Pursuant to the requirements of Regulation 56(1)(d) of the LODR, it is our responsibility to provide a reasonable assurance whether the Company has maintained hundred percent asset cover as at September 30, 2020 and complied with all the covenants with respect to listed MLDs and listed NCDs as at that date.
5. The following documents have been furnished by the Company:

- a) Annexure to the Certificate for the asset cover computation as at September 30, 2020 (signed by the management and initialled by us for identification purpose);
- b) Listing of outstanding borrowings as at September 30, 2020;

Haribhakti & Co. LLP, Chartered Accountants Regn. No. AAC- 3768, a limited liability partnership registered in India (converted on 17th June, 2014 from a firm Haribhakti & Co. FRN: 103523W)  
703, Venus Atlantis, 100 Ft. Road, Corporate Road, Prahlad Nagar, Ahmedabad - 380 015 T: +91 79 4032 0441/4032 0442  
Registered offices: 701, Leela Business Park, Andheri-Kurla Road, Andheri (E), Mumbai - 400 059, India  
Other offices: Bengaluru, Chennai, Coimbatore, Hyderabad, Kolkata, Mumbai, New Delhi, Pune.



# HARIBHAKTI & CO. LLP

Chartered Accountants

- c) Unaudited Financial results for the half-year ended September 30, 2020;
  - d) Detailed workings for the computation for the asset cover;
  - e) Copy of Letter of Offer / Sanction Letters for all borrowings outstanding as at September 30, 2020;
  - f) Copy of credit rating certificate of the Company issued by CARE as at September 30, 2020;
  - g) Debenture trust deeds and deeds of hypothecations of listed NCDs;
  - h) Certified copy of working of Capital adequacy risk ratio and percentage of Net NPA as at September 30, 2020;
  - i) Copy of end use certificate of the proceeds from issue of listed NCDs issued by an independent Chartered Accountant;
  - j) Other relevant records; and
  - k) Written representations by the Management in this regard.
6. We have verified the details of the computation of the asset cover submitted by the Company in the Annexure and ensured that the same is in agreement with the documents and relevant records submitted to us. We have verified the accuracy of the Annexure. Our responsibility is to verify the factual accuracy of the Annexure. Further we have verified the covenants compliance with the furnished documents.
7. We conducted our examination of the Annexure in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
8. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements issued by ICAI.
9. We draw attention to the foot note 1 to the Annexure which describes the staging of accounts to whom moratorium benefit was extended and uncertainty caused by COVID-19 pandemic with respect to the Company's estimates of Impairment of loans to customers. The Company considers that all the assets are recoverable. Further, the extent to which the COVID-19 pandemic will impact the Company's financial performance is dependent on future developments, which are highly uncertain.

## Opinion

10. On the basis of our verification of the furnished details, documents and relevant records, information and explanations provided to us and representation from the management of the Company, we report that
- a) The Company has maintained hundred percent asset cover as at September 30, 2020;

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# HARIBHAKTI & CO. LLP

Chartered Accountants

- b) There are no covenants as per the term sheets except maintenance of security cover as above with respect to listed MLDs. Further the Company has complied with the covenants with respect to listed NCDs. The credit rating of the Company has been downgraded from "A-" to "BBB+", however the interest rate change as mentioned in covenant is yet to be implemented.

## Restriction on Use

- c) This certificate is issued solely for the purpose of onward submission to the Debenture Trustees and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing. Haribhakti & Co. LLP shall not be liable to the Company, the Debenture Trustees or to any other concerned for any claims, liabilities or expenses relating to this assignment, except to the extent of fees relating to this assignment. We have no responsibility to update this certificate for any events or circumstances occurring after the date of this certificate.

For Haribhakti & Co. LLP  
Chartered Accountants  
ICAI Firm Registration No.103523W/W100048



Sumant Sakhardande  
Partner

Membership No. 034828  
UDIN: 20034828AAAAIB7451



Mumbai  
November 06, 2020

Encl: Annexure to Certificate regarding maintenance of hundred percent asset cover.



**Annexure: Asset cover as at September 30, 2020**

Particulars	Supply Chain Portfolio	MSME Portfolio	Other Assets	(Amt. in Crs)	
				Total	
Net Total Assets available for Asset Cover(Refer Note 1)	156.26	48.68	672.95		877.89
Secured Borrowings	20.00	14.17	644.35		678.52
Asset Cover to be maintained on the Borrowings (C)	24.00	17.30	706.33		747.62
<b>Balance Available (A-C)</b>					<b>130.27</b>

**Lender wise Security coverage details**

Sr. No.	Borrower Name	Sanctioned Amounts	Outstanding Amounts(Refer Note 2)	(Amt. in Crs)	
				Asset Cover	Cover Required
<b>A</b>	<b>Specific Charge Asset Pool allocation</b>				
1	Commercial Paper	20.00	20.00	1.20	24.00
2	Andhra Bank	25.00	3.00	1.11	3.33
3	State Bank of India	75.00	11.17	1.25	13.97
	<b>Sub Total A</b>	<b>120.00</b>	<b>34.17</b>		<b>41.30</b>
<b>B</b>	<b>Debentures</b>				
1	Market Linked Debentures		<b>398.61</b>	<b>1.00</b>	<b>398.61</b>
	<b>Sub Total B</b>	<b>-</b>	<b>398.61</b>		<b>398.61</b>
<b>C</b>	<b>Pari- Passu Charge : General Asset Pool</b>				
1	L & T Financial Services Ltd	200.00	44.44	1.20	53.33
2	Yes Bank - Term Loan	100.00	16.67	1.33	22.17
3	AU Small Finance Bank Ltd	25.00	3.13	1.10	3.44
4	Ratnakar Bank Ltd (RBL) - Term Loan	20.00	12.50	1.25	15.63
5	Ratnakar Bank Ltd (RBL) -CC Limit	5.00	-	1.25	6.25
6	Union Bank - Non Convertible Debentures	10.00	10.00	1.10	11.00
7	SLS - Non Convertible Debentures	65.00	65.00	1.25	81.25
8	State Bank of India - Non Convertible Debentures	50.00	50.00	1.25	62.50
9	Small Industries Development Bank of India	19.00	19.00	1.10	20.90
10	Indian Bank Ltd. - Non Convertible Debentures	25.00	25.00	1.25	31.25
	<b>Sub Total C</b>	<b>569.00</b>	<b>245.74</b>		<b>307.71</b>

**Note 1:** The outbreak of COVID-19 pandemic across the globe and in India had a significant impact on the global and Indian financial markets and slowdown in economic activities. The Company has granted moratorium up to six months on the payment of instalments falling due between March 01, 2020 and August 31, 2020 to all eligible borrowers based on the Board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated March 27, 2020 and May 23, 2020 relating to 'COVID-19 - Regulatory Package' and RBI guidelines on Asset Classification and Provisioning dated April 17, 2020. Further, period for which moratorium is granted has not been considered for computing days past due (DPD) as on September 30, 2020. Extension of such moratorium benefit to the borrowers as per the COVID-19 Regulatory Package of the Reserve Bank of India (RBI) and DPD freeze for such period, by itself, was not assessed/considered to result in significant increase in the credit risk as per Ind AS 109 for staging of accounts. The Company had made provisions as per the adopted ECL model for impairment on financial instruments.

Currently, the Company has considered the moratorium, various other measures taken by Government and the DPD status post 30 days from the end of the moratorium period i.e. on September 30, 2020 and the collection efficiency of the Company and accordingly have assessed that no additional provisioning on account of impact of COVID 19 is required as on September 30, 2020. Further, the Company's current view is that all other assets of the Company are recoverable. The impact of COVID -19 is dynamic, evolving and uncertain and impact assessment is based on the current situation. However, the actual impact may vary due to prevailing uncertainty caused by the pandemic. The period from June 2020 onwards had also witnessed a lifting (in phases) of the lock down imposed to control the COVID-19 pandemic. Business' have been able to re-start in a limited manner and are slowly adjusting to a new normal. The management believes that the impact of the moratorium on it's books has been minimal, if any, and does not warrant any additional provision overlay.

**Note 2:** The outstanding amount represents actual Principal amounts payable to lenders excluding notional Ind AS adjustments.

**For Centrum Financial Services Limited**

**Ranjan Ghosh**  
**Managing Director & CEO**

Centrum Financial Services Limited (CIN No. U65910MH1993PLC192085)

Corporate Office : Centrum House, CST Road, Vidyanagari Marg, Kalina, Santacruz (East), Mumbai - 400 098. Tel : +91 22 4215 9000

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