





# ANNUAL REPORT

2017-18



**LIST OF SHAREHOLDERS**

1.	Central Bank of India
2.	National Housing Bank
3.	Housing & Urban Development Corporation Limited
4.	Specified Undertaking of Unit Trust of India
5.	Shri. B.K. Divakara & Central Bank of India
6.	Shri. B.K. Singal & Central Bank of India
7.	Shri. P.J. Kumar & Central Bank of India
8.	Shri. B.S. Harilal & Central Bank of India

## BOARD OF DIRECTORS

S. No.	Name	Designation
1.	Shri P. Ramana Murthy	Chairman (Nominee of Central Bank of India)
2.	Shri B.K. Divakara	Director (Nominee of Central Bank of India)
3.	Shri Anil Girotra	Independent Director
4.	Shri Bibhas Kumar Srivastav	Independent Director
5.	Shri P.J. Kumar	Director (Nominee of Central Bank of India)
6.	Shri B. K. Singal	Director (Nominee of Central Bank of India)
7.	Shri V.T. Subramanian	Director (Nominee of HUDCO)
8.	Smt. Vasantha Govindan	Director (Nominee of SUUTI)
9.	Shri Kulasekhara Chakravarthy	Director (Nominee of NHB)
10.	Shri B.S. Harilal	Managing Director

## LIST OF COMMITTEES

S. No.	Name of the Committee	Committee Members
1.	<b>Audit Committee</b>	a) Shri Anil Girotra, Chairman b) Shri B.S. Harilal
2.	<b>Credit Management Committee</b>	a) Shri Anil Girotra, Chairman b) Shri P.J. Kumar c) Shri B.S. Harilal
3.	<b>HR Committee</b>	a) Shri Anil Girotra, Chairman b) Shri V.T. Subramanian c) Smt. Vasantha Govindan d) Shri P.J. Kumar e) Shri B.S. Harilal
4.	<b>CSR Committee</b>	a) Shri Anil Girotra, Chairman b) Shri P.J. Kumar c) Shri B.S. Harilal
5.	<b>Risk Management Committee</b>	a) Shri Anil Girotra, Chairman b) Shri P.J. Kumar c) Shri B.S. Harilal
6.	<b>Nomination &amp; Remuneration Committee</b>	a) Shri Anil Girotra, Chairman b) Shri B.K. Divakara
7.	<b>Stakeholders Relationship Committee</b>	a) Shri VT Subramanian, Chairman b) Shri B.S. Harilal c) Shri Abhijit Das
8.	<b>Risk Management Committee</b>	a) Shri Anil Girotra, Chairman b) Shri P.J. Kumar c) Shri B.S. Harilal

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## DIRECTORS' REPORT

Dear Members,

The Board of Directors of your Company takes pleasure in presenting 27<sup>th</sup> Annual Report on the business and operations of the Company together with the audited accounts for the financial year ended March 31, 2018.

### 1) HOUSING INDUSTRY OUTLOOK

Housing is a primary necessity in every economy and is a basic indicator of growth and social well-being. Development of housing is not only important to economic growth but is also one of the tools for economic development considering the accelerator impact it has on various industries including construction and infrastructure sectors as it generates demand for supporting industries and leads to creation of job opportunities. Housing Finance continues to be focus segment for both Banks as well as Housing Finance Companies and it has registered CAGR of 20% during last decade.

Government of India launched Credit Linked Subsidy Scheme to provide interest subsidy for housing loans to eligible beneficiaries belonging to Middle Income Group (CLSS for MIG). It was an extension of Credit Linked Subsidy Scheme provided to Low Income Group and Economically Weaker Section. Internationally 90% of prospective home buyers do not have access to formal housing finance option. This situation has improved since implementation of PMAY CLSS scheme. The scheme aims to build 60 million housing units by 2022. In March 2018, the Union Cabinet approved creation of National Urban Housing Fund (NHUF) of Rs. 60,000 crore for speedy implementation of PMAY (URBAN). According to KPMG estimates, there would be a total requirement of 48 Million units of urban dwelling by 2022.

Banking and Financial sector has seen a strong momentum in recovery of dues. Government of India launched IBC Act. Commercial banks faced setback in lending to realty and allied businesses. Non-Banking Finance Companies (NBFCs) and Housing Finance Companies (HFCs) have taken the lead to meet the supply side gap for infrastructure projects and affordable housing.

The Indian financial sector comprises of a range of institutions like Commercial and Co-operative banks, Non-Banking Financial Companies (NBFCs), Insurance Companies, Capital market players and Money market institutions. Over the years, Government of India has introduced many liberal reforms to give impetus to financial sector. Introduction of Payment Banks and Small Finance Banks is giving added push. Implementation of Real Estate Regulation Act (RERA) and GST caused a temporary slowdown in the market. These are not expected to obstruct growth in the long term. RERA is likely to bring the required transparency to real estate sector. Even though the financial sector in India is dominated by banking sector, with commercial banks accounting for more than 64% of the total assets held by the financial system, the role of NBFC sector has been growing steadily.

A positive environment along with other encouraging factors has set the tone for the growth of Housing Finance Industry in the near future. Implementation of RERA is the finest example of extension of Government support to the real estate sector and the customers. Government has

upheld the principle of transparency in the system. Further, post Demonitisation slowdown has been observed in the prices of residential properties, enabling the Lower and Middle Income Groups to buy their Homes. Lowering of Bank Rates has turned out to be an added advantage to them.

## 2) PERFORMANCE

Your Company's strategy for the financial year 2017-18 was to strengthen the productivity through the existing capacity and not to expand to new geography. Company has taken a conscious decision to improve the asset quality and upgrade IT Platform. Company through its existing branches succeeded in gaining customer satisfaction and business. During the year of severe competition in housing finance industry, your Company managed to achieve total revenue of Rs. 150.57 crore marking a growth of 6.98 % over Rs. 140.75 crore in the previous year.

Despite numerous challenges, your Company's profit before tax for the year ended 31<sup>st</sup> March 2018 stood at Rs 26.60 Crore as against Rs 18.27 Crore in the previous year. Your Company's profit for the year (after adjustments related to previous year) stood at Rs 16.84 Crore as against Rs 11.04 Crore in the previous year registering a growth of 52.54%.

Further, your Company is relentlessly working on reduction of **NPA's which stood at Rs 26.90 Crore** as on 31<sup>st</sup> March 2018 compared to Rs 21.48 Crore in the previous year ended 31<sup>st</sup> March 2017. Regulatory forbearance on account of demonetization had given the Company a cushion of Rs. 8 Crore as on 31<sup>st</sup> March 2017, which had to be classified as NPA as on 31<sup>st</sup> May 2017. Rigorous steps had been initiated to recover NPA and prevent fresh slippage. Company mainly focused on recovery in prudentially written off accounts. **Recovery in w/o accounts** in this year is almost ten times that was achieved in FY 2016-17 i.e. **Rs. 1.18 Cr** as against 0.12 Cr.

### a) Financial Highlights

The financial performance for the fiscal 2018 is summarized here below:

(Rs. in Crore)

	Particulars	For the year ended	
		March 31, 2018	March 31, 2017
A)	Gross Income	150.57	140.75
B)	Total Expenses	123.67	123.21
C)	Operating Profit (A-B)	26.90	17.54
D)	Extraordinary Items +	-	1.32
E)	Adjustment related to previous year	(0.30)	(0.59)
<b>F)</b>	<b>Profit before tax (C+D-E)</b>	<b>26.60</b>	<b>18.27</b>
G)	Tax Expenses	9.76	7.23
H)	Profit for the year (G-H)	16.84	11.04
<b>I)</b>	<b>Profits brought forward from previous year</b>	<b>21.52</b>	<b>25.07</b>
<b>J)</b>	<b>Profits Available for Appropriation</b>	<b>38.36</b>	<b>36.11</b>
	<b>Appropriations</b>		
	Transfer to Special Reserve (as per IT Act)	5.71	3.83
	Transfer to Additional Reserve (as per NHB Act)	0.00	0.00
	Transfer to CSR Reserve Fund	-	0.27
	Transfer to General Reserve	1.43	0.96



Appropriation for dividend (Including dividend tax, surcharge & cess)	6.02	1.51
Appropriation to DTL on Special Reserves Plus provision for tax for previous year	-	8.02
Balance carried forward to Balance sheet	25.20	21.52
<b>Total</b>	<b>38.36</b>	<b>36.11</b>

*Figures in parentheses are in negative.*

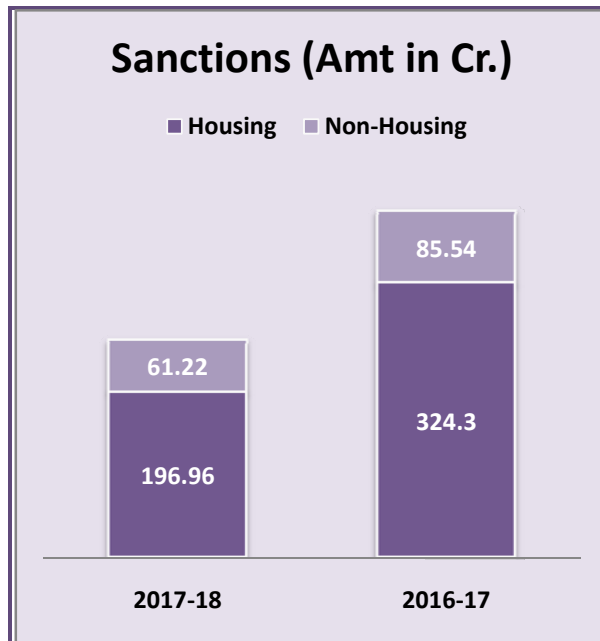
Maintenance of cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 is not applicable to the Company.

**b) Lending Operations:**

**i) Sanctions**

During the year 2017-18, your Company has sanctioned loans amounting to Rs.258.18 crore as compared to total sanctions of Rs. 409.84 crore during the previous year ended March 31, 2017.

- Out of above, Housing Loans account for Rs.196.96 crore as compared to Rs.324.30 crore in the corresponding financial year ended March 31, 2017.
- Non-Housing Loan accounts for Rs.61.22 crore as compared to Rs. 85.54 crore in the corresponding financial year ended March 31, 2017.



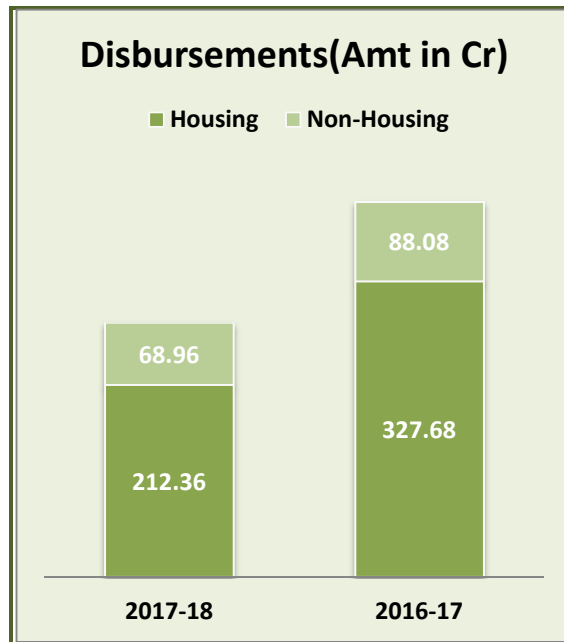
**ii) Disbursements**

During the year 2017-18, your Company has disbursed loans amounting to Rs.281.32 crore as compared to disbursement of Rs.415.68 crore in previous financial year ended March 31, 2017.



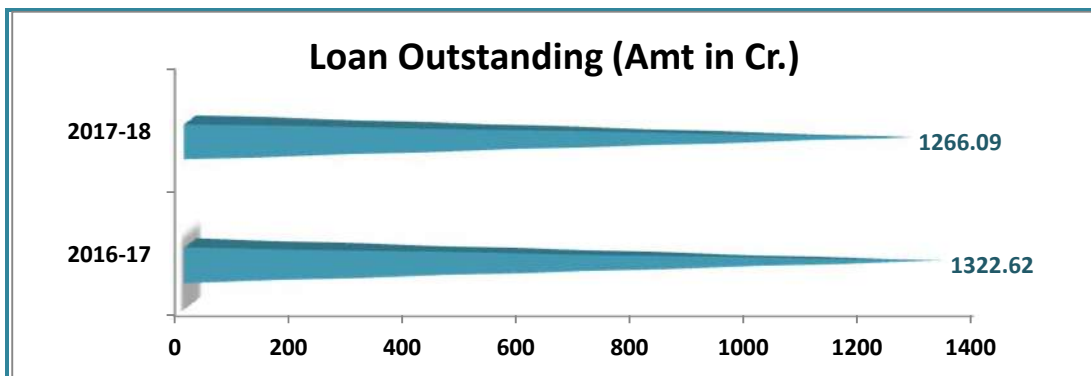
Registered Office: Central Bank of India Building, 9, Arera Hills, Mother Teresa Road, Bhopal – 462 011  
 Telephone No.0755-4019303, 4019309  
 Website: [www.cbhfl.com](http://www.cbhfl.com)  
 CIN: -U65922MP1991PLC006427

- Out of above Housing Loans account for Rs. 212.36 crore as compared to Rs. 327.60 crore disbursement in corresponding financial year ended March 31, 2017.
- Non-Housing loans account for Rs. 68.96 Crore as compared to Rs. 88.08 crore in previous financial year ended March 31, 2017.



**c) Loan Outstanding**

Total Advances stood at Rs. 1266.09 Cr as on March 31,2018 as against Rs. 1322.062 Cr as on March 31, 2017.

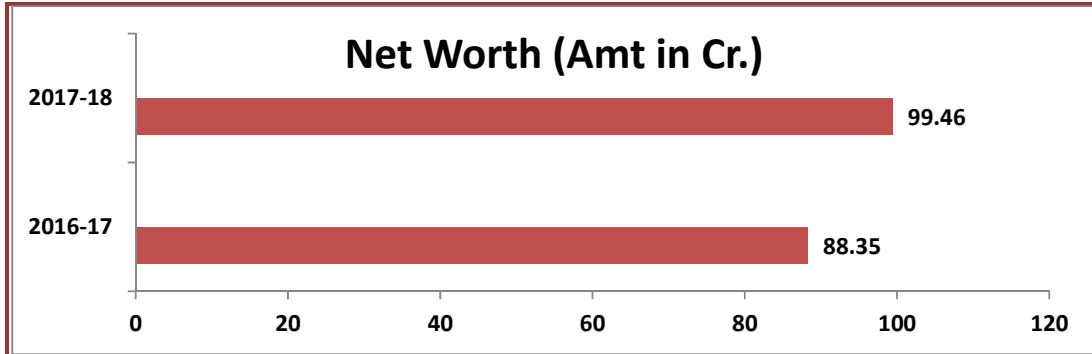


**d) Profit and Net Owned Funds**

During the year 2017-18, your Company has made Profit before Tax of Rs. 26.60 crore as compared to Rs. 18.27 Crore in 2016-17 and Profit after Tax (PAT) of Rs. 16.84 crore as against PAT of Rs. 11.04 crore in the previous year resulting in an increase of 52.54%.

The total owned fund of your Company stood at Rs. 99.46 Crore as on March 31, 2018 as against Rs. 88.35 crore in 2016-17.

The Capital Adequacy Ratio of your company is at 17.97% as against the norm of 12 percent stipulated by the National Housing Bank (NHB). Earning Per Share (EPS) stood at Rs. 6.73 per share as on March 31, 2018.



#### e) Future Outlook

During the current financial year, it is expected that housing finance business will grow much faster mainly because of stable political environment, reforms and administrative policies of Government giving thrust to housing sector. The result oriented reforms by government and other internal and external factors will boost the housing finance business.

Your Directors are very confident that your Company would continue to exhibit good performance in the current year with its efforts to optimally utilize all the resources available at its disposal and achieve the targeted result.

During the current year, the Company expects to mobilize sufficient funds through infusion of funds via Tier I capital and otherwise to maintain good liquidity condition and resultantly leading to increased loan disbursement.

During F.Y.2018-19, the Company proposes to take following initiatives to improve its operational as well as financial performance and to take it to the next level:

- Raising funds through loans at attractive rate of interest and terms and then making efforts towards reducing overall cost of funds.
- Public Deposits is one of the cheap sources of Fund. Company is looking to raise fund by mobilizing public deposits at attractive rates of interest as compared with other players in the market.
- Brand building measures to improve general awareness and the image of the Company.
- Strengthening of recovery mechanism to recover NPA a/cs and recycle blocked funds to generate more income.
- Company will also make recovery in prudentially written off accounts of earlier years which will directly bolster the income of the Company.

### 3) DIVIDEND

Considering the performance of your Company during the year 2017-18, your Directors are pleased to recommend a final dividend @ of 20% (i.e. Rs.2.00 per share of face value of Rs.10 each) for the year ended 31<sup>st</sup> March 2018.

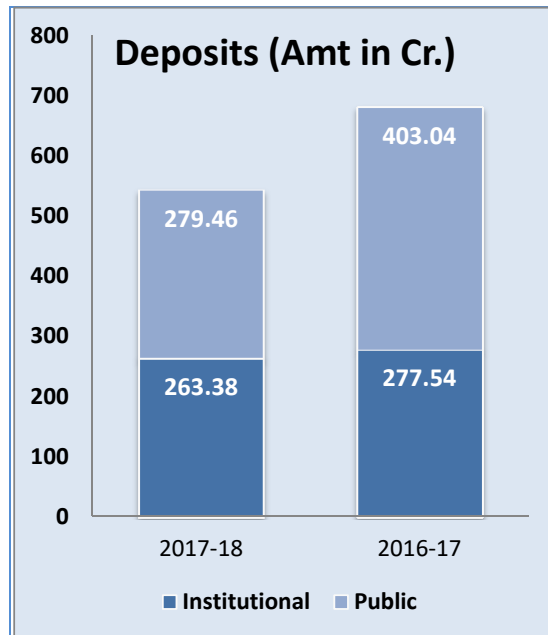
### 4) FINANCIAL RESOURCES

#### i) Deposits

As on 31.03.2018, the total deposits of your Company are Rs. 542.84 crore (which includes from public of Rs. 279.46 crore and institutional deposits of Rs. 263.38 Crore) as compared to Rs. 680.58 crore (which includes Public deposits of Rs. 403.04 crore and institutional deposits of Rs. 277.54 Crore) at the end of the previous year.

The deposit scheme of your Company has been rated “**FA/Negative**” by the rating agency CRISIL.

Your Company being a housing finance company registered with the National Housing Bank (NHB), has complied with the Directions/Guidelines issued by NHB with regard to deposit acceptance and renewal.



#### ii) Borrowings from Banks

Your Company has availed a Term Loan and Overdraft facility from the Central Bank of India. The outstanding balance of the loan/facility as on 31.03.2018 is Rs. 318.56 Crore as against Rs. 245.41 crore as on 31.03.2017.

Your Company has availed term loan from HDFC Bank. The outstanding balance of the term loans availed from HDFC Bank as on 31.03.2018 is Rs. 91.47 Crore as against Rs. 125.77 crore as on 31.03.2017.

Your Company has availed term loan from Bank of Baroda. The outstanding balance of the term loans availed from Bank of Baroda as on 31.03.2018 is Rs. 45.70 Crore as against Rs. 29.99 crore as on 31.03.2017

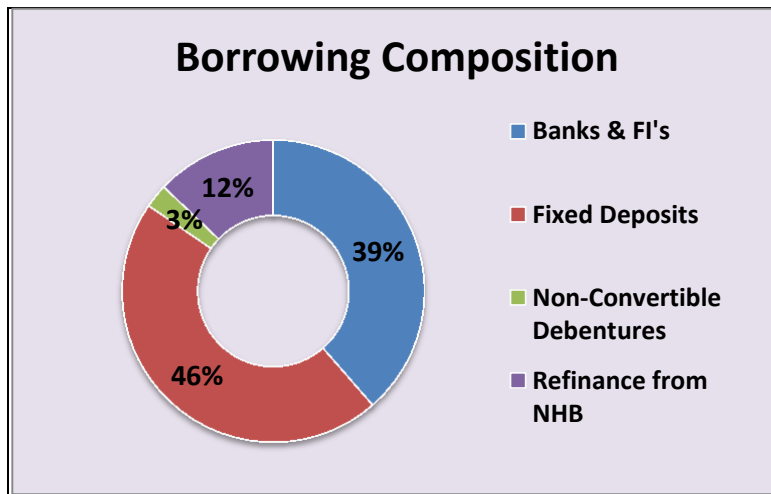
The total outstanding balance as of 31.03.2018 under the head 'borrowings from Banks' are at Rs. 455.73 Crore as against Rs. 401.17 crore during the previous financial year.

**iii) Refinance from National Housing Bank**

In the Financial Year 2017-18, your Company has availed refinance amounting to Rs. 35.00 crore from the National Housing Bank. The amount of refinance outstanding as of 31.03.2018 from the National Housing Bank was Rs. 152.40 crore.

**5) UNSECURED NON CONVERTIBLE DEBENTURES**

During the year 2015-16, the Company raised Unsecured NCD amounting to Rs. 30.00 cr. through private placement basis. The debentures are currently rated as CARE A-; Stable [Single A Minus; Outlook: Stable]



**6) SHARE CAPITAL**

The authorized & Paid-up capital of the Company as on 31.03.2018 are Rs. 50,00,00,000 divided into 5,00,00,000 equity shares of Rs.10/- each and Rs. 25,00,00,000 divided into 2,50,00,000 equity shares of Rs.10/- each respectively.

**i) Dematerialization of Shares and Liquidity**

As on 31<sup>st</sup> March 2018, 28.80% of the share capital of the Company representing 72,00,000 equity shares were held in dematerialized form and the balance 71.20%, representing 1,78,00,000 equity shares were held in physical form.

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 CIN: -U65922MP1991PLC006427

**ii) Appointment of Registrars & Share Transfer Agents**

The Company has appointed M/s Karvy Computershare Pvt. Ltd as Registrar & Share Transfer Agents of the Company. Hence all dematerialization/rematerialisation requests shall be routed through your depository participants addressing it to our R&T agents at the address mentioned below:

**Karvy Computershare Pvt. Ltd.**  
 Plot No. 17 to 24, Vithal Rao Nagar,  
 Madhapur, Hyderabad-500 081  
 Tel.: 040-23420815-24; Fax: 040-23420814

**7) INVESTMENT**

The Company has maintained its Statutory Liquidity Ratio (SLR) as per NHB guidelines. The Company has invested Rs. 29.76 crore in approved securities.

**8) UNCLAIMED DEPOSITS**

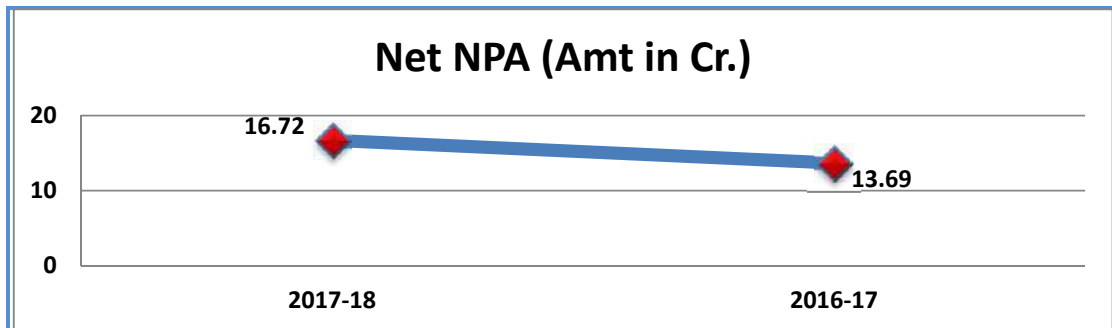
As on 31<sup>st</sup> March 2018, 572 public deposit accounts amounting to Rs. 6.52 Cr have remained unclaimed. The depositors have been advised about the maturity of their deposits with a request either to renew or claim the same.

During the year under review, your Company transferred an amount of Rs.801607/- to the Investor Education and Protection Fund as per the provisions of Section 125 of the Companies Act, 2013 in respect of deposit and interest thereon unclaimed & unpaid for more than 7 years.

**9) NON PERFORMING ASSETS**

Your Company has been pursuing all the available options to recover its dues from non-performing accounts. Your Company has taken recourse to Securitization & Reconstruction of Financial Assets & Enforcement of Security Interest Act, 2002 and Section 138 of Negotiable Instruments Act, 1881 for recovering the overdue and bringing down the NPA. The gross NPA stood at Rs. 26.90 crore as against Rs. 21.48 Crore for the previous financial year ended 31<sup>st</sup> March 2017.

With due provisions the net NPA stood at Rs.16.72 Crore as on 31<sup>st</sup> March 2018 as against Rs. 13.69 Crore as on 31<sup>st</sup> March 2017.



## 10) BRANCH NETWORK

As on date your Company is operating in 9 states through a network of 18 branches and two representative offices.

## 11) AUDITORS

In exercise of the powers conferred by Section 139 (5) of the Companies Act, 2013, the Comptroller and Auditor General of India (C&AG) appointed M/s MULTI Associates, Chartered Accountants, having Registration No. 509955C as the statutory auditors of the Company for the financial year 2017-18.

No adverse comments have been made by the Auditors on the Financial Statements of the Company. However reply to the observations of Auditor is given in Annexure I.

### Review of Accounts by C&AG

The accounts of the Company were taken up for review by the Comptroller and Auditor General of India.

Review of accounts for F.Y. 2017-18 by the Comptroller and auditor General of India, which forms part of this report, is annexed hereto marked as **Annexure I** along with Company's replies to the comments of Comptroller and Auditor General of India.

## 12) DIRECTORS

In terms of Article 99 of the Articles of Association of your Company and the provisions of the Companies Act, 2013, Ms. Vasantha Govindan and Shri B. K. Divakara, Directors are liable to retire by rotation and are eligible for re-appointment.

The following Directors ceased to be Directors of the Company during the reporting year:

S. No.	Name of the Director	Date of Cessation W.e.f.
1	Shri Anil Kumar Bansal	22.05.2017
2	Shri Sanjay Mallik	31.07.2017
3	Shri Narendra Singh	21.06.2017
4	Shri Pradeep Kumar	21.06.2017
5	Shri V. Sridar	18.01.2018
6	Shri V. S. Krishna Kumar	30.03.2018

The Directors of your Company wish to place on record their appreciation for the services rendered and contribution made by them during their tenure as Managing Director/ Independent Director/ Nominee Director of the Company.

None of the Directors of the Company is disqualified from being appointed as Director as specified in the Companies Act, 2013.

### **Declaration of Independent Directors under section 149 (6) of the Act**

Your Company received declarations from the Independent Director, viz Shri. Anil Girotra for the financial year 2017-18 as required under the provisions of section 149 (6) of the Companies Act, 2013. Hence, your Directors are of the opinion that the Independent Director is not disqualified to continue as Independent Director on the Board of the Company.

### **13) EVALUATION**

Nomination & Remuneration Committee meeting evaluated the performance of Chairman, Managing Director, Non Executive Directors and Board as a whole. The Nomination & Remuneration Committee carried the evaluation of each Director based on his/her contribution in the Board Meeting and other Committee Meetings.

### **14) CHANGE IN KMP**

During the year under review Shri Sanjay Mallik resigned from the position of Managing Director withdrawal of nomination by Central Bank of India on 31.07.2017. Shri B. S. Harilal was appointed as Managing Director of CBHFL w.e.f 31.08.2017.

### **15) NUMBER OF MEETINGS OF THE BOARD**

During the year the Board met four times, i.e. on May 22, 2017; August 31, 2017; December 04, 2017 and March 15, 2018. For the number of meetings attended by the Directors and other details, please refer to “Report on Corporate Governance” appended as Annexure VI to this Report.

### **16) AUDIT COMMITTEE**

Your Company duly constituted Audit Committee in terms of the Section 177 of the Companies Act, 2013. As on 31<sup>st</sup> March 2018 the Committee comprised of Two members:

1	Shri. Anil Girotra- Non-Executive Independent Director	Chairman
2	Shri. B. S. Harilal- Managing Director	Member

The Board adopted Vigil Mechanism as required under the provisions of section 177 (9) wherein it provides adequate safeguards against victimization of persons who use such mechanism and also provides provision for direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases. This mechanism would enable your Company to evolve a process to encourage ethical corporate behavior.

### **17) NOMINATION AND REMUNERATION COMMITTEE**

The Nomination and Remuneration Committee is constituted under Section 178 of the Companies Act, 2013. As on 31<sup>st</sup> March 2018 the Committee comprised of 3 members:

1	Shri. Anil Girotra- Non-Executive Independent Director	Chairman
2	Shri. B. K. Divakara- Non-Executive Director	Member
3	Shri Vineet Singhal- Non-Executive Director	Member



The role of the Committee is to consider and recommend to the Board the appointment/reappointment of Managing Director/Executive Director(s) in addition to review of their performance and recommending to the Board remuneration for the said directors and also for the key managerial personnel and other Senior Management employees as the case may be. Nomination remuneration policy of the Company is annexed as **Annexure-II**

### **18) CORPORATE SOCIAL RESPONSIBILITY (CSR)**

Your Company duly constituted Corporate Social Responsibility (CSR) Committee in terms of the provisions of section 135 of the Companies Act, 2013. As on 31<sup>st</sup> March 2018 the Committee comprised of 4 members:

1	Shri. Anil Girotra- Non-Executive Independent Director	Chairman
2	Shri P. J. Kumar-Non-Executive Director	Member
3	Shri Vineet Singhal- Non Executive Director	Member
4	Shri. B. S. Harilal- Managing Director	Member

The Committee performs the functions as defined under the provisions of section 135 of the Companies Act, 2013.

During the year, the Company has contributed a sum of Rs. 33,02,843/- to AIIMS (All India Institute of Medical Sciences) on account of CSR fund which pertains to financial year 2017-18.

The disclosures as required under Rule 9 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 have been provided in this report as **Annexure-III** which forms part of this report.

### **19) DIRECTORS' RESPONSIBILITY STATEMENT**

In accordance with the provisions of Section 134 (5) of the Companies Act, 2013, the Board of Directors reports that:-

- (i) In the preparation of the annual accounts for the year 2017-18, the applicable accounting standards had been followed along with proper explanations relating to material departures;
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year 2017-2018 and of the profit and loss of the Company for that period;
- (iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;
- (iv) The annual accounts have been prepared on a going concern basis, and
- (v) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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

Except in the ordinary course of its business, your Company neither gave any loan or guarantee nor made any investment under the provisions of section 186 of the Companies Act, 2013.

## **21) PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

The particulars of all contracts or arrangements entered into by your Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto have been disclosed in Form No. AOC-2 which is annexed to this report as **Annexure-IV**. Company's Policy while dealing with Related Party Transaction is annexed to this report as **Annexure-IV A**

## **22) EXTRACTS OF ANNUAL RETURN**

The extract of annual return pursuant to section 92 (3) of the Companies Act, 2013 and rule 12 (1) of the Companies (Management and Administration) Rules, 2014 is annexed to this report as **Annexure-V**.

## **23) CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND EXPENDITURE**

Since your Company is a housing finance company and does not own any manufacturing facility, the particulars relating to conservation of energy and technology absorption stipulated under rule 8 of the Companies (Accounts) Rules, 2014, are not applicable.

The Company did not earn any income nor incurred any expenditure in foreign currency during the year under review.

## **24) RISK MANAGEMENT**

Risk Management is an integral part of the Company's business strategy. As a lending entity, your Company is exposed to various risks such as credit risk, market risk, liquidity risk, legal risk, interest rate risk and operational risk. Your Company emphasis on risk management practices to ensure an appropriate balance between risks & returns.

In compliance of Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 Board has constituted a Risk Management Committee to monitor, measure and mitigate the risk faced by the Company.

In addition to Audit Committee and Risk Management Committee, the Asset Liability Committee monitors Structural Liquidity and Interest rate risk Management. ALCO is also responsible to superwise short term business requirements of the Company.

The Committees review compliance with risk policies, monitor risk tolerance limits, review and analyze risk exposures related to specific issues and provide oversight of risk across the organization.

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## 25)REPORT UNDER THE PREVENTION OF SEXUAL HARASSMENT ACT

During the year, there was no complaint reported under the Prevention of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

## 26)FRAUD REPORTED DURING THE YEAR

During the financial year 2017-18 no fraud account was detected in the Company.

## 27)STATEMENT OF CORPORATE GOVERNANCE

Your Company has been complying with the standards of Corporate Governance as required under the Companies Act, 2013. The Board discharges the duties and responsibilities as required under the applicable statute(s) including the Companies Act, 2013.

Your Company has Board of Directors which has formal schedule of matters reserved for its consideration and decision apart from legally required matters.

Since the Company's equity shares are not listed on any stock exchange provisions relating to corporate governance as per listing agreement are not applicable. However the Company voluntarily adopted them and are brought out in the report attached as **Annexure-VI**. The Board of Directors regularly reviews the management reports on statutory and regulatory compliances.

## 28)HUMAN RESOURCES

Your Company aims to align HR practices with business goals, motivate people for higher performance and build a competitive working environment. Productive high performing employees are vital to the Company's success. The Board values and appreciates the contribution and commitment of the employees towards the performance of your Company during the year.

As on March 31, 2018, the Company had 73 employees on rolls.

### Information as per Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

During the year under review, your Company had no employee whose remuneration exceeded the limits prescribed under Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 made under Chapter XIII of the Companies Act, 2013 and as amended from time to time.

## 29)COMPLIANCE WITH DIRECTIONS & GUIDELINES OF NHB

Your Company has complied with the guidelines and directions issued by National Housing Bank on asset classification, accounting standards, income recognition, provisioning, capital adequacy, credit rating, etc. as amended from time to time.

The Know Your Customer (KYC) guidelines, Fair Practices Code, Anti Money Laundering standards and Most Important Terms & Conditions as notified by the NHB are available on the Company's website.

Registered Office: Central Bank of India Building, 9, Arera Hills, Mother Teresa Road, Bhopal – 462 011  
Telephone No.0755-4019303, 4019309  
Website: [www.cbhfl.com](http://www.cbhfl.com)  
CIN: -U65922MP1991PLC006427

Your Company is also registered with Central Registry of Securitization and Assets Reconstruction and Security Interest of India (CERSAI) and is registering its charge in respect of mortgages with CERSAI

### **30) INTERNAL AUDIT, INTERNAL FINANCIAL CONTROL & ADEQUACY**

Your Company performs internal audit of the branches on quarterly basis and conducts comprehensive audit of functional areas and operation of the Company to examine the adequacy of and compliance with policies, procedures, and statutory and regulatory requirements. Significant audit observations and follow up actions thereon are reported to the audit committee. The Audit Committee reviews and evaluates adequacy and effectiveness of the Company's internal control environment and monitors the implementations of audit recommendations.

### **31) PENALTY**

During the year Company was imposed penalty of Rs. 82830.00 by National Housing Bank for non-maintenance of SLR in F.Y. 2015-16 and of Rs.52800 by Registrar of Companies for late registration of floating charge created in 2010.

### **32) ACKNOWLEDGEMENT**

Your Directors wish to place on record their appreciation for the continued support and guidance from the Government of India, National Housing Bank, Central Bank of India, HUDCO and Specified Undertaking of Unit Trust of India. Your Directors also wish to place on record their appreciation for the continued patronage and support extended to the Company by its clients and depositors and also the contribution made by the members of staff of the Company.

### **33) A detailed Management Discussion and Analysis is appended as Annexure VII**

**For and On Behalf of the Board**

	Sd/-	Sd/-
	<b>P. Ramana Murthy</b>	<b>B. S. Harilal</b>
	<b>Chairman</b>	<b>Managing Director</b>
<b>Place : Mumbai</b>	<b>DIN 07815852</b>	<b>DIN 07886919</b>
<b>Date : 13.08.2018</b>		

## Annexure I

S.No	Statutory Auditor's Observation	CBHFL's Reply
1	Books of accounts of the company are maintained in a computer software for Head office and branches separately. In books of accounts for the year ending 31st March,2017 the closing entries are passed in the month of July-August,2017 in the said software. Hence the opening balance in the books of accounts as on 1st April,2017 does not tally with the audited Balance sheet as on 31st March,2017 . The accounting software used by the company needs immediate changes as the same does not allows closing entries to be made on the desired dates. Secondly the software should prepare at least final accounts as per the provisions of Companies act.	Closing entries as of 31 March 2018 were passed in the accounting software by activating 'supplementary entry module', and the problem faced till 2017 has been resolved. Trial balance given by the software package is used to prepare final accounts as per provisions of Companies Act or as per provisions of Banking Regulation Act as and when it is necessary for reporting/ amalgamation purpose.
2	As per policy of the company, valuation of the construction of the property is to be done at different stages of construction on percentage basis. In our opinion the percentage of construction cannot be certified by the valuer correctly but it should be done on actual construction done basis. Secondly we have observed that in almost all the cases the valuers have valued property much higher than the actual sale price. It results in failure of auction when the account turns NPA, as the valuation at the time of auction is always done keeping in mind the previous valuation done.	Post 2012, there has been a general fall in value of realty assets. Other than that, there is no basis for the fleeting remark made by the auditor. Moreover, auction of sequestered assets are not done at their original valuation. Reserve Price fixed for sale is dependent on current market price and a lesser distress sale value. Bidders fail to turn up mainly because of reasons like locality, dilapidated state of building, threat by borrowers or their cohorts, lack of direct accessibility to the plot, etc. In the past one year we put 78 properties to auction, out of which 14 were sold.
3	The legal procedure to be followed when the account is identified as NPA is not followed swiftly and within the time prescribed and is generally late.	This is also a vague remark by the auditor. Our recovery policy specifies the timing for initiating each recovery step. Borrowers are intimated about it through Most Important Terms and Conditions (MITC) at the time of sanction itself. Follow up action starts on first default (SMA0) and continues throughout the period of irregularity in the account. There is not a single NPA account where recovery effort has not been made. Most of the accounts that were written off earlier are also being pursued for recovery.
4	Insurance of property mortgaged is not done in all the cases. There is no policy of the company as regard insurance. In our opinion insurance of all the properties mortgaged should be done to avoid any loss on account of damage to property because of natural calamities, disasters or other reasons.	The credit policy adopted by the Board on 17 April 2018 contains the provision for insuring mortgaged properties against fire, flood and natural calamities. This is mandatory in all new sanctions from the date of implementation of the new policy, i.e. 20 April 2018.

Sd/-  
(Manish Singh Payal)  
Company Secretary

Sd/-  
(Vijay Kumar Singh)  
Chief Financial Officer

Sd/-  
(Y. Srinivasulu)  
General Manager

Sd/-  
(B.S. Harilal)  
Managing Director



**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA  
UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE  
FINANCIAL STATEMENTS OF CENT BANK HOME FINANCE LIMITED FOR  
THE YEAR ENDED 31 MARCH 2018**

The preparation of financial statements of Cent Bank Home Finance Limited for the year ended 31 March 2018 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 17 April 2018.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143(6)(a) of the Act of the financial statements of Cent Bank Home Finance Limited for the year ended 31 March 2018. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under Section 143(6)(b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report.

**1. Balance Sheet**

**Assets**

**Other Current Assets (Note No. 15): ₹ 688.27 lakh**

**(b) (iv) Others: ₹ 195.39 lakh**

The above includes an amount of ₹121.06 lakh in respect of Direct Selling Agent Commission (₹83.43 lakh) and Brokerage (₹37.63 lakh). As per the policy of the Company, the commission and charges paid to Marketing Intermediaries were to be amortised but the amortisation has not been carried out for 2015-16 and the amount has been kept under 'Other Current Assets'. This has resulted in understatement of 'Prior Period Expenditure' and overstatement of 'Other Current Assets' and 'Profit before tax' by ₹121.06 lakh.

Contd.



2. **Additional information on the Financial Statements (Note No. 23)  
Reporting under Accounting Standard 15 – Retirement Benefits {Note 23 (36)}**

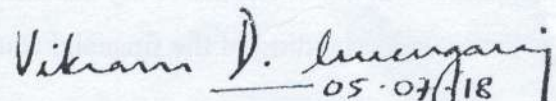
a) The Central Government has notified the Payment of Gratuity (Amendment) Act, 2018 on 29 March 2018 and has increased the ceiling of the amount of gratuity payable to employees from ₹10 lakh to ₹20 lakh. However, the Company has not considered the increase in ceiling amount for creation of provision for payment of gratuity to employees. The financial impact is not ascertainable by Audit since this is an exercise to be carried out during actuarial valuation.

b) The above note does not include disclosures regarding defined benefit plans regarding present value of defined benefit obligations, plan assets, total expenses recognised in the Statement of Profit and Loss, actuarial gains and losses along with actuarial assumptions etc., as required under Para 119 and 120 of Accounting Standard 15.

3. **Independent Auditor's Report**

The inadequacies in accounting and disclosure mentioned above under SI.No.1 and 2 have not been reported by the Statutory Auditor in the Independent Auditor's Report dated 17.04.2018.

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

  
05.07.18

(Vikram D. Murugara)  
Principal Director of Commercial Audit &  
Ex-officio Member, Audit Board – III,  
New Delhi

Place: New Delhi  
Dated: 05 July 2018



Sl No. and Caption	Comments	Management Reply
<b>Comment No. 1 Balance Sheet Assets Other Current Assets (Note No. 15): Rs. 688.27 lakh (b) Others: Rs. 195.39 lakhs</b>	The above includes an amount of Rs. 121.06 lakh in respect of DSA Commission (Rs. 83.43 lakh) and Brokerage (Rs. 37.63 lakh) which otherwise should have been amortised in 2015-16 as per the Policy of the Company in respect of Commission Payable to Marketing Intermediaries. This has resulted in understatement of 'Prior Period Expenditure' and overstatement of 'Other Current Assets' and 'Profit for the Year' by Rs. 121.06 lakh.	An amount of Rs 121.06 Lakh pertaining to 2015-16 was parked in Other Assets because Statutory Auditor wanted a revisit to these figures. This entry has been passed in our Book of accounts on 12 <sup>th</sup> June 2018 and certificate to this effect, signed by the Statutory Auditor, has been submitted to the CAG. Notional changes in Tangible Net Worth and CRAR as of 31 <sup>st</sup> Mar 2018 have been made through revised reporting to NHB on 13 <sup>th</sup> July 2018. Information in Directors' Report takes these changes into account.
<b>Comment No. 2 Additional information on the Financial Statements (Note No. 23) Reporting under Accounting Standard 15- Retirement Benefits {Note 23 (36)}</b>	a) The Central Government has notified the Payment of Gratuity (Amendment) Act, 2018 on 29 March 2018 and has increased the ceiling of the amount of gratuity payable to employees from Rs. 10 lakh to Rs. 20 lakh. This has an impact on the recognition of liability for past service cost in respect of gratuity provisions for the employees. However, the Company has not considered this increase while performing the actuarial valuation of the Gratuity provision which has resulted in violation of Para 94 of Accounting Standard 15.  b) The above note does not include the disclosures regarding present value of the defined benefit obligations, plan assets, total expenses recognized in the Statement of Profit and Loss account, actuarial gains and losses along with actuarial assumptions as required under Para 119 and 120 of the Accounting Standard 15.	(a) This amendment came into force on 29 <sup>th</sup> March 2018. No individual's gratuity entitlement in our Company reaches Rs 10 lakh now or as on 31.03.2018 as per the revised terms. Gratuity entitlement of all the staff member was submitted to CAG to prove that the provision made is sufficient. We have also given undertaking to conduct actuarial valuation as at year end and assess our liability in the light of the revision in ceiling.  (b) Disclosure as per AS 15 will be complied with from current year.
<b>Comment No. 3 Independent Auditor's Report</b>	The inadequacies in accounting and disclosure mentioned above under Sl. No. 1 and 2 have not been reported by the Statutory Auditor in his Independent Auditor's Report dated 17.04.2018.	Statutory Auditor had submitted the following comments to the CAG on 26 <sup>th</sup> June 2018:- "Requisite journal entry has been passed in relation to <b>Comment No 1</b> , on 12 <sup>th</sup> June 2018 vide voucher no 1/12-6-18/84 from Profit and Loss Account. Disclosure of the related matter as per AS 15 mentioned <b>Comment No 2</b> will be done in FY 19".

Date: 26 June 2018  
Place: Bhopal

Sd/-  
Vijay Kumar Singh  
Chief Financial Officer

Sd/-  
Y. Srinivasalu  
General Manager

Sd/-  
B.S. Harilal  
Managing Director



Registered Office, Central Bank of India Building, 9, Arera Hills, Jail Road, BHOPAL – 462 011  
 Telephone No. 0755-4019303, 4019309  
 Web-site : [www.cbhfl.com](http://www.cbhfl.com)  
 CIN:- U65922MP1991PLC006427

## NOMINATION AND REMUNERATION POLICY

The Board of Directors of Cent Bank Home Finance Ltd (“the Company”) renamed and reconstituted the “Remuneration Committee” as “Nomination and Remuneration Committee” at its 105<sup>th</sup> Meeting held on August 05,2014 with immediate effect, consisting of three (3) Non-Executive Directors and three (3) independent Directors.

### 1. OBJECTIVE

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto. The Key Objectives of the Committee would be:

- a) To guide the Board in relation to appointment and removal of Managerial Personnel, Independent Director, Key Managerial Personnel and Senior Management.
- b) To recommend to the Board on Remuneration payable to the Managerial Personnel, Key Managerial Personnel and Senior Management.
- c) To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- d) To develop a succession plan for the Board and to regularly review the plan;

### 2. APPLICABILITY

This Policy shall not be applicable to Managerial Personnel who are on deputation from Promoter Institution(s) i.e. Central Bank of India as a whole. They shall be guided as per the Service Manual of their Institution to the extent not inconsistent with the Act.

### 3. DEFINITIONS

- a) **Act** means the Companies Act, 2013 and Rules framed there under and as amended from time to time.
- b) **Board** means Board of Directors of the Company.
- c) **Key Managerial Personnel** for the purpose of this policy means only
  - Chief Financial Officer;
  - Company Secretary
- d) **Managerial Personnel** means Managing Director, Whole Time Director(s), Executive Director(s) or Manager appointed by the Company pursuant to provisions of section 196 of the Act.
- e) **Senior Management** means personnel of the Company who are members of its core management team excluding the Board of Directors including Functional Heads.

#### 4. ROLE OF COMMITTEE

The Committee shall:

- Identify persons who are qualified to become Managerial personnel, Independent Director (IDs) and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
- Recommend to the Board, appointment and removal of Managerial personnel, KMP and Senior Management Personnel.
- Annual review of the performance of Managerial Personnel

#### 5. POLICY FOR APPOINTMENT AND REMOVAL OF MANAGERIAL PERSONNEL, IDS, KMP AND SENIOR MANAGEMENT

##### (i) Appointment criteria and qualifications

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Managerial Personnel, Independent Director, KMP or at Senior Management level and recommend to the Board his/her appointment.
- b) A person should possess adequate qualification, expertise and experience for the position he/she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient/satisfactory for the concerned position.
- c) The Company shall not appoint or continue the employment of any Managerial Personnel who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

##### (ii) Term / Tenure

###### **Managing Director/Whole-time Director/Executive Director:**

The Company shall appoint or re-appoint any person as its Managing Director or Executive Director or a Whole Time Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

###### **Independent Director:**

- An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
- No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not during the aforesaid period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.
- Independent Directors shall be issued an appointment letters in the format enclosed as **Annexure-I** and they shall abide by the code of conduct as specified under Schedule IV of the Companies Act, 2013, which is enclosed as **Annexure-II**.

(iii) **Evaluation**

The Committee shall carry out evaluation of performance of Managerial Personnel at regular intervals on annual basis.

(iv) **Removal**

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations there under, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Managerial Personnel, Independent Directors subject to the provisions and compliance of the said Act, rules and regulations.

(v) **Retirement**

The Managerial Personnel, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Managerial Personnel, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company as per the applicable provisions of Act and prevailing policy of the Company.

## 6. POLICY RELATING TO THE REMUNERATION FOR MANAGERIAL PERSONNEL

(i) **General:**

The remuneration/compensation/commission etc. to the Managerial Personnel, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval.

The Committee while determining the remuneration shall ensure the following

- The level of composition of remuneration is reasonable and sufficient to attract, retain and motivate Managerial Personnel of the quality required to run the Company successfully.
- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- Remuneration to Managerial Personnel, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives of the Company.

**(ii) Remuneration to Managerial Personnel, KMP and Senior Management Personnel:**

**a) Fixed pay:**

The Managerial Personnel, KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, medical expenses, club fees etc. shall be decided and approved by the Board/ the Chairman on the recommendation of the Committee and then approved by the shareholders and Central Government, wherever required.

**b) Variable pay:**

The Managerial Personnel, KMP and Senior Management will also be eligible for Variable Compensation linked to performance as per the terms of their appointment. Payment modalities for Variable Compensation shall be decided by the Board on the recommendations of the Committee after submission of performance report. The Variable Compensation will be paid per annum unless otherwise decided by the Board.

**c) Minimum Remuneration for Managerial Personnel:**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Personnel in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

**d) Provisions for excess remuneration:**

If any Managerial Personnel draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

**(iii) Remuneration to Non- Executive / Independent Director:**

**a) Sitting Fees:**

The Non-Executive/Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed Rs.One Lac per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

**b) Stock Options:**

An Independent Director shall not be entitled to any stock option of the Company.

**7. MEMBERSHIP**

- a) The Committee shall consist of a minimum 3 non-executive directors out of which not less than one half shall be independent directors
- b) The quorum for the meeting shall be 1/3<sup>rd</sup> of total strength or 2 members whichever is higher
- c) Membership of the Committee shall be disclosed in the Annual Report.
- d) Term of the Committee shall be continued unless terminated by the Board of Directors.

**8. CHAIRPERSON**

- a) Chairperson of the Committee shall be Non-Executive Director
- b) Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.
- c) In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.
- d) Chairman of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

**9. FREQUENCY OF MEETINGS**

The meeting of the Committee shall be held at such regular intervals as may be required.

**10. COMMITTEE MEMBERS' INTERESTS**

- a) A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- b) The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

.....XXXXX.....

ANNEXURE-I

**SPECIMEN  
LETTER OF APPOINTMENT TO INDEPENDENT DIRECTOR(S)**

**Dated:**

**Shri/Smt.....**

.....  
.....

**Sub: Appointment Letter**

Dear Sir,

We are pleased to inform you that the Members of the Company at the .... Annual General Meeting (AGM) held on .....have appointed your goodself as an Independent Director of the Company for a period of 5 (five) consecutive years w.e.f. ....i.e. the date of the ....Annual General Meeting (AGM) of the Company.

**The terms and conditions of your appointment are as follows-**

**1. Term of Appointment:** 5 (Five) Years w.e.f. ....(Date of AGM)

**2. Role and functions:**

Your role and functions shall be guided as per the Code for Independent Directors (Schedule IV) pursuant to Section 149(8) of the Companies Act, 2013, which have been stipulated as under:

- a) Bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
- b) Bringing an objective view in the evaluation of the performance of board and management;
- c) Scrutinizing the performance of management in meeting agreed goals and objectives and monitoring the reporting of performance;
- d) Satisfying oneself on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- e) Safeguarding the interests of all stakeholders, particularly the minority shareholders;
- f) Balancing the conflicting interest of the stakeholders;
- g) Determining appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommending removal of executive directors, key managerial personnel and senior management.



- h) Moderating and arbitrating in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

**3. The Board expects a time commitment from your goodself which would include the following:**

- a) You shall strive to attend all meetings of the Board of Directors and of the Board Committees of which you are a Member;
- b) You shall participate constructively and actively in the Committees of the Board in which you are a Chairperson or Member;
- c) You shall strive to attend the general meetings of the Company.
- d) You shall be intimated in advance of the date, time and venue of the meetings of the Board or Committee thereof in which you are a member and Annual General Meeting and general meetings, if any, for attending the said meetings.

**4. While performing your duties as an Independent Director, the Board expects you to:**

- a) seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the Company;
- b) ensure, where you have concerns about the running of the Company or a proposed action, that these are addressed by the Board and, to the extent that they are not resolved, insist that concerns are recorded in the minutes of the Board meeting;
- c) keep yourself well informed about the company and the external environment in which it operates;
- d) not to unfairly obstruct the functioning of an otherwise proper Board or Committee of the Board;
- e) pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure that the same are in the interest of the Company;
- f) ascertain and ensure that the Company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
- g) report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy;
- h) act within authority, assist in protecting the legitimate interests of the Company, shareholders and its employees;
- i) not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law;
- j) Constructively challenge and contribute to the development of overall strategy of the Company.

**5. The Independent Directors are expected to:**

- a) abide by the Code for Independent Directors as specified under **Schedule IV** to the Companies Act, 2013 including any amendment thereof in future.
- b) follow the below mentioned professional conduct as an Independent Director of the Company:

- i. Uphold ethical standards of integrity and probity;
- ii. Act objectively and constructively while exercising your duties;
- iii. Exercise responsibilities in a bona fide manner in the interest of the Company;
- iv. Devote sufficient time and attention to your professional obligations for informed and balanced decision making;
- v. Where circumstances arise which make an Independent Director lose his independence, the Independent Director must immediately inform the Board accordingly;
- vi. Assist the Company in implementing the best corporate governance practices.

**6. Remuneration:**

- a) You shall be paid sitting fees for attending the meetings of the Board or any Committee thereof or for any other purpose whatsoever as may be decided by the Board from time to time;
- b) You shall be reimbursed the expenses for participation in the Board and other Committee meetings;

**7. Discontinuation:**

- a) Your Directorship on the Board of the Company shall terminate or cease in accordance with law or in accordance with provisions contained in the Articles (as may be amended from time to time). You may resign from the Directorship of the Company by giving a notice in writing to the Company stating the reasons for resignation. The resignation shall take effect from the date on which the notice is received by the Company or the date, if any, specified by you in the notice, whichever is later;
- b) If, at any stage during the term of your Directorship, there is a change that may affect your status as an Independent Director as envisaged in Section 149(6) of the Act, or if applicable, you fail to meet the criteria for 'independence' you agree to promptly submit your resignation to the Company with effect from the date of such change. You shall also promptly submit your resignation to the Company as and when the Board of Directors by majority decision pass a resolution to that effect;
- c) Upon such termination or resignation for any reason or on not having been reappointed by the shareholders for any reason, you shall not be entitled to any damages or compensation for loss of office or otherwise and no fee or remuneration or commission, as the case may be, will be payable to you in respect of any unexpired portion of the term of your appointment.

**8. Others:**

You shall give annual declaration as required under the provision of Section 149(7) of the Companies Act, 2013 and the rules made thereunder. Besides above, you shall provide disclosure of interest as required under the Companies Act, 2013 and Rules framed thereunder

The Appointment Letter is issued based on the Companies Act, 2013, Rules framed thereunder prevalent at the time of appointment. Any change in the above shall automatically entail changes in the terms and conditions.

We look forward for your valuable contribution and guidance to the growth of the Company.

Thanking you.

Yours faithfully,

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

**Managing Director**  
**Cent Bank Home Finance Ltd**

-----  
I have read and agree to the above terms regarding my appointment as an Independent Director of Cent Bank Home Finance Limited

Mr./Mrs. ....  
Independent Director  
(DIN: .....)

Dated

## ANNEXURE-II

### SCHEDULE IV

[See section 149(8)]

#### CODE FOR INDEPENDENT DIRECTORS

The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfillment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of independent directors.

#### I. Guidelines of professional conduct:

An independent director shall:

- (1) uphold ethical standards of integrity and probity;
- (2) act objectively and constructively while exercising his duties;
- (3) exercise his responsibilities in a *bona fide* manner in the interest of the company;
- (4) devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- (5) not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
- (6) not abuse his position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- (7) refrain from any action that would lead to loss of his independence;
- (8) where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
- (9) assist the company in implementing the best corporate governance practices.

#### II. Role and functions:

The independent directors shall:

- (1) help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
- (2) bring an objective view in the evaluation of the performance of board and management;
- (3) scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- (4) satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- (5) safeguard the interests of all stakeholders, particularly the minority shareholders;
- (6) balance the conflicting interest of the stakeholders;
- (7) determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management;
- (8) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

#### III. Duties:

The independent directors shall—

- (1) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- (2) seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company;
- (3) strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- (4) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- (5) strive to attend the general meetings of the company;
- (6) where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
- (7) keep themselves well informed about the company and the external environment in which it operates;
- (8) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- (9) pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;
- (10) ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
- (11) report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- (12) acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
- (13) not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

#### **IV. Manner of appointment:**

- (1) Appointment process of independent directors shall be independent of the company management; while selecting independent directors the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.
- (2) The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.
- (3) The explanatory statement attached to the notice of the meeting for approving the appointment of independent director shall include a statement that in the opinion of the Board, the independent director proposed to be appointed fulfils the conditions specified in the Act and the rules made there under and that the proposed director is independent of the management.
- (4) The appointment of independent directors shall be formalised through a letter of appointment, which shall set out :
  - (a) the term of appointment;
  - (b) the expectation of the Board from the appointed director; the Board-level committee(s) in which the director is expected to serve and its tasks;
  - (c) the fiduciary duties that come with such an appointment along with accompanying liabilities;
  - (d) provision for Directors and Officers (D and O) insurance, if any;
  - (e) the Code of Business Ethics that the company expects its directors and employees to follow;
  - (f) the list of actions that a director should not do while functioning as such in the company; and

- (g) the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.
- (5) The terms and conditions of appointment of independent directors shall be open for inspection at the registered office of the company by any member during normal business hours.
- (6) The terms and conditions of appointment of independent directors shall also be posted on the company's website.

**V. Re-appointment:**

The re-appointment of independent director shall be on the basis of report of performance evaluation.

**VI. Resignation or removal:**

- (1) The resignation or removal of an independent director shall be in the same manner as is provided in sections 168 and 169 of the Act.
- (2) An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director within a period of not more than one hundred and eighty days from the date of such resignation or removal, as the case may be.
- (3) Where the company fulfils the requirement of independent directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new independent director shall not apply.

**VII. Separate meetings:**

- (1) The independent directors of the company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management;
- (2) All the independent directors of the company shall strive to be present at such meeting;
- (3) The meeting shall:
- (a) review the performance of non-independent directors and the Board as a whole;
- (b) review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
- (c) assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

**VIII. Evaluation mechanism:**

- (1) The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- (2) On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director

\*\*\*\*\*

**Annexure-III**

**Corporate Social Responsibility (CSR)**

**[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]**

**1. A Brief Outline of CSR Policy, including overview of projects and programs proposed to be undertaken and a reference to the web link to the CSR Policy and projects or program**

Company's CSR Policy is available on the Weblink: [http://www.cbhfl.com/csr\\_rules.php](http://www.cbhfl.com/csr_rules.php)

**The Board in its 105<sup>th</sup> Board Meeting held on August 5<sup>th</sup>, 2014 adopted CSR Policy of the Company in terms of the provisions of Section 135 of the Companies Act, 2013**

a) The Company endeavors to contribute to CSR activities as specified under Schedule VII of the Companies Act, 2013. A corpus with an amount not exceeding 2% of the Average Net Profits\* of the Company made during the 3 (Three) immediately preceding financial years will be made for this purpose as per the provisions of the Act and rules made there under.

- Average Net Profits means- Net Profit calculated in terms of section 198 of the Companies Act, 2013 for the last three financial years.

b) As a part of CSR program the Company plans to focus on the following activities:

- i) Communal Development Projects as enumerated in CSR POLICY;
- ii) Contribution to the Prime Minister's National Relief Fund or other fund set-up by the Central Government or the State-Governments for the socio-economic developments and relief and funds for the welfare of the Scheduled Castes, Scheduled Tribes, other backward classes, minorities and women.

**2. Composition of the CSR Committee:**

The CSR Committee comprises of total 4 members with 1 Non-Executive Independent Director, 2 Non Executive Directors and 1 Executive Director. The following are the Committee Members as on 31<sup>st</sup> March, 2018:

1	Shri. Anil Girotra- Non-Executive Independent Director	Chairman
2	Shri P. J. Kumar-Non-Executive Director	Member
3	Shri Vineet Singhal- Non Executive Director	Member
4	Shri. B. S. Harilal- Managing Director	Member

**3. Average net profit of the company for last three immediately preceding financial years:** Net profits for the last three years have been calculated in terms of the provisions of section 198 of



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 Telephone No.0755-4019303, 4019309  
 Website: [www.cbhfl.com](http://www.cbhfl.com)  
 CIN: -U65922MP1991PLC006427

the Companies Act, 2013. The Avg.Net profits of the Company for the last three financial years are as under:

(in Rs.)			
Particulars	2016-17	2015-16	2014-15
Net profit under section 198	16,34,58,095	17,34,31,562	15,85,36,736
Avg.Net Profit	<b>16,51,42,131</b>		
Prescribed CSR Expenditure (2%)	33,02,843		

**3. Details of CSR spent during the financial year:**

(a) Prescribed CSR Expenditure

(i) For the financial year 2017-18 :- Rs.33, 02,843.00

(b) Total CSR expenses incurred/spent during the year :- Rs.33,02,843.00

(c) Amount unspent, if any 0

(d) Manner in which the amount spent during the financial year is detailed below.

S. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub – heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto to the reporting period	Amount spent : Direct or through implementing agency*
01	Contribution to AIIMS	Contribution to AIIMS for Scientific research	Contribution to AIIMS for Scientific research	Rs. 33, 02,843	Rs. 33, 02,843	Rs. 33, 02,843	Direct on 29.03.2018

4. The CSR committee and the Board will review the implementation and monitoring of CSR Policy at periodical intervals and shall ensure that it is in compliance and in accordance with CSR objectives and Policy of the Company.

Sd/-  
**Anil Girotra**  
Independent Director  
DIN:02221989

Place : Mumbai  
Date : 13.08.2018

Sd/-  
**B. S. Harilal**  
Managing Director  
DIN: 07886919

**Annexure-IV**

**Form No. AOC-2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the act and Rule 8 (2) of the Companies (Accounts) Rules, 2014)

**Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto**

**1. Details of contracts or arrangement or transaction not at arm's length basis**

There were no contracts or arrangements or transactions entered into during the year ended 31<sup>st</sup> March, 2018 which were not at arm's length basis.

**2. Details of material contracts or arrangement or transactions at arm's length basis**

<b>LOANS AVAILED FROM RELATED PARTIES</b>				
<b>Name(s) of the related party and nature of relationship</b>	<b>Nature of contracts/ Arrangement/ Transaction</b>	<b>Duration of the contracts/ Arrangement/ Transaction</b>	<b>Salient terms of the contracts or arrangement or transaction including the value, if any:</b>	<b>Amount of loan</b>
Central bank of India, Holding Company	OD facility	Revised time to time	Charge is created by way of specific lien on book debts of 1:1 times. Rate of interest is Base rate/MCLR	Rs.100.00 Crs
Central Bank of India, Holding Company	Fresh Term Loan facility	Term loan repayable in 28 qly installments	Charge is created by way of specific lien on book debts of 1:1 times. Rate of interest is Base rate/ MCLR	Rs.100.00 Crs
Central Bank of India, Holding Company	Fresh Term Loan facility	Term loan repayable in 60 monthly installments	Charge is created by way of specific lien on book debts of 1:1 times. Rate of interest is Base rate/MCLR	Rs. 100.00 Crs
Central Bank of India, Holding Company	Fresh Term Loan facility	Term loan repayable in 60 monthly installments	Charge is created by way of specific lien on book debts of 1:1 times. Rate of interest is Base rate/MCLR	Rs. 100.00 Crs

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 CIN: -U65922MP1991PLC006427

National Housing Bank, Promoter Institution	Refinance Limit	Repayable in 60 quarterly installments	Charge is created by way of specific lien on book debts of 1:1.20 times. Rate of interest will be applicable rate from time to time	Rs. 100.00 Crs
National Housing Bank, Promoter Institution	Refinance Limit	Repayable in 60 quarterly installments	Charge is created by way of specific lien on book debts of 1:1.20 times. Rate of interest will be applicable rate from time to time	Rs.50 Crs
National Housing Bank, Promoter Institution	Refinance Limit	Repayable in 60 quarterly installments	Charge is created by way of specific lien on book debts of 1:1.20 times. Rate of interest will be applicable rate from time to time	Rs.50 Crs
National Housing Bank, Promoter Institution	Refinance Limit	Repayable in 60 quarterly installments	Charge is created by way of specific lien on book debts of 1:1.20 times. Rate of interest will be applicable rate from time to time	Rs.50 Crs
National Housing Bank, Promoter Institution	Refinance Limit	Repayable in 60 quarterly installments	Charge is created by way of specific lien on book debts of 1:1.20 times. Rate of interest will be applicable rate from time to time	Rs.100Crs
<b>REMUNERATION PAID/PAYABLE TO MANAGING DIRECTOR</b>				
<b>Name(s) of the related party and nature of relationship</b>	<b>Nature of contracts/ Arrangement/ Transaction</b>	<b>Duration of the contracts/ Arrangement/ Transaction</b>	<b>Salient terms of the contracts or arrangement or transaction including the value, if any:</b>	<b>Amount paid during the year</b>
Mr. Sanjay Mallik, Managing Director	Appointment as Managing Director of the Company	1 year with effect from 27/12/2016 & date of cessation is 31/07/2017	As per the Central Bank of India (Officers') Service Regulations	Rs.4.53 lakhs

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 CIN: -U65922MP1991PLC006427

Name(s) of the related party and nature of relationship	Nature of contracts/ Arrangement/ Transaction	Duration of the contracts/ Arrangement/ Transaction	Salient terms of the contracts or arrangement or transaction including the value, if any:	Amount paid during the year
Mr. B.S. Harilal, Managing Director	Appointment as Managing Director of the Company	5 years with effect from 31/08/2017	As per the Central Bank of India (Officers') Service Regulations	Rs.9.54 lakhs
<b>REIMBURESEMENT OF SALARY &amp; PERQUISITES OF STAFF ON DEPUTATION FROM CENTRAL BANK OF INDIA, HOLDING COMPANY</b>				
Name(s) of the related party and nature of relationship	Nature of contracts/ Arrangement/ Transaction	Duration of the contracts/ Arrangement/ Transaction	Salient terms of the contracts or arrangement or transaction including the value, if any:	Amount paid During the year
Central Bank of India, Holding Company	Reimbursement of salaries & perquisites of staff of holding company on deputation to the company	As long as company remains subsidiary of Central Bank of India	Staff will be on the roles of Central Bank of India and will be under service conditions of the said Bank. Bank may withdraw their staff at any point of time and replace with others.	Rs.9.28 lakhs
<b>PREMISES MAINTENANCE CHARGES PAID/PAYABLE TO CENTRAL BANK OF INDIA, HOLDING COMPANY</b>				
Name(s) of the related party and nature of relationship	Nature of contracts/ Arrangement/ Transaction	Duration of the contracts/ Arrangement/ Transaction	Salient terms of the contracts or arrangement or transaction including the value, if any:	Amount paid During the year
Central Bank of India, Holding Company	Sub-letting part of its premises to the Registered Office of the Company at <b>Bhopal</b>	Nil	Bank shall recover maintenance charges at a rate of Rs.1 lakh PM excluding electricity charges for an area of 3500 Sq.ft, which is payable on Quarterly basis.	Rs. 12.00 lacs

Central Bank of India, Holding Company	Sub-letting part of its premises to the Branch Office of the Company at Belapur, <b>Mumbai</b>	Nil	Bank shall recover maintenance charges at a rate of Rs.5000 PM excluding electricity charges for an area of 700 Sq.ft, which is payable on Quarterly basis.	Rs.60,000
Central Bank of India, Holding Company	Sub-letting part of its premises to the Branch Office of the Company at <b>Pune</b>	Nil	Bank shall recover maintenance charges at a rate of Rs.50215 PM excluding electricity charges for an area of 728 Sq.ft, which is payable on Quarterly basis.	Rs. 6,02,580
<b>ACCEPTANCE OF DEPOSITS FROM THE INSTITUTIONS PROMOTED BY CENTRAL BANK OF INDIA, HOLDING COMPANYY</b>				
<b>Name(s) of the related party and nature of relationship</b>	<b>Nature of contracts/ Arrangement/ Transaction</b>	<b>Duration of the contracts/ Arrangement/ Transaction</b>	<b>Salient terms of the contracts or arrangement or transaction including the value, if any:</b>	<b>Amount</b>
Central Madhya Pradesh Gramin Bank	Acceptance of Deposits from the Institution promoted by the Holding Company	Deposit accepted for the tenure of 359 days on 07/10/2017.	Amount maturing on 30/09/2018 at ROI 7.5%	Rs. 17,83,49,872
Uttarbanga Kshetriya Gramin Bank	Acceptance of Deposits from the Institution promoted by the Holding Company	Deposit accepted for the tenure of 39 months on 10/11/2016.	Amount maturing on 03/02/2020 at ROI 8.50%	Rs. 10,00,00,000
Uttarbanga Kshetriya Gramin Bank	Acceptance of Deposits from the Institution promoted by the Holding Company	Deposit accepted for the tenure of 39 months on 02/12/2016.	Amount maturing on 17/02/2020 at ROI 8.50%	Rs. 30,00,00,000

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 CIN: -U65922MP1991PLC006427

Uttarbanga Kshetriya Gramin Bank	Acceptance of Deposits from the Institution promoted by the Holding Company	Deposit accepted for the tenure of 39 months on 31/12/2016.	Amount maturing on 29/03/2020 at ROI 8.30%	Rs. 50,00,00,000
Uttarbanga Kshetriya Gramin Bank	Acceptance of Deposits from the Institution promoted by the Holding Company	Deposit accepted for the tenure of 39 months on 18/01/2017.	Amount maturing on 02/04/2020 at ROI 8.30%	Rs.20,00,00,000

**For and On Behalf of the Board**

**Place** : Mumbai  
**Date** : 13.08.2018

Sd/-  
**P. Ramana Murthy**  
 Chairman  
 DIN 07815852

Sd/-  
**B.S. Harilal**  
 Managing Director  
 DIN 07886919



## RELATED PARTY TRANSACTION POLICY

Cent Bank Home Finance Limited recognizes that related party transactions present a potential or actual risk of conflicts of interest (or the perception thereof) and therefore the Company has adopted this policy, under which all Related Party Transactions will be subject to approval or ratification in accordance with the procedures set forth in this policy.

### 1) Definitions:

#### i) **Related Party: [section 2(76)]**

With reference to company, Related Party would mean and include the following:

- A director or his relative;
- Key Managerial Personnel or their relative;
- A firm in which a director / manager or his relative is a partner;
- A private company in which a director or manager is a director or holds along with his relatives, more than 2% of its paid-up share capital;
- A person on whose advice, directions or instruction (except given in professional capacity) a director or manager is accustomed to act;
- A holding / subsidiary or associate company, subsidiary's subsidiary and such person as would be prescribed.

#### ii) **Relative: [section 2(77)]**

For the purposes of this policy and pursuant to Rule 4 of the Companies (Specification of Definitions, Details) Rules, 2014 provides that a person shall be deemed to be the relative of another if he or she is related to another in the following manner, namely:

- Father (including step father);
- Mother (including step mother);
- Son (including step-son);
- Son's wife;
- Daughter;
- Daughter's husband;
- Brother (including step-brother);
- Sister (including step-sister).

#### iii) **Key Managerial Personnel: [section 2(51)]**

In relation to a company, Key Managerial Personnel means the following:

- The Chief Executive Officer or the Managing Director or the Manager;
- The Company Secretary;
- The Whole-time director;

- The Chief Financial Officer;  
and such other officer as may be prescribed.

## **2) Related Party Transactions**

As per the provisions of Section 188 of the Companies Act, the following transactions are liable to be treated as Related Party Transactions:

- Sale, purchase or supply of any goods or materials;
- Selling or otherwise disposing of, or buying, property of any kind;
- Leasing of property of any kind;
- Availing or rendering of any services;
- Appointment of any agent for purchase or sale of goods, materials, services or property;
- Such related party's appointment to any office or place of profit in the Company, its subsidiary company or associate company;
- Underwriting the subscription of any securities or derivatives thereof, of the company;

Provided that nothing in this section shall apply to any transactions entered into by the company in its ordinary course of business other than transactions which are not on an arm's length basis.

## **3) Procedures:**

- The Audit Committee of the Board of the Company will review the relevant facts and circumstances of each Related Party Transaction, including if the transaction is on terms comparable to those that could be obtained in arm's length dealings with an unrelated third party and the extent of the Related Party's interest in the transaction, take into account the conflicts of interest and either approve or disapprove the Related Party Transaction.
- Any Related Party Transaction that would be entered into and would continue only if the Audit Committee has approved or ratified such transaction in accordance with the guidelines set forth in this policy.
- If advance approval of a Related Party Transaction requiring the Audit Committee's approval, is not practicable, then the transaction may be preliminarily entered into by management subject to ratification of the transaction by the Audit Committee at the Audit Committee's next regularly scheduled meeting; provided that if ratification will not be done, management will make all reasonable efforts to cancel or annul such transaction.
- Management will present to the Audit Committee each proposed Related Party Transaction, including all relevant facts and circumstances, and will update the Audit Committee as to any material changes to an approved or ratified Related Party Transaction and will provide a status report annually at a regularly scheduled meeting of the Audit Committee, of all then current Related Party Transactions.
- No director shall participate in approval of a Related Party Transaction for which he or she is a Related Party.

### **Approval of Shareholders in certain transactions**

Except with the prior approval of Shareholders by a resolution, company shall not enter into aforesaid related party transaction or transactions, if they meet with below criteria which is subject to the provisions of the Act and Rules made there under –

- (i) Sale, purchase or supply of any goods or materials, directly or through appointment of agent, exceeding ten percent of the turnover of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188;
- (ii) Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, exceeding ten per cent. of net worth of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188;
- (iii) Leasing of property of any kind exceeding ten percent of the net worth of the company or ten percent. of turnover of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (c) of sub-section (1) of section 188;
- (iv) Availing or rendering of any services, directly or through appointment of agent, exceeding ten per cent. of the turnover of the company or rupees fifty crore, whichever is lower, as mentioned in clause (d) and clause (e) respectively of sub-section (1) of section 188;
- (v) In case it is for appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding two and half lakh rupees as mentioned in clause (f) of subsection (1) of section 188; or
- (vi) In case it is for remuneration for underwriting the subscription of any securities or derivatives thereof, of the company exceeding one percent of the net worth as mentioned in clause (g) of sub-section (1) of section 188.

#### **4) Pre-Approved Transactions:**

The Audit Committee has reviewed and pre-approved each of the following types of Related Party Transactions, which will be deemed to be approved or ratified, as applicable under this policy:

##### **a) Managerial Remuneration**

- To Managing Director of the Company if the remuneration is required to be reported/circulated to the shareholders pursuant to requirement of the Companies Act, 2013 and such remuneration has been approved, or recommended to the Company's Board of Directors for approval, by Nomination and Remuneration Committee of the Board of Directors of the Company; or

- To Key Managerial Personnel if the remuneration is required to be reported / circulated to the shareholders pursuant to requirement of the Companies Act, 2013 and such remuneration has been approved, or recommended to the Company's Board of Directors for approval, by Nomination and Remuneration Committee of the Board of Directors of the Company.

**b) Transactions that are in the Company's ordinary course of business such as the following:**

Borrowing or Raising of funds in the nature of deposits, NCD, Bonds (Tier I or II, subordinate etc) including Term loans, OD facilities & other credit facilities for business of the company from the promoter(s) & their Associate Companies (including Body Corporates), repayment / payment of interest or principal towards secured or unsecured loans, deposits. Issue of equity shares, PTC and payment of interest or other return on such subscription

- c)** Transactions that are in the nature of payment of rent, dividend, reimbursement of municipal taxes, reimbursement of electricity expenses, reimbursement of gratuity for staff on deputation from promoter(s) including payment for staff training, conference and towards renovation and repairs either to promoter or subsidiary or associate.
- d)** Transactions that are in the nature of payment/reimbursement of rent, municipal taxes, electricity expenses with respect to premises of Promoters occupied by the branches/Head Office of the Company.

**Disclosure:**

All Related Party Transactions are to be disclosed in the Company's applicable returns/report as required by the Companies Act, 2013. Furthermore, any material Related Party Transactions will be disclosed to the Board of Directors.

**Other Agreements:**

Management will assure that all Related Party Transactions are not in violation of and are approved in accordance with any requirements of the Company's financing or other material agreements.

**Annexure-V**

**Form No. MGT-9**

**EXTRACT OF ANNUAL RETURN**

As on the financial year ended on 31<sup>st</sup> March, 2018

**[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**

(i)	CIN	:- U65922MP1991PLC006427
(ii)	Registration Date	:- 07/05/1991
(iii)	Name of the company:	:- Cent Bank Home Finance Limited
(iv)	Category/Sub-Category of the company	:- Public Company/Company having Share Capital
(v)	Address of the Registered office and contact details	:- Central Bank of India, 9,Arera Hills, Mother Teresa Road, Bhopal – 462 011 Tel No:- 0755-4019303; Email-Id:- <a href="mailto:manish.payal@cbhfl.com">manish.payal@cbhfl.com</a>
(vi)	Whether listed company	:- No
(vii)	Name ,Address and Contact details of Registrar and Transfer Agent, if any:-	:- M/s. Karvy Computershare Pvt. Ltd. 17-24, Vittal Rao Nagar, Madhapur Hyderabad – 500 081 Tel No:-040-23420815 – 24

**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:-

S. No.	Name and Description of main product/services	NIC Code of the product/services	% to total turnover of the company
1	Housing Finance/Mortgage Loans	65923	100%

**III. PARTICULARS OF HOLDING,SUBSIDIARY AND ASSOCIATE COMPANIES**

S. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% Of Shares Held	Applicable Section
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1	Central Bank of India Central Office Chandermukhi, Nariman Point, Mumbai – 400 021	Not Applicable	Holding	64.40%	2(46)
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#### IV. SHARE HOLDING 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 the 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>									
<b>(1) Indian</b>									
(a) Individual/HUF	-	-	-	-	-	-	-	-	-
(b) Central Govt	-	-	-	-	-	-	-	-	-
(c) State Govt(s)	-	-	-	-	-	-	-	-	-
(d) Bodies Corp.	-	-	-	-	-	-	-	-	-
(e) Bank/Fl	7200000	17800000	25000000	100%	7200000	17800000	25000000	100%	Nil
(f) Any other..	-	-	-	-	-	-	-	-	-
<b>Sub-Total(A)(1)</b>	7200000	17800000	25000000	100%	7200000	17800000	25000000	100%	Nil
<b>(2) Foreign</b>									
a) NRIs Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Bank/FL	--	-	-	-	-	-	-	-	-
e) Any Others.	-	-	-	-	-	-	-	-	-
<b>Sub-Total(A)(2)</b>	-	-	-	-	-	-	-	-	-
<b>Total shareholding of promoter (A)=(A)(1)+(A)(2)</b>	7200000	17800000	25000000	100%	7200000	17800000	25000000	100%	Nil
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Bank/FL	-	-	-	-	-	-	-	-	-
c) Central Govt	--	-	-	-	-	-	-	-	-
d) State Govt(s)	--	--	--	-	-	-	-	-	-
e) Venture Capital funds	-	-	-	-	-	-	-	-	-
f) Insurance companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture	-	-	-	-	-	-	-	-	-



Registered Office: Central Bank of India Building, 9, Arera Hills, Mother Teresa Road, Bhopal – 462 011  
 Telephone No.0755-4019303, 4019309  
 Website: [www.cbhfl.com](http://www.cbhfl.com)  
 CIN: -U65922MP1991PLC006427

Capital Funds									
i) Others (Specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total(B)(1):-</b>	-	-	-	-	-	-	-	-	-
<b>2.Non-Institutions</b>									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
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 Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>7200000</b>	<b>17800000</b>	<b>25000000</b>	<b>100%</b>	<b>7200000</b>	<b>17800000</b>	<b>25000000</b>	<b>100%</b>	<b>Nil</b>

**ii) Shareholding of Promoters**

S. No.	Shareholders' Name	Shareholdings at the beginning of the year			Shareholding at the end of the year			%changes In share holding 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	16100000	64.40	Nil	16100000	64.40	Nil	Nil
2	National Housing Bank	4000000	16.00	Nil	4000000	16.00	Nil	Nil
3	SUUTI	3200000	12.80	Nil	3200000	12.80	Nil	Nil
4	HUDCO	1700000	6.80	Nil	1700000	6.80	Nil	Nil
	<b>Total</b>	<b>25000000</b>	<b>100.00</b>	<b>Nil</b>	<b>25000000</b>	<b>100.00</b>	<b>Nil</b>	<b>Nil</b>

**(iii) Changes in Promoters Shareholding (Please specify if there is no change)**

	Shareholding at the beginning of the year		Cumulative Share holding during the year	
	No of shares	% of the total shares of the company	No of shares	% of the total shares of the company
At the beginning of the year	<b>25000000</b>	<b>100.00</b>	<b>25000000</b>	<b>100.00</b>
Data wise Increase/Decrease in Promoters Share Holding during the year specifying the reasons for increase/decrease (e.g. Allotment/ Transfer/bonus/ Sweat equity etc)	Nil	-	Nil	-
At the end of the year	<b>25000000</b>	<b>100.00</b>	<b>25000000</b>	<b>100.00</b>

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

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No of shares	% of the total shares of the company	No of shares	% of the total shares of the company
At the beginning of the year	<b>NIL</b>			
Data wise Increase/Decrease in Promoters Share Holding during the year specifying the reasons for increase/decrease (e.g. Allotment/ Transfer/bonus/ Sweat equity etc)				
At the end of the year(or on the date of separation, if separated during the year)				

**(v) Shareholding of Directors and Key Managerial Personnel:**

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of the total shares of the company	No of shares	% of the total shares of the company
<b>Shri B.K. Divakara &amp; Central Bank of India</b>				
At the beginning of the year	20	0.00	20	0.00
Data wise Increase/Decrease in Promoters Share Holding during the year specifying the reasons	-	-	-	-

for increase/decrease (e.g. Allotment/ Transfer/bonus/ Sweat equity etc)				
At the end of the year(or on the date of separation, if separated during the year)	20	0.00	20	0.00
<b>Shri Narender Singh &amp; Central Bank of India</b>				
At the beginning of the year	20	0.00	20	0.00
Data wise Increase/Decrease in Promoters Share Holding during the year specifying the reasons for increase/decrease (e.g. Allotment/ Transfer/bonus/ Sweat equity etc)	Decrease in Shareholding due to Transfer of 20 shares to Shri R.N. Hirve on 31/08/2017			
At the end of the year(or on the date of separation, if separated during the year)	0	0.00	0	0.00
<b>Shri Sanjay Mallik &amp; Central Bank of India</b>				
At the beginning of the year	60	0.00	60	0.00
Data wise Increase/Decrease in Promoters Share Holding during the year specifying the reasons for increase/decrease (e.g. Allotment/ Transfer/bonus/ Sweat equity etc)	Decrease in Shareholding due to Transfer of 30 shares each to Shri P. J. Kumar and to Shri B. S. Harilal on 31/08/2017			
At the end of the year(or on the date of separation, if separated during the year)	0	0.00	0	0.00
<b>Shri R. N. Hirve &amp; Central Bank of India</b>				
At the beginning of the year	0	0.00	00	0.00
Data wise Increase/Decrease in Promoters Share Holding during the year specifying the reasons for increase/decrease (e.g. Allotment/ Transfer/bonus/ Sweat equity etc)	Increase in Shareholding due to Transfer of 20 shares of Shri Narender Singh on 31/08/2017			

Registered Office: Central Bank of India Building, 9, Arera Hills, Mother Teresa Road, Bhopal – 462 011  
 Telephone No.0755-4019303, 4019309  
 Website: [www.cbhfl.com](http://www.cbhfl.com)  
 CIN: -U65922MP1991PLC006427

At the end of the year(or on the date of separation, if separated during the year)	20	0.00	20	0.00
<b>Shri P. J. Kumar &amp; Central Bank of India</b>				
At the beginning of the year	0	0.00	0	0.00
Data wise Increase/Decrease in Promoters Share Holding during the year specifying the reasons for increase/decrease (e.g. Allotment/ Transfer/bonus/ Sweat equity etc)	Increase in Shareholding due to Transfer of 30 shares of Shri Sanjay Mallik on 31/08/2017			
At the end of the year(or on the date of separation, if separated during the year)	30	0.00	30	0.00
<b>Shri B. S. Harilal &amp; Central Bank of India</b>				
At the beginning of the year	0	0.00	0	0.00
Data wise Increase/Decrease in Promoters Share Holding during the year specifying the reasons for increase/decrease (e.g. Allotment/ Transfer/bonus/ Sweat equity etc)	Increase in Shareholding due to Transfer of 30 shares of of Shri Sanjay Mallik on 31/08/2017			
At the end of the year(or on the date of separation, if separated during the year)	30	0.00	30	0.00

#### V. INDEBTEDNESS

**Indebtedness of the company including interest outstanding/accrued but not due for payment**

	Secured Loans Excluding deposits	Unsecured Loans Excluding deposits	Deposits (unsecured)	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>	5572683628	Rs.300000000	Rs 6805849019	Rs. 12678532647
<b>i) Principal Amount</b>				
<b>ii) Interest due but not paid</b>				
<b>iii) Interest accrued but not due</b>				
<b>Total (i+ii+iii)</b>				

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 CIN: -U65922MP1991PLC006427

<b>Change in Indebtedness during the financial year</b>				
• Addition	Rs.10706901782		Rs .559799646	Rs.11266701428
• Reduction	Rs. 10198323747		Rs. 1937200117	Rs.12135523864
<b>Net Changes</b>	Rs.508578035		Rs.1377400471	Rs.868822436
<b>Indebtedness at the end of the financial year</b>				
i)Principal Amount	Rs.6081261663	Rs.300000000	Rs.5428448548	Rs. 11809710211
ii) Interest due but not paid				
iii)Interest accrued but not due				
<b>Total (i+ii+iii)</b>	<b>6081261663</b>	<b>Rs. 300000000</b>	<b>Rs.5428448548</b>	<b>Rs. 11809710211</b>

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

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

S. No.	Particulars of Remuneration	Name of MD:- Shri. Sanjay Mallik
1.	Gross Salary (a)Salary as per provisions contained in section 17(1) of the Income-tax Act,1961 (b)Value of perquisites u/s 17(2) Income-tax Act,1961 (c) Profits in lieu of salary under Section17(3) Income-tax Act,1961	Rs.4,53,502.00 Rs.50,600.00
2.	Stock Option	Nil
3.	Sweat Equity	Nil
4.	Commission - As % of profit - Others (Variable compensation)	Nil
5.	Others, please specify	Nil
	Total(A)	Rs.5,04,102.00
	Ceiling as per the Act	5% of the Net Profits

Registered Office: Central Bank of India Building, 9, Arera Hills, Mother Teresa Road, Bhopal – 462 011  
 Telephone No.0755-4019303, 4019309  
 Website: [www.cbhfl.com](http://www.cbhfl.com)  
 CIN: -U65922MP1991PLC006427

S. No.	Particulars of Remuneration	Name of MD:- Shri. B.S.Harilal
1.	Gross Salary (a)Salary as per provisions contained in section 17(1) of the Income-tax Act,1961 (b)Value of perquisites u/s 17(2) Income-tax Act,1961 (c) Profits in lieu of salary under Section17(3) Income-tax Act,1961	Rs.9,53,627.00 Rs. 91,030.00
2.	Stock Option	Nil
3.	Sweat Equity	Nil
4.	Commission - As % of profit - Others (Variable compensation)	Nil
5.	Others, please specify	Nil
	Total(A)	Rs 10,44,657.00
	Ceiling as per the Act	5% of the Net Profits

**B. Remuneration to other directors:**

Particulars of Remuneration	Name of Directors				Total Amount
	Shri. V. Sridar	Shri. Anil Girotra	Shri. A.K. Bansal	Shri. V. S. Krishna Kumar	
1. Independent Directors					
• Fee for attending board/committee meetings	Rs.2,40,000	Rs. 3,40,000	Rs.40,000	Rs. 20,000	Rs.6,40,000
• Commission	-	-	-	-	-
• Others, please specify	-	-	-	-	-
Total(1)	Rs. 2,40,000	Rs.3,40,000	Rs.40,000	Rs. 20,000	Rs.6,40,000
4. Other Non-Executives Directors	Nil	Nil		Nil	Nil
• Fee for attending board/committee meeting	-	-		-	-
• Commission	-	-		-	-
• Others, please specify					-
Total (2)	-	-		-	-

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 CIN: -U65922MP1991PLC006427

Total (B)=(1+2)	Rs. 2,40,000	Rs.3,40,000	Rs.40,000	Rs. 20,000	Rs.6,40,000
Total Managerial Remuneration	Rs. 21,88,759.00				
Overall Ceiling as per the act	11% of the Net Profits				

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD:**

S. No.	Particulars of Remuneration				
		CEO	Company Secretary	CFO	Total
1.	Gross Salary (a)Salary as per provisions contained in section 17(1) of the Income-tax Act,1961 (b)Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under Section17(3) Income-tax Act,1961	-	Rs. 6,58,916.00  Nil	Rs. 22,18,705.00	Rs.28,77,621.00  Nil
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - As % of profit - Other, specify...	-	Nil	-	Nil
5.	Others, please specify	-	-	-	-
	Total	-	Rs. 6,58,916.00	Rs.22,18,705.00	Rs.28,77,621.00

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:**

Type	Section of the companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding Fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give Details)
<b>A) COMPANY</b>					
Penalty i) Registration of Floating Charge	Sec 87	For condonation of delay and extention of time for filling the particulars of charge	Rs. 52800.00	RD	-



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 Telephone No.0755-4019303, 4019309  
 Website: [www.cbhfl.com](http://www.cbhfl.com)  
 CIN: -U65922MP1991PLC006427

ii) Non Maintenance of SLR		registration created in 2010.  Non Maintenance of SLR in 2015-16	Rs. 82830.00	National Housing Bank	-
Punishment					
Compounding					
<b>B) DIRECTOR</b>					
Penalty	<b>Nil</b>				
Punishment					
Compounding					
<b>C) OTHER OFFICERS IN DEFAULT</b>					
Penalty	<b>Nil</b>				
Punishment					
Compounding					

**For and On Behalf of the Board**

**Place** :Mumbai  
**Date** :13.08.2018

Sd/-  
**P. Ramana Murthy**  
 Chairman  
 DIN 07815852

Sd/-  
**B.S. Harilal**  
 Managing Director  
 DIN 07886919

## REPORT OF DIRECTORS ON CORPORATE GOVERNANCE FOR 2017-18

CENT BANK HOME FINANCE LIMITED, its promoter institutions, Board of Directors and Management of the Company adopt the principles of corporate governance and endeavour to implement good corporate governance practices in the Company.

Cent Bank Home Finance Ltd. (CBHFL) is jointly promoted by four premier institutions of the country viz., Central Bank of India (CBI), Housing and Urban Development Corporation Limited (HUDCO), National Housing Bank (NHB) and Specified Undertaking of Unit Trust of India (SUUTI). All these institutions believe in strong Corporate Governance culture. We are not only following the regulatory requirements of corporate governance but also striving hard to achieve customer satisfaction, employees' satisfaction and stakeholders' satisfaction as well as regulatory compliance.

The Company and its Board of Directors strongly believe in the principles of transparency, accountability, integrity and maximization of shareholder's value. A brief report on the practices prevalent in Corporate Governance at CBHFL is given below:-

### **BOARD OF DIRECTORS:**

#### **a) COMPOSITION:**

As on 31<sup>st</sup> March, 2018, there were nine Directors in the board of the Company. Out of them, seven were Non-Executive Nominee Directors, one was Non Executive Independent Director and one was Executive Director i.e. Managing Director. Four Non-Executive Directors were Nominees of Central Bank of India and three Directors were Nominees of each Promoter Institution viz. SUUTI, HUDCO & NHB.

All the Directors are persons of eminence having vast and rich experience in the field of Banking & Finance, Housing, Law, Management and other relevant fields. The composition of Directors is in conformity with the Companies Act, 2013 and Articles of Association of the Company. The composition of Directors during the financial year ended 31<sup>st</sup> March 2018 is mentioned below:

S. No.	Name of Directors	Category of Directors	No. of other Directors hips (including Body Corporates)	No. of shares held in the Company	Committee Memberships in the Company		Committee membership in other Companies	
					As Member	As Chairman	As Member	As chairman
1.	Shri B.K. Divakara	Non-Executive Director from CBI	1	20*	1	-	-	-

2.	Shri Anil Girotra	Non Executive Independent Director  (Reappointed w.e.f.06/08/2014 as independent director in terms of provisions of section 149 of the Act in 23 <sup>rd</sup> AGM)	-	-	6	6	2	-
3.	Shri P.J. Kuamr	Non Executive Director from CBI	-	30*	4	-	-	-
4.	Smt. Vasantha Govindan	Non Executive Director from SUUTI	-	-	1	-	-	-
5.	Shri R.N. Hirve	Non Executive Director from CBI	2	20*	2	-	-	-
6.	Shri V. T. Subramanian	Non Executive Director from HUDCO	2	-	2	1	-	-
7.	Shri Vineet Singhal	Non Executive Director from NHB	-	-	3	-	-	-
8	Shri P.R. Murthy	Non-Executive Director from CBI  ( Appointed w.e.f.14/08/2017 and elevated as Chairman of the Company w.e.f.	1	-	-	-	-	-

		14/08/2017)						
9.	Shri B.S. Harilal	Managing Director (Appointed w.e.f 31/08/2017 in place of Shri Sanjay Mallik)	-	30*	6	-	-	-

**\*Holding on behalf of Central Bank of India**

- The Non Executive Independent Director of the Company does not have any pecuniary relationship or transaction with the Company which could materially interfere in exercise of independent judgment.

**b) RESPONSIBILITIES OF THE BOARD:**

The Board of Directors of the Company represents the shareholders interest in the long run and provides guidance for the management of the Company in progressive direction on behalf of the shareholders of the Company.

The Board has a formal schedule of matters reserved for its consideration and decision, apart from those legally required e.g. at every Board Meeting quarterly performance is reviewed, actions on recovery of overdues are recommended, availability of financial resources are ensured, compromise proposals are discussed, strategies for better performance of the Company are framed, discussed and reporting to shareholders is approved. The Board also discharges the duties and responsibilities of the Company as required under various statutes as are applicable to the Company.

Each member of the Board invariably attends the Board Meeting unless preoccupied with some urgent matters. Hence, decisions of the Board are in true sense plural, transparent and duly accounted for. The members of the Board ensure that other responsibilities do not have any material impact on their responsibility as directors of the Company.

Moreover the Directors are ensuring that they do duties in accordance with the provisions of section 166 of the Act, which prescribes as follows:

- A director of a company shall act in accordance with the Articles of Association (AOA) of the company.
- A director of the company shall act in good faith in order to promote the objects of the company for the benefit of its members as a whole, and in the best interests of the company, its employees, the shareholders, the community and for the protection of environment.
- A director of a company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
- A director of a company shall not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company.

- A director of a company shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if such director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the company.
- A director of a company shall not assign his office and any assignment so made shall be void.

### c) BOARD MEETINGS:

The Board meets at least once in a quarter. Agenda for the Board Meetings are prepared well in advance and detailed agenda papers are circulated among all the Directors. They are free to recommend and suggest for inclusion of any other item in the agenda for further discussions.

During the year 2017-18, four meetings were held on May 22<sup>nd</sup>, 2017; August 31<sup>st</sup>, 2017; December 04<sup>th</sup>, 2017; and March 15<sup>th</sup>, 2018. The number of meetings attended by the Directors is mentioned below:-

S. No.	Name of Director	Board Meeting held during tenure	No. of Meetings Attended	Last AGM Attended or Not	Sitting Fee Paid (Rs.)
1.	Shri Anil Girotra	4	4	Yes	80000
2.	Smt. Vasantha Govindan	4	4	No	-
3.	Shri Sridar Venkatesan*2	3	3	No	60000
4.	Shri V.T. Subramanian	4	3	No	-
5.	Shri Narender Singh*	1	1	No	-
6.	Shri B.K. Divakara	4	4	No	-
7.	Shri Anil Kumar Bansal*1	1	1	No	20000
8.	Shri Pradeep Kumar*	1	1	No	-
9.	Shri Vineet Singhal	4	4	Yes	-
10.	Shri Sanjay Mallik*	1	1	-	-
11.	Shri P.R. Murthy	3	3	Yes	-
12.	Shri R.N. Hirve	3	3	No	-
13.	Shri P.J. Kumar	3	3	No	-
14.	Shri. V.S. Krishna Kumar*3	1	1	No	20000
15.	Shri B.S. Harilal	3	3	Yes	-

\*Ceased to be director of company on account of withdrawal of Nomination by Central Bank of India

\*1 Resigned from the position of Independent director w.e.f 22.05.2017

\*2 Resigned from the position of Independent director w.e.f 18.01.2018

\*3 Resigned from the position of Independent director w.e.f 30.03.2018

### d) AUDIT COMMITTEE:

The Company has an Audit Committee in accordance with the provisions of Section 177 of the Companies Act, 2013. As on March 31<sup>st</sup>, 2018 the Audit Committee consists of 1 Non-Executive Independent Director and 1 Executive Director. The Members of the Audit Committee as on March 31<sup>st</sup>, 2018 are Shri Anil Girotra (Chairman) and Shri B.S. Harilal.

The scope and functions of the Committee inter-alia includes review of financial reporting systems, review of the internal audit system, internal/statutory audit reports and review of risk management policies of the company with the management, approval of related party transactions etc. Role of the Audit Committee includes discussion and reviewing with the Internal Auditors any significant findings on any internal investigation by the internal auditors into matters of suspected fraud and irregularity. The Company Secretary acts as the Secretary to the Audit Committee. The recommendations of the Audit Committee were considered/accepted and implemented by the Board.

During 2017-18, four Audit Committee meetings were held i.e. on May 22<sup>nd</sup>, 2017; August 31<sup>st</sup>, 2017; November 21<sup>st</sup>, 2017 and February 27<sup>th</sup>, 2018 to consider quarterly financial statements apart from other items.

S. No.	Name of Director	Category	Committee Meetings held during tenure	No. of Meetings Attended	Sitting Fee Paid
1.	Shri V. Sridar*2	Independent Director	3	3	60000
2.	Shri Anil Girotra	Independent Director	4	3	60000
3.	Shri A.K. Bansal*1	Independent Director	1	1	20000
4.	Shri Narender Singh*	Nominee Director	1	1	-
5.	Shri Sanjay Mallik*	Managing Director	1	1	-
6.	Shri P.J. Kumar	Nominee Director	1	1	-
7.	Shri B.S. Harilal	Managing Director	2	2	-

\*Ceased to be director of company on account of withdrawal of Nomination by Central Bank of India

\*1 Resigned from the position of Independent director w.e.f 22.05.2017

\*2 Resigned from the position of Independent director w.e.f 18.01.2018

#### e) ASSET & LIABILITY COMMITTEE (ALCO):

As on March 31<sup>st</sup>, 2018, the ALCO of the Company comprises of Shri B.S. Harilal, Managing Director; Shri Y. Srinivasulu, General Manager. Shri Vijay Singh, CFO; and Shri Manish Singh Payal, Company Secretary. ALCO Meetings are convened with an objective to review the asset liability match & mismatches if any and to decide interest rates on lending and deposits acceptance. The meetings are held once in every month and recommendations are given to correct mismatches, if any, observed in the ALM statements.

During the year the Committee met twelve times i.e. on April 04<sup>th</sup> 2017; May 18<sup>th</sup>, 2017; June 08<sup>th</sup> 2017; July 03<sup>rd</sup> 2017; August 25<sup>th</sup> 2017; September 20<sup>th</sup> 2017; October 25<sup>th</sup> 2017; November 08<sup>th</sup> 2017; December 11<sup>th</sup> 2017; January 20<sup>th</sup> 2018; February 28<sup>th</sup> 2018 and March 31<sup>st</sup> 2018. All members of the Committee were present.

**f) CREDIT MANAGEMENT COMMITTEE:**

Your Company has constituted Credit Management Committee with the following objectives:

- (a) to oversee the credit and lending strategies of the Company in accordance objectives of the Company
- (b) to oversee the credit risk management of the Company including reviewing internal credit policies and
- (c) to review the quality and performance of the Company's credit portfolio. The Committee shall also be responsible for any other matters as delegated to it by the Board.

As on March 31<sup>st</sup>, 2018, the Committee comprises of 4 members with One Non-Executive Independent Directors, two Non-Executive Directors and one Executive Director. The Members of the Committee are Shri Anil Girotra, Chairman; Shri P.J. Kumar, Shri R.N. Hirve, Shri B.S. Harilal. Three meetings were held during the year i.e. August 31<sup>st</sup>, 2017 December 04<sup>th</sup>, 2017, and March 15<sup>th</sup>, 2018.

S. No.	Name of Director	Category	Committee Meetings held during tenure	No. of Meetings Attended	Sitting Fee Paid
1.	Shri Anil Girotra, Chairman	Independent Director	3	3	60,000
2.	Shri Sridar Venkatesan*	Independent Director	2	2	40,000
3.	Shri P.J. Kumar	Nominee Director	3	3	-
4.	Shri R.N. Hirve	Nominee Director	3	3	-
5.	B.S. Harilal	Managing Director	2	2	-

\* Resigned from the position of Independent director w.e.f 18.01.2018

**g) HR COMMITTEE:**

The Company has constituted HR Committee to assist the Board in smooth & quick disposal of HR issues of the Company relating to Human Resource Management, Compensation and such other related activities.

The Committee will from time to time review and recommend to the Board HR policies, organization structures, annual plans, remuneration proposals, succession and development plans and also provides support in handling the nomination and compensation proposals for the Board.

As on March 31<sup>st</sup> 2018, the Committee consists of 6 Members with One Non-Executive Independent Director, Four Non-Executive Directors and one Executive Director.

During the year, the Committee has met twice i.e. on 31<sup>st</sup> August 2017 and 04<sup>th</sup> December 2017. The following members were present:



S. No.	Name of Director	Category	Committee Meetings held during tenure	No. of Meetings Attended	Sitting Fee Paid
1.	Shri Anil Girotra, Chairman	Independent Director	2	2	40,000
2.	Shri Sridar Venkatesan*	Independent Director	2	2	40,000
3.	Smt. Vasantha Govindan	Nominee Director	2	2	-
4.	Shri V.T. Subramanian	Nominee Director	2	2	-
5.	Shri Vineet Singhal	Nominee Director	2	2	-
6.	Shri P.J. Kumar	Nominee Director	1	1	-
7.	B.S. Harilal	Managing Director	1	1	-

\* Resigned from the position of Independent director w.e.f 18.01.2018

#### **h) NOMINATION & REMUNERATION COMMITTEE:**

The Company has constituted Remuneration Committee in terms of provisions of Schedule XIII of the Companies Act, 1956. The said Committee has been renamed as Nomination & Remuneration Committee and reconstituted in terms of the provisions of section 178 of the Companies Act, 2013. As on 31<sup>st</sup> March, 2018 the Committee comprises of Three members with Two Non-Executive Directors and One Non-Executive Independent Director. The Committee has met once during the year i.e. on 31<sup>st</sup> August 2017. The following members were present:

S. No.	Name of Director	Category	Committee Meetings held during tenure	No. of Meetings Attended	Sitting Fee Paid
1.	Shri Sridar Venkatesan,*	Independent Director	1	1	20,000
2.	Shri Anil Girotra, Chairman	Independent Director	1	1	20,000
3.	Shri B.K. Divakara	Nominee Director	1	1	-
4.	Shri Vineet Singhal	Nominee Director	1	1	-

\* Resigned from the position of Independent director w.e.f 18.01.2018

During the year the Committee has considered & recommended to the Board the payment of Variable Pay, increment in the salary, considered the Evaluation reports of the Independent Directors on performance of the Directors and the Board as a whole. According to the Companies Act, 2013, role of the Committee is to consider and recommend to the Board the appointment/reappointment of Managing Director/Executive Director(s) in addition to review of their performance and recommending to the Board remuneration for the said directors and also for the key managerial personnel and other Senior Management employees as the case may be.

#### **i) CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE:**

Our Company has constituted CSR Committee in terms of provisions of section 135 of the Companies Act, 2013. The Committee shall assist the Board in fulfilling its duty towards the issues of social responsibility including diversity, human rights, philanthropy and sustainability and in framing the Company's policies, practices and progress with respect to such issues.

The role of the CSR Committee is as follows:

- Formulation and review of CSR Policy indicating the activities to be undertaken by the Company towards CSR initiatives;
- Approval of the amount of expenditure to be incurred on the CSR activities;
- Formulation of a transparent monitoring mechanism for ensuring implementation of the projects/ programmes/ activities proposed to be undertaken by the Company or the end use of the amount spent by it towards CSR activities.
- Monitor and implement the Policy from time to time
- Annually report to the Board, the status of the CSR activities and contributions made by the Company
- Any other requirements mandated under the Act and Rules issued thereto

As on 31<sup>st</sup> March 2018, the Committee comprises of Four members with One Non-Executive Independent Director and Two Non-Executive Directors and one Executive Director. The Committee has met once during the year i.e. on March 15<sup>th</sup>, 2018. The following members were present:

<b>S. No.</b>	<b>Name of Director</b>	<b>Category</b>	<b>Committee Meetings held during tenure</b>	<b>No. of Meetings Attended</b>	<b>Sitting Fee Paid</b>
1.	Shri Anil Girotra	Independent Director	1	1	20,000
2.	Shri Vineet Singhal	Nominee Director	1	-	-
3.	Shri P.J. Kumar	Nominee Director	1	1	-
4.	B.S. Harilal	Managing Director	1	1	-

#### **j) STAKEHOLDERS RELATIONSHIP COMMITTEE:**

The Company has constituted Stakeholders Relationship Committee as per the provisions of section 178(6) of the Companies Act, 2013 since there are more than 1000 deposit holders as on March 31<sup>st</sup>, 2018. The Committee consists of three members chaired by Shri V.T. Subramanian, Non-Executive Director and other Members are Managing Director and Chief Internal Auditor of the Company.

The Committee was constituted in order to oversee and redress the complaints of the deposit holders related to payment of interests, repayment of maturity amount, non-receipt of deposit receipts and other related issues. The Committee has met once during the year.

### k) Risk Management Committee

During the year Company has constituted Risk Management Committee to oversee management of various risks to which the Company is exposed. The Committee met twice during the year i.e. on December 04<sup>th</sup>, 2017 and March 15<sup>th</sup>, 2018. The following members were present:

S. No.	Name of Director	Category	Committee Meetings held during tenure	No. of Meetings Attended	Sitting Fee Paid
1.	Shri Anil Girotra, Chairman	Independent Director	2	2	40,000
2.	Shri Sridar Venkatesan*	Independent Director	1	1	20,000
3.	Shri P.J. Kumar	Nominee Director	2	2	-
4.	Shri R.N. Hirve	Nominee Director	2	2	-
5.	B.S. Harilal	Managing Director	2	2	-

\* Resigned from the role of Independent director w.e.f 18.01.2018

### GENERAL BODY MEETINGS:

Particulars of venue, date and time of the General Meetings held during the previous three years and the details of Special Resolution passed in the respective meetings are given below:

#### a) ANNUAL GENERAL MEETING:

Financial Year	Particulars	Date & Time	Venue	Special Resolution
2016-17	26 <sup>th</sup> AGM	26 <sup>th</sup> December 2017	Registered Office, Bhopal	-
2015-16	25 <sup>th</sup> AGM	30 <sup>th</sup> August 2016	Registered Office, Bhopal	-
2014-15	24 <sup>th</sup> AGM	21 <sup>st</sup> September 2015	Registered Office, Bhopal	-Increase in borrowing limits of the company -To create Charge/Mortgage on the assets of the company -Private Placement of Non Convertible Debentures including Sub-Ordinate Debt Instruments and/or Other Debt Securities

**b) EXTRA-ORDINARY GENERAL MEETINGS:**

Financial Year	Particulars	Date & Time	Venue	Special Resolution Passed
2016-17	Nil	Nil	Nil	Nil
2015-16	Nil	Nil	Nil	Nil
2014-15	Nil	Nil	Nil	Nil

**Disclosures:**

- a) None of the transactions with any of the related parties were in conflict with the interests of the Company. Details of related party transactions as per Accounting Standard – 18 are included in Notes to the Accounts.
- b) There were no instances of non-compliance of any matter related to capital markets during the last three years.
- c) The Company has complied with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India from time to time.
- d) The Company has laid down procedures regarding key risk assessment and risk mitigation mechanisms wherever it is required.
- e) The Non-Executive Independent Directors of the Company are paid only sitting fees for attending meetings of the Board and Committees.
- f) Your Company has no subsidiaries and as such the requirement relating to certain compliances as prescribed are not applicable.
- g) The Board of Directors of your Company is satisfied that the Company has adequate resources to continue its business for the foreseeable future and consequently consider it appropriate to adopt the Going Concern basis in preparing its financial statements.
- h) There are no adverse remarks on the financial statements for the financial year 2017-18 of the Company.

**Share Capital & Shareholding pattern of the Company as on March 31<sup>st</sup>, 2018:**

The shareholding pattern of the Company as on March 31<sup>st</sup>, 2018 is given below:

Name of the Shareholder	No. of shares of Rs.10 each	Amount (Rs. in Cr.)	Percentage (%)
Central Bank of India	16100000	16.10	64.40
Housing & Urban Development Corporation Ltd	1700000	1.70	6.80
SUUTI	3200000	3.20	12.80
National Housing Bank	4000000	4.00	16.00
<b>TOTAL</b>	<b>2,50,00,000</b>	<b>25.00</b>	<b>100.00</b>

The authorised share capital of the Company is Rs. 50 Crore and paid up capital is Rs. 25 Crore as stated above.

**Scrutiny by National Housing Bank:**

NHB, being the Regulator of HFCs, conducts periodical review of the Company's operations and gives report for rectification of any shortcoming, ensuring transparency, accountability and adherence to standards.

**Review and Monitoring by Central Bank of India:**

Senior Management staff of the Company are on deputation from Central Bank of India, which holds majority of the shares of the Company. Central Bank of India is also one of the principal lenders to the Company for its fund based requirements. It reviews and monitors the operations of the Company by getting Monthly Progress Reports and placing the quarterly review of the Company in its Board meetings. Corporate Governance Review/ Management Audit is conducted biannually by Audit Team of Central Bank of India.

**For and On Behalf of the Board**

	Sd/-	Sd/-
	<b>P. Ramana Murthy</b>	<b>B.S. Harilal</b>
<b>Place</b> : Mumbai	<b>Chairman</b>	<b>Managing Director</b>
<b>Date</b> : 13.08.2018	<b>DIN 07815852</b>	<b>DIN 07886919</b>

## Management Discussion & Analysis Report

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### **Industry structure and development:**

Economic growth and development of any country depends upon a well-developed and controlled financial system. Indian Financial system is rich with the presence of both banking and non-banking financial institutions. Housing Finance Companies (HFCs) being non-banking financial institutions are playing an important role in the housing sector.

Housing and housing finance activities in India have witnessed tremendous growth over the years. Some of the factors that have led to this growth are - tax concessions to borrowers, increase in disposable income levels, changing age profile of the borrowers, easy availability of loans, nuclear families, urbanization, etc. The proportion of Mortgages to the Gross Domestic Product (GDP) ratio for India is much lower than that for developed countries. According to KPMG estimates, there would be a total requirement of 48 Million units of urban dwellings by 2022.

### **Housing for All**

The Union Cabinet launched the “Housing for All by 2022” project on June 25, 2015, also known as the Pradhan Mantri Awas Yojana (“PMAY”), aimed at urban areas. The key components of PMAY include:

- subsidy @ 6.5% per annum for economically weaker sections and lower income group for loans up to Rs.6 lakh (calculated at net present value);
- subsidy @ 4% and 3% respectively to Middle Income group as per the pre-defined criteria for loan amount upto Rs.9 lakh & Rs.12 lakh respectively (calculated at net present value)
- Another major initiative of the Ministry of Rural Development is the launch of Pradhan Mantri Awas Yojana- Gramin (PMAY-G)
- In March 2018, the Union Cabinet approved creation of National Urban Housing Fund (NHUF) of Rs. 60,000 crore for speedy implementation of PMAY (URBAN).

### **Tax incentives**

The government has used tax regulations to promote the housing sector, including:

- (i) Tax incentives for annual interest payments of up to Rs.2 lakh (Rs.3 lakh for senior citizens) on housing loan.
- (ii) The amount paid as repayment of principal amount of home loan taken for the construction or purchase of a new house property by an individual/HUF is allowed as tax deduction under section 80C of the Income Tax Act.
- (iii) Deduction under section 80EE is also available on the interest paid on home loan by taxpayer or assessee. This deduction is only available to first time home buyers. It was first introduced in the Union Budget for Financial Year 2013-14 as a means to help home buyers in the lower income group through tax reliefs.
- (iv) Further initiatives such as Real Estate (Regulation and Development) Act, 2016, 100% tax exemption to developers on profit from building affordable housing and other tax exemptions are expected to give a further push to the segment growth.

**The major opportunities in the HFC sector comprise of the following:**

- Rapid urbanization and increase in purchasing power of public in general gives Housing sector a real boost.
- Government vision “Housing for All by 2022” giving a new momentum to Housing Finance Sector.
- Product-process innovation, digitalization, easy processing of housing loans giving a new dimension to the Housing Sector.

**Key Challenges for HFCs**

- Access to low-cost funds and the cost of debt is a major challenge in being able to grow the book
- Demand for home finance might be impacted if there are more ‘pure investors’ purchasing homes rather than ‘genuine home-buyers’
- Higher servicing costs due to more involved nature of credit appraisal can put opex pressures
- Lower asset appreciation and less liquid markets in smaller towns/rural areas can lead to difficulty in recovering Non Performing Assets
- Timely completion of projects without cost escalations is a key concern facing borrowers and financiers alike.
- Rising level of NPAs hurting the profit making capacity of HFCs.

**Segment-wise or product-wise performance**

The main objects of your Company, inter alia, are to carry out the business of providing long term finance to individuals, companies, corporations, societies or associations of persons for purchase/construction/repair and renovation of new/ existing flats/ houses for residential purposes and provide Loans against property and loan for purchase of commercial property. CBHFL is one of the few deposit accepting HFCs in India.

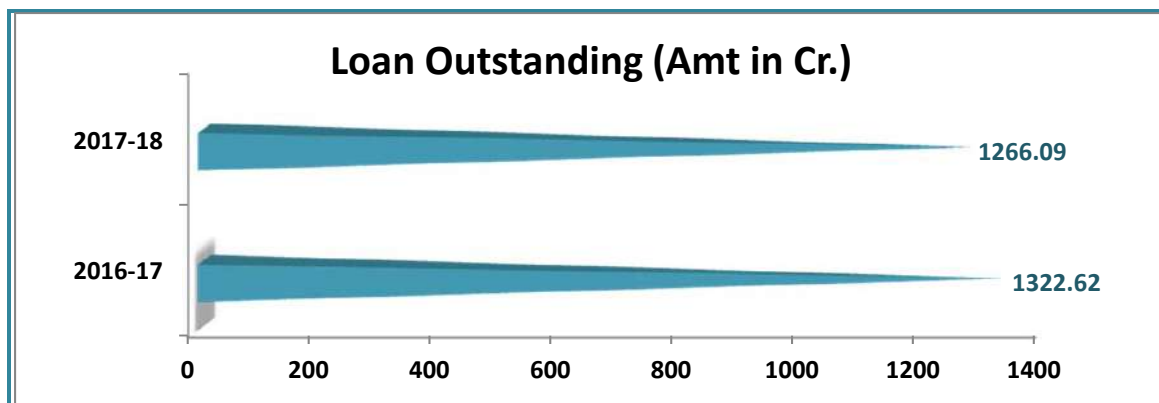
During the year Company has opted for change in product mix and offering higher yielding products such as Post Pension Program, Income Estimation Programme, Low LTV etc.

During the year Company has also changed its CBHFL prime lending rate to new reference rate called as Base Rate.

A summary of Segment-wise performance is given as follows:

**Loan Outstanding**

Total Advances stood at Rs. 1266.09 Cr as on March 31,2018 as against Rs. 1322.062 Cr as on March 31, 2017.



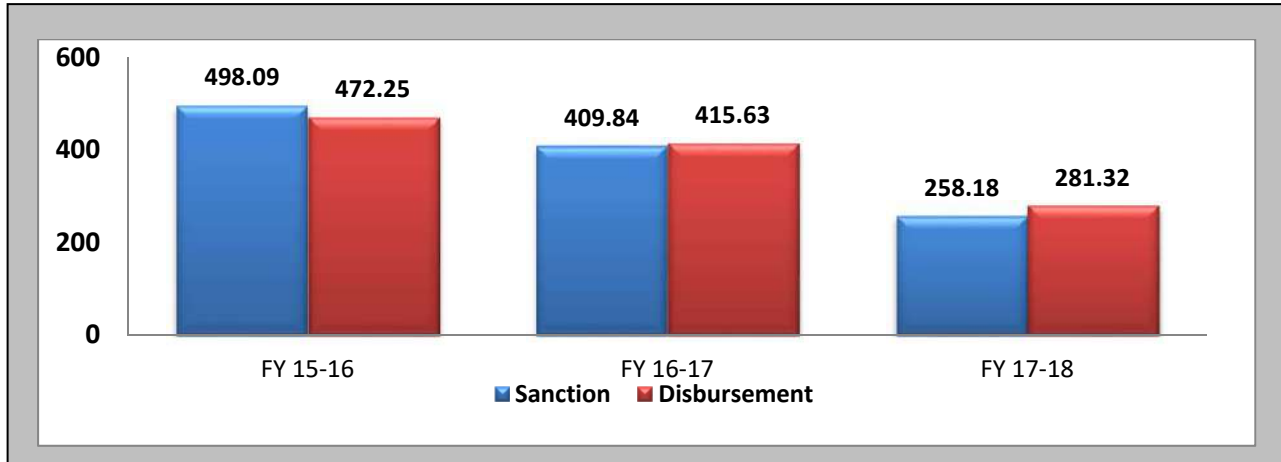


### SANCTIONS & DISBURSEMENTS

The Sanctions and Disbursements of housing/other property loans during the financial year ended March 31, 2018 were Rs. 258.18 crore and Rs. 281.32 crore respectively vis-a-vis Rs. 409.84 crore and Rs. 498.09 crore respectively in the previous financial year.

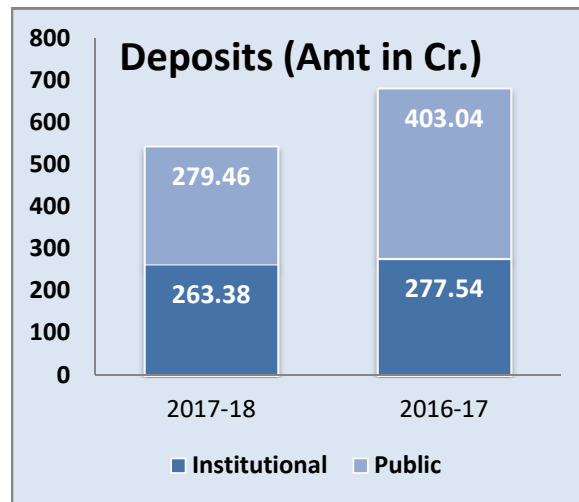
### SANCTIONS & DISBURSEMENTS

(Rs. in crore)



### Deposits

As on 31.03.2018, the total deposits of your Company are Rs. 542.84 crore (which includes from public of Rs. 279.46 crore and institutional deposits of Rs. 263.38 Crore) as compared to Rs. 680.58 crore (which includes Public deposits of Rs. 403.04 crore and institutional deposits of Rs. 277.54 Crore) at the end of the previous year.



## **Outlook**

Not only is housing an indicator of social wellbeing, but it is also a key multiplier in the nation's economic growth. However, most of the housing development so far has largely targeted the high/mid-income population, and there remains a clear gap between supply and demand for the low-income population. In terms of housing finance, majority of the loans are disbursed to the high/mid-income groups due to easier availability of proofs of credit record. On the other hand, the ability to raise finance has been hard for the low-income group. Now, Affordable housing finance is a focus area of the Government. Recent Budgets stress this commitment, with measures including "Housing for All by 2022" and providing loans to target group at subsidized rate and providing subsidy to the eligible borrowers. The Reserve Bank of India (RBI) continued to keep an eye on the inflation and therefore did not lower the benchmark rates during the year

During the current financial year, it is expected that the housing finance business will grow much faster mainly because of stable political environment, new government reforms and administrative policies.

The lower demand for housing and pressure to grow has compelled lenders to opt for loan takeovers resulting in higher prepayments. HFCs are being more impacted by the prepayments further putting pressure on their capability and challenging their ability to withstand the price war.

The Management is confident that the Company would continue to exhibit good performance in the current year with its efforts to optimally utilize all the resources available at its disposal and achieve the maximum targeted result. Revamped Credit policy of the Company is expected to give new dimensions and direct Company to achieve its target more effectively and efficiently.

## **Risk and Concerns:**

Risk is defined as potential deviation from the expected outcome which can have negative material impact on the Company's business. Being a financial institution the Company is exposed to various risks such as credit risk, market risk, interest rate risk, operational risk etc. Your Company understands the importance of risk management and makes sure to maintain proper balance between risks and returns. Interest rate risk exposes HFCs to fluctuation in the interest rate which is required to be managed aptly in order to mitigate the risk. During the year the Company has constituted Risk Management Committee to foresee and manage the risks which the Company is facing. The ALCO committee of your company periodically reviews this risk and specifies the pricing of products accordingly. Credit risk is a risk of loss due to failure of a borrower to meet the contractual obligation of repaying debt which is also commonly known as a risk of default. Your Company has constituted Credit Committee of the Board in order to mitigate such risk. Also your Company tries to mitigate operational risk by maintaining a system of internal control by establishing a system to monitor transactions and maintaining back-up at regular intervals.

## **Internal Control System and their adequacy**

**Internal control**, is a process for assuring achievement of an organization's objectives in operational effectiveness and efficiency, reliable financial reporting, and compliance with laws, regulations and policies. A broad concept, internal control involves everything that controls risks to an organization. It plays an important role in detecting and preventing fraud and protecting the organization's resources, both physical and intangible. In this regard the Board has formed Audit Committee to strengthen its internal control system. The Internal audit department of the Company inspects the branches on quarterly basis and submits its report to Audit Committee of Board at regular intervals

**Discussion on financial performance with respect to operational performance.**

During the year, even with competitive rate of interest in housing finance industry, your Company managed to achieve total revenue of Rs. 150.57 crore marking a growth of 6.98 % against Rs. 140.75 crore in the previous year.

Despite numerous challenges, Your Company's profit before tax for the year ended 31st March 2018 stood at Rs 26.60 Crore as against Rs 18.27 Crore in the previous year. Your Company's profit for the year (after adjustments related to previous year) stood at Rs 16.84 Crore as against Rs 11.04 Crore in the previous year registering a growth of 52.54%.

Further, your Company is relentlessly working on reduction of NPAs which stood at Rs 26.90 Crore as on 31st March 2018 compared to Rs 21.48 Crore in the previous year ended 31st March 2017. Regulatory forbearance on account of demonetization had given the Company a cushion of Rs. 8 Crore as on 31st March 2017, which had to be classified as NPA as on 31st May 2017. Rigorous steps had been initiated to recover NPA and prevent fresh slippage. Company mainly focused on recovery in prudentially written off accounts. Recovery in w/o accounts in this year is almost ten times that was achieved in FY 2016-17 i.e. Rs. 1.18 Cr as against 0.12 Cr.

**BALANCE SHEET MOVEMENT:**

The summary of the Company's balance sheet as at March 31, 2018 is given below:

(Rs. in Crore)			
Particulars	March 2018	March 2017	Variation (%)
<b>EQUITY AND LIABILITIES</b>			
Share Capital	25.00	25.00	0
Reserves and Surplus	81.82	71.01	15
Long-Term Borrowings	776.57	888.96	(13)
Deferred Tax Liabilities (Net)	11.01	9.97	10
Long-Term Provisions	12.67	11.39	11
Short-Term Borrowings	292.57	264.66	11
Other Current Liabilities	124.66	127.99	(3)
Short-Term Provisions	6.94	2.52	176
<b>Total Liabilities</b>	<b>1331.24</b>	<b>1401.50</b>	<b>(5)</b>
<b>ASSETS</b>			
Fixed Assets	0.53	0.59	(11)
Non-Current Investments	29.76	30.76	(3)
Long-Term Loans and Advances	1058.93	1134.13	(7)

Other Non-Current Assets	3.58	4.89	(27)
Cash and cash equivalents	23.34	32.18	(27)
Short-Term Loans and Advances	208.22	192.42	8
Other Current Assets	6.88	6.53	5
<b>Total Assets</b>	<b>1331.24</b>	<b>1401.50</b>	<b>(5)</b>

\*\* Net owned fund of the Company as on 31.03.2018 and 31.03.2017 is Rs. 99.46 Crore and Rs. 88.35 Crore respectively.

#### **AUTHORISED SHARE CAPITAL**

During the financial year under review the Authorised Share Capital of the Company stands at Rs. 50 crore comprising of 50000000 equity shares of Rs. 10 each aggregating Rs. 50 crore out of which paid-up Share capital is Rs. 25 Crore comprising of 25000000 equity shares of Rs.10 each.

There was no change in the Share Capital during the financial year under review.

#### **RESERVES AND SURPLUS**

The growth in reserves was achieved through strong profitability despite a challenging business environment. Reserves and Surplus as at March 31, 2018 for your Company increased by 15% to Rs. 81.82 crore as against Rs.71.01 crore in the previous financial year. Your Company has transferred Rs. 5,71,45,605 to Special Reserve and Statutory reserve u/s 29C of National Housing Bank Act and an amount of Rs.1,42,86,401 to General Reserve. Net owned fund of the Company as on 31.03.2018 and 31.03.2017 is Rs. 99.46 Crore and Rs. 88.35 Crore respectively.

Your company is not required to create/maintain Debenture Redemption Reserve as per rule 18 sub-rule (7) clause (b) of the Companies (Share Capital and Debentures) Rules 2014 No DRR is required in the case of privately placed debentures.

#### **DIVIDEND**

Considering the performance of your Company during the year 2017-18, your Directors are pleased to recommend a final dividend @ of 20% (i.e. Rs.2.00 per share of face value of Rs.10 each) for the year ended 31st March 2018.

#### **CAPITAL ADEQUACY**

During the Financial Year 2017-18 Net worth of the company stood at 99.46 Cr as against 88.35 Cr for the Financial Year 2016-17. The Capital Adequacy Ratio of your company is at 17.97% as against the norm of 12 percent stipulated by the National Housing Bank (NHB).

## BORROWINGS

### Term Loans from Banks:

During the financial year 2017-18 your Company raised Rs. 455.72 Crore as against Rs. 401.18 crore in the previous financial year through term loans from banks. The said loans are secured by pari-passu charge created on the Company's present and future receivables including book debts in favour of lenders.

### Refinance From NHB:

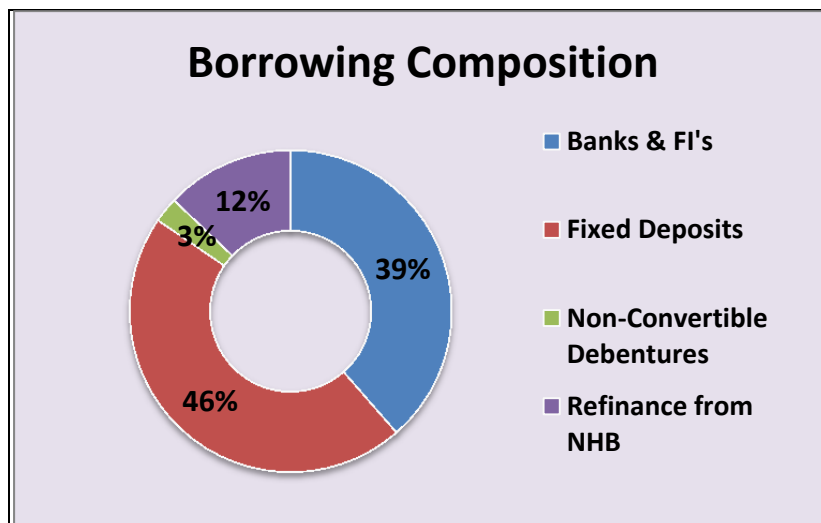
In the Financial Year 2017-18, your Company has availed refinance amounting to Rs. 35.00 crore from the National Housing Bank. The amount of refinance outstanding as of 31.03.2018 from the National Housing Bank was Rs. 152.40 crore.

### Unsecured Non Convertible Debentures:

During the year 2015-16, the Company raised Unsecured NCD amounting to Rs. 30.00 cr. through private placement basis. The debentures are currently rated as CARE A-; Stable [Single A Minus; Outlook: Stable]

### Public (fixed) deposits:

The Company took several initiatives during the year to extend its reach by expanding network and connecting with customers. As on 31.03.2018, the total deposits of your Company are Rs. 542.84 crore (which includes from public of Rs. 279.46 crore and institutional deposits of Rs. 263.38 Crore) as compared to Rs. 680.58 crore (which includes Public deposits of Rs. 403.04 crore and institutional deposits of Rs. 277.54 Crore) at the end of the previous year.



## FIXED ASSETS

The Company's investments in tangible assets represent cost of computers, office equipments, furniture & fixtures and vehicles. During the financial year under review your Company's gross block decreased by 11% over the previous year.

## INVESTMENTS

Your Company continues to maintain an adequate amount of liquidity/treasury to meet strategic and growth objectives. The Company has ensured a balance between earning adequate returns on liquidity/treasury assets; and the need to cover financial and business risks.

As on March 31, 2018 the investment portfolio stood at Rs.50.26 crore as against Rs.58.24 crore in the previous year.

Housing Finance Companies (HFCs) are required to maintain Statutory Liquidity Ratio (SLR) in respect of public deposits raised. Currently the SLR requirement is 12.50% of public deposits. As on March 31, 2018 your Company has invested Rs. 29.76 crore in approved securities and Rs. 20.50 crore in bank deposits.

## PROFIT AND LOSS STATEMENT:

(Rs. in Crore)

Particulars	March 2018	March 2017	Variation (%)
<b>INCOME</b>			
Revenue from Operations	149.37	140.01	7
Other Income	1.19	0.74	61
Total Revenue	150.57	140.75	7
<b>EXPENSES</b>			
Interest & Finance Cost	105.39	102.85	2
Employees Remuneration & Benefits	5.95	6.18	(4)
Administrative & Other Expenses	11.00	10.05	9
Depreciation & Amortisation	0.17	0.23	(26)
Provision for Standard Assets	(0.79)	0.84	(195)
Provisions for Doubtful Debts	1.95	3.07	(36)
Total Expenses	123.67	123.29	-
Profit Before Tax Provision and Exceptional Item	26.90	17.53	53
Exceptional items	0.30	0.75	(60)
Profit Before Tax and after Exceptional Item	26.60	18.28	46
Tax Expense (including Deferred Tax)	9.76	7.24	35
Profit For The Year	16.84	11.04	52

## **INCOME FROM OPERATIONS**

Your Company's income from operations increased by 7% from Rs. 140.01 crore in the financial year ended March 31, 2017 to Rs. 149.37 crore for the financial year ended March 31, 2018.

## **INTEREST AND FINANCE COST**

Your Company's interest & finance expenses increased by 2% from Rs.104.15 crore in the financial year 2017 to Rs.105.39 crore for the financial year ended March 31, 2018.

## **EMPLOYEES REMUNERATION & BENEFITS**

Employee costs decreased by 4% from Rs.6.18 crore for the financial year ended March 31, 2017 to Rs.5.95 crore for the financial year ended March 31, 2018.

## **OTHER EXPENSES**

The operating expenses increased by 9% from Rs.10.05 crore for the financial year ended March 31, 2017 to Rs.11 crore for the financial year ended March 31, 2018 owing to an increase in rent, rates, taxes, bank charges and miscellaneous expenditure.

## **DEPRECIATION & AMORTISATION**

Depreciation charged on fixed assets was Rs.0.17 crore in the financial year 2017-18 vis-à-vis Rs.0.24 crore during the financial year 2016-17.

## **PROVISION**

Your Company has made full provisions for Contingencies for diminution in investment value and on standard as well as on non-performing housing loans and other property loans as per the Prudential Norms prescribed by the National Housing Bank. Your Company has made provision amounting to Rs.8.91 crore for NPA.

## **NET PROFIT**

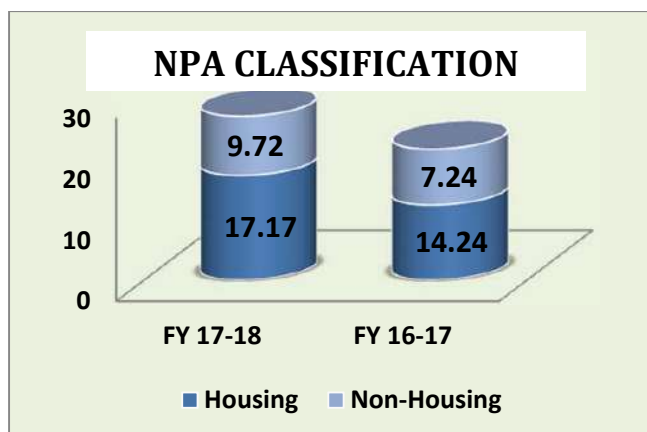
During the year 2017-18, your Company has made net profit of Rs.16.84 crore in the financial year ended March 31, 2018 as against Rs. 11.04 crore for the financial year ended March 31, 2017.

## **Non Performing Assets**

Your Company is implementing each and every available option to recover its dues from non-performing accounts. The gross NPA stood at Rs. 26.89 crore as against Rs. 21.48 Crore for the previous financial year ended 31<sup>st</sup> March, 2017.

With due provisions the net NPA stood at Rs.16.72 Crore as on 31st March 2018 as against Rs. 13.69 Crore as on 31st March 2017.





**NPA Ratios:**

Particulars	31st March 2018	31st March 2017
% of Gross NPA to Gross Advances	2.12%	1.62%
% of Net NPA to Net Advance	1.33%	1.04%

**Material Developments in Human Resources**

Human resources are the people who make up the workforce of an organization. The human-resources department (HR department) of our Company performs human resource management, overseeing various aspects of employment, such as compliance with labour law and employment standards, administration of employee benefits, and the aspects of recruitment and training. Main focus of your Company is to give a conducive atmosphere to every employee, providing them proper training at periodic intervals.

Company has tie up with Man Power outsourcing agency in order to attract capable talent. The Company also has its own recruitment policy approved by the Board and has its own interview committee to select the potential aspirants. The recruitment process of the Company is transparent providing equal opportunity to everyone.

As on March 31, 2018, the Company had 73 employees on roll and 84 off roll employees.

**Vigilance Oversight**

Being a Public Sector Company, the affairs of operations and activities are under oversight of Central Vigilance Commission through the Chief Vigilance Officer of Central Bank of India.



भारतीय लेखापरीक्षा और लेखा विभाग  
कार्यालय प्रधान निदेशक, वाणिज्यिक लेखापरीक्षा  
एवं पदेन सदस्य, लेखापरीक्षा बोर्ड-III  
नई दिल्ली

INDIAN AUDIT & ACCOUNTS DEPARTMENT  
Office of the Principal Director of Commercial Audit  
& Ex-Officio Member, Audit Board-III  
New Delhi

दिनांक: 05/07/2018

सेवा में,

सेन्ट बैंक होम फायनेंस लिमिटेड  
भोपाल

महोदय,

विषय:- 31 मार्च 2018 को समाप्त वर्ष के लिये सेन्ट बैंक होम फायनेंस लिमिटेड, भोपाल, के लेखाओं पर कम्पनी अधिनियम 2013 की धारा 143(6)(b) के अन्तर्गत भारत के नियंत्रक-महालेखापरीक्षक की टिप्पणियाँ।

मैं, सेन्ट बैंक होम फायनेंस लिमिटेड, भोपाल, के 31 मार्च 2018 को समाप्त वर्ष के लेखाओं पर कम्पनी अधिनियम 2013 की धारा 143(6)(b) के अंतर्गत भारत के नियंत्रक-महालेखापरीक्षक की टिप्पणियाँ अग्रेषित कर रहा हूँ। कृपया इस पत्र की संलग्नकों सहित प्राप्ति की पावती भेजी जाए।

संलग्न: यथोपरि

भवदीय,

विक्रम डी. मुरुगराज  
05-07-18  
(विक्रम डी. मुरुगराज, I.A.&A.S.)  
प्रधान निदेशक



**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA  
UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE  
FINANCIAL STATEMENTS OF CENT BANK HOME FINANCE LIMITED FOR  
THE YEAR ENDED 31 MARCH 2018**

The preparation of financial statements of Cent Bank Home Finance Limited for the year ended 31 March 2018 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 17 April 2018.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143(6)(a) of the Act of the financial statements of Cent Bank Home Finance Limited for the year ended 31 March 2018. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under Section 143(6)(b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report.

**1. Balance Sheet**

**Assets**

**Other Current Assets (Note No. 15): ₹ 688.27 lakh**

**(b) (iv) Others: ₹ 195.39 lakh**

The above includes an amount of ₹121.06 lakh in respect of Direct Selling Agent Commission (₹83.43 lakh) and Brokerage (₹37.63 lakh). As per the policy of the Company, the commission and charges paid to Marketing Intermediaries were to be amortised but the amortisation has not been carried out for 2015-16 and the amount has been kept under 'Other Current Assets'. This has resulted in understatement of 'Prior Period Expenditure' and overstatement of 'Other Current Assets' and 'Profit before tax' by ₹121.06 lakh.

Contd.



2. **Additional information on the Financial Statements (Note No. 23)  
Reporting under Accounting Standard 15 – Retirement Benefits {Note 23 (36)}**

a) The Central Government has notified the Payment of Gratuity (Amendment) Act, 2018 on 29 March 2018 and has increased the ceiling of the amount of gratuity payable to employees from ₹10 lakh to ₹20 lakh. However, the Company has not considered the increase in ceiling amount for creation of provision for payment of gratuity to employees. The financial impact is not ascertainable by Audit since this is an exercise to be carried out during actuarial valuation.

b) The above note does not include disclosures regarding defined benefit plans regarding present value of defined benefit obligations, plan assets, total expenses recognised in the Statement of Profit and Loss, actuarial gains and losses along with actuarial assumptions etc., as required under Para 119 and 120 of Accounting Standard 15.

3. **Independent Auditor's Report**

The inadequacies in accounting and disclosure mentioned above under SI.No.1 and 2 have not been reported by the Statutory Auditor in the Independent Auditor's Report dated 17.04.2018.

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

*Vikram D. Murugara*  
05.07.18

(Vikram D. Murugara)  
Principal Director of Commercial Audit &  
Ex-officio Member, Audit Board – III,  
New Delhi

Place: New Delhi  
Dated: 05 July 2018

**INDEPENDENT AUDITOR'S REPORT**

**TO THE MEMBERS OF CENT BANK HOME FINANCE LIMITED**  
**Report on the Standalone Financial Statements**

We have audited the accompanying Standalone financial statements of Cent Bank Home Finance Limited (*"the Company"*) which comprises the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

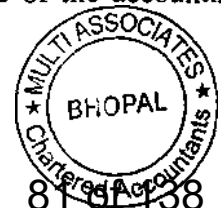
In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and profit/loss, and its cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibility of Management for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 (*"the Act"*) with respect to the preparation of these standalone 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the company's financial reporting process

### **Auditor's Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Our opinion is not modified in respect of these matters.

### **Emphasis of Matters**

We draw attention to the following matters in the Notes to the financial statements:

- (a) Note 23 (16) in the financial statements which indicate that the company has created Deferred Tax Liability on Special Reserves to the tune of Rs 19778094/- ( Previous year 55,518,583/-) in pursuance with NHB guidelines NHB(ND)/DRS/Policy Circular 65/2014-15 through P/L Appropriation to the tune of Rs 19778094 /- ( Previous year Rs. 13263405 /-) and Rs. N I L through Appropriation in Surplus in statement of profit and loss -(Previous year Rs 42255178 /-).
- (b) Note 23 (25) in the financial statements which indicate that the company's current liabilities exceeded its current assets as at the Balance sheet date. These conditions, along with other matters set forth in Note 23(23) indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern . However , the financial statements of the company have been prepared on a going concern basis for the reasons stated in the said Note .

Our opinion is not modified in respect of these matters.



### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Audit and Auditors Report) Order, 2014 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure - A" statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by the Housing Finance Companies- Auditors Report (National Housing Bank) Directions 2016 issued by the National Housing Bank vide Notification No NHB.HFC.AR-DIR.1/MD & CEO/2016 Dated 3-2-2017, we give in the "Annexure - C" statement on the matters specified in paragraphs 3A and 3 B.
3. As required by Section 143(3) of the Act, we report that:
  - a) 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) 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 and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.
  - c) Whatever reports on the accounts of the branch offices of the Company audited under Section 143 (8) of the Act by branch auditors have been sent to us and have been dealt with by us in preparing this report.
  - d) 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 and with the returns received from the branches not visited by us.
  - e) In our opinion, the afore said standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - f) With respect to the adequacy of the Internal Financial Controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses a modified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2018+, taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.





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 Auditor's report) order, 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 23 (18) to the financial statements;
- ii. The Company has not entered into any long term contract including derivative contract which may have any material foreseeable losses hence there is no need to create any provision, required under the applicable law or accounting standards,– Refer Note 23(26) to the financial statements;
- iii. The company is not required to transfer any amount to the Investor Education and Protection fund.

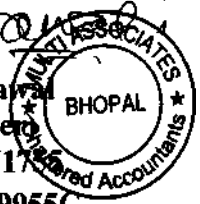
4. Our views on Directions under section 143(5) of the Companies Act 2103 By C&AG is enclosed as "Annexure "D".

5. As per the notification by Ministry of Corporate Affairs GSR 463(E) dated 05 June, 2015, Government Companies are exempt from the applicability of the provisions of Section 164(2) of the Companies Act, 2013.

Place CAMP MUMBAI  
Date: 17th April 2018

For, Multi Associates  
Chartered Accountants

*RKAS*  
CA R.K. Agrawal  
(Partner)  
M. No. 0717  
FRN 509955C



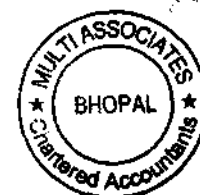
**Annexure A to the Independent Auditors' Report**

**The Annexure referred to in paragraph 1 under "Report on Other Legal and Regulatory Requirements" of our Independent Auditor's Report to the members of the Company on the standalone financial statements for the year ended 31 March 2018, we report that:**

- (i) (a) On the basis of available information the company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.  
  
(b) As explained to us all the assets have been physically verified by the management at the year end. No material discrepancies were noticed on such verification.  
  
(c) Company does not have any immovable assets hence no question of title deed arises.
- (ii) As the Company is a Housing Finance Company (HFC). This clause regarding inventory records, procedures for physical verification etc are not applicable.
- (iii) 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.
  - (a) Since the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered under section 189 of the companies Act 2013, same has not been prejudicial to the company's interest.
  - (b) The Company has not granted loans under section 189 of the companies Act 2013, the clause regarding schedule of repayment of principal and payment of interest is not applicable.
  - (c) Since no loans granted under section 189 of the companies Act 2013 the clause regarding the amount of overdue and reasonable steps taken by the company for recovery is not applicable.
- (iv) On the basis of available information the company has not advanced any Loan, directly or indirectly, to any of its Directors or to any person in whom the director is interested covered under section 185 of the Companies Act, 2013.  
As per the Available records the company has made investments complying with the Section 186 of the Companies Act 2013.
- (v) The Company is Housing Finance Company, hence the provisions of the Section 73 to 76 or any other relevant provision of the Companies Act 2013 and rules framed there under are not applicable to the company.
- (vi) The maintenance of the cost records is not applicable to the Company.



- (vii) (a) According to the records of the company, undisputed statutory dues including provident fund, investor education protection fund, employees state insurance, income tax, sales tax, service tax, custom duty, excise duty, value added tax, cess and other material statutory dues applicable to it have been generally deposited with the appropriate authority. The Income Tax Liability of Rs 1418837/- for Assessment Year 2010-11, and Rs. 1087650.00 for Assessment year 2014-15 for which proceedings with Income tax authorities for giving credit of TDS are pending.
- (b) Clause 18 of notes 23 gives full disclosure regarding company's dispute with Income Tax Authorities.
- (viii) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to any financial institution or bank or debenture holders.
- (ix) As per the information and explanation given to us the company has not raised any money by the way of Initial public offer or further public offer or from issue of fresh Debentures. The Company has also raised new term loans during the year and to the best of our knowledge and belief and according to the information and explanation given to us in our opinion the term loans availed by the company have been used by the company for the purpose for which they were raised.
- (x) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year
- (xi) According to the information and explanations given to us and in our opinion managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provision of section 197 read with Schedule V to the Companies Act 2013.
- (xii) As this is a Housing Finance Company not a Nidhi Company this clause is not applicable.
- (xiii) As per the records and information made to us all the transaction with the related parties are in compliance with the section 177 and 188 of the Companies Act, 2013 and same have been disclosed in the Financial Statements.
- (xiv) As per the records and information given to us during the year company has not issued Debentures by the way of Private Placement. No shares were issued during the year.
- (xv) In our opinion and according to the information and explanations given to us the company has not entered into any non-cash transaction with directors or persons connected with him.



(xvi) In our opinion and according to the explanations given to us the Company is a Housing Finance Company registered with National Housing Bank and is exempted to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

Place CAMP MUMBAI  
Date: 17th April 2018

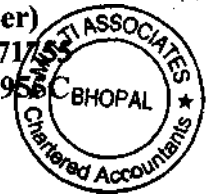
For, Multi Associates  
Chartered Accountants



CA R.K. Agrawal  
(Partner)

M. No. 071/

FRN 50995



## **Annexure B to the Independent Auditors' Report**

**(Referred to in paragraph 3(f) under "Report on Other Legal and Regulatory Requirements" of our Audit Report of even date)  
Report on the Internal Financial Controls Over Financial Reporting under clause (i) of sub section 3 of section 143 of Companies Act, 2013**

We have audited the internal financial controls over financial reporting of CENT BANK HOME FINANCE LIMITED, as of 31<sup>st</sup> March 2018 in conjunction with our audit of standalone financial statements of the Company for the year ended on that date.

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

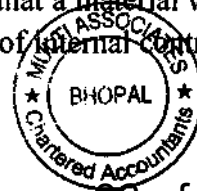
Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit.

We have conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India and Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of Internal Financial Controls. 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 aspects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of then 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 procedure selected depends upon the auditor's judgment, including the assessment of the risk 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.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial controls 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 controls 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, to the best of our information and according to the explanations given to us, the company has, all material respects, an adequate internal financial system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March 2018, based on the internal control over financial reporting criteria established by the company considering the essential components of internal financial control stated in the



Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India, subject to the following material weaknesses have been identified as at March 31, 2018:

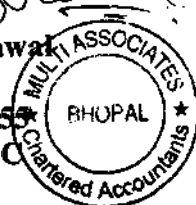
- i. Books of accounts of the company are maintained in a computer software for Head office and branches separately. In books of accounts for the year ending 31<sup>st</sup> March, 2017 the closing entries are passed in the month of July-August, 2017 in the said software. Hence the opening balance in the books of accounts as on 1<sup>st</sup> April, 2017 does not tally with the audited Balance sheet as on 31<sup>st</sup> March, 2017. The accounting software used by the company needs immediate changes as the same does not allow closing entries to be made on the desired dates. Secondly the software should prepare at least final accounts as per the provisions of Companies Act.
- ii. As per policy of the company, valuation of the construction of the property is to be done at different stages of construction on percentage basis. In our opinion the percentage of construction cannot be certified by the valuer correctly but it should be done on actual construction done basis. Secondly we have observed that in almost all the cases the valuers have valued property much higher than the actual sale price. It results in failure of auction when the account turns NPA, as the valuation at the time of auction is always done keeping in mind the previous valuation done.
- iii. The legal procedure to be followed when the account is identified as NPA is not followed swiftly and within the time prescribed and is generally late.
- iv. Insurance of property mortgaged is not done in all the cases. There is no policy of the company as regards insurance. In our opinion insurance of all the properties mortgaged should be done to avoid any loss on account of damage to property because of natural calamities, disasters or other reasons.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2018 standalone financial statements of the Company, and these material weaknesses do not affect our opinion on the standalone financial statements of the Company.

Place: CAMP MUMBAI  
Date: 17th April 2018

For, Multi Associates  
Chartered Accountants

*R.K. Agrawal*  
CA R.K. Agrawal  
(Partner)  
M. No. 07175  
FRN 509955C

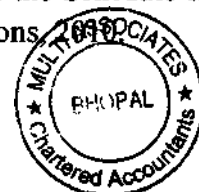


**Annexure C to the Independent Auditors' Report**

**(Referred to in paragraph 2 under "Report on Other Legal and Regulatory Requirements" of our Audit Report of even date)**

The company is registered with NHB vide registration certification No. 01.0004.01 dated 31.07.2001.

- i. Company is meeting the required Net Owned Fund (NOF) requirement as prescribed under Section 29 A of National Housing Bank Act, 1987.
- ii. The company has complied with the provisions of section 29C of National Housing Bank Act, 1987 with regard to the requirement of the reserve fund.
- iii. The company is accepting and holding public deposits and we report that:
  - a. The public deposits accepted by the company are within the admissible limits.
  - b. The total borrowings of the company i.e. deposits inclusive of public deposits together with the amounts referred to, in paragraph 3 clause B & sub-section (ii) of Notification No.NHB.HFC.AR-DIR.1/MD&CEO/2016, 1934 are with in the limits prescribed in the said directions.
- iv. The public deposits accepted by the company are within the admissible limits.
- v. The credit rating for deposits i.e. "FA-" with Outlook STABLE assigned by the credit rating agency CRISIL. The aggregate amount of deposits outstanding as at any point of time during the year has not exceeded the limits specified by the rating agency.
- vi. The company has not defaulted during the year in paying to its depositor the interest and/or principal amounts of deposits after such interest and/or principal became due.
- vii. The total borrowings of the company are within the limits prescribed under paragraph 3(2) of the Housing Finance Companies (NHB) Directions, 2010.
- viii. The company has complied with the prudential norms on income recognition, accounting standards, asset classification, loan-to-value ratio, provisioning requirements, disclosure in balance sheet, investment in real estate, exposure to capital market and engagement of brokers, and concentration of credit/investments as specified in the Housing Finance Companies (NHB) Directions, 2010 .
- ix. The capital adequacy ratio as disclosed in the Schedule-II return submitted to the National Housing Bank in terms of the Housing Finance Companies (NHB) Directions, 2010 has been correctly determined and whether such ratio is in compliance with the minimum capital to risk weighted asset ratio (CRAR) prescribed therein;
- x. The company has furnished to the Bank within the stipulated period the Schedule-II return as specified in the Housing Finance Companies (NHB) Directions.





- xi. The company has complied with the liquid assets requirement as prescribed by the National Housing Bank in exercise of powers under section 29B of the National Housing Bank Act, 1987 and the requirements as specified in paragraphs 14 and 15 of the Housing Finance Companies (NHB) Directions, 2010.
- xii. The company has furnished to the National Housing Bank within the stipulated period the Schedule-III return on Statutory Liquid Assets as specified in the Housing Finance Companies (NHB) Directions, 2010;
- xiii. The company has complied with the provisions contained in paragraph 38 and 38A of the Housing Finance Companies (NHB) Directions, 2010;
- xiv. The company has not violated any provisions contained under restriction on acceptance of public deposits, period of public deposits, Joint public deposit, particulars to be specified in application form soliciting public deposits, ceiling on the rate of interest and brokerage and interest on overdue public deposits, renewal of public deposits before maturity as provided in Housing Finance Companies (NHB) Directions, 2010.

Place: **CAMP MUMBAI**

Date: ~~17 April 2018~~

07 APR 2018

**For, Multi Associates  
Chartered Accountants**

*R.K. Agrawal*  
  
**CA R.K. Agrawal  
(Partner)  
M. No. 071735  
FRN 509955C**

**Annexure D to the Independent Auditor's Report**

**(Referred to in paragraph 4 under "Report on other Legal and Regulatory Requirements" of our Audit Report of even date)**

**Directions under section 143(5) of the Companies Act 2013**

1. Whether the company has clear title/lease deeds for freehold and leasehold land respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available.

Ans: The Company does not have any Land in its name hence no question of title deed arises.

2. Whether there are any cases of waiver/write-off of debts/loans/interest etc, if yes the reason there for and the amount involved.

Ans: During the year the Company has not written-off any irrevocable bad debts.

3. Whether proper records are maintained for investments lying with third parties & Assets received as Gift/Grants from Govt. or other authorities.

Ans: The Company is Housing Finance Company and as per information provided to us and to best of our knowledge they haven't received any such gift from Government or other Authorities and the company has also have no investment lying with third parties.

Place: Camp Mumbai

Date: ~~17 APR 2018~~

17 APR 2018

For, Multi Associates  
Chartered Accountants

*R. K. Agrawal*

CA R.K. Agrawal  
(Partner)

M No 021755

FRN 509954





**Balance Sheet as at 31 March, 2018**

Registered Office: # 9, Central Bank of India Building, Arera Hills, Jail Road, Bhopal

Particulars	Note No.	As at 31 March, 2018	As at 31 March, 2017
		Rs in Lakhs	Rs in Lakhs
<b>A EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	2	2,500.00	2,500.00
(b) Reserves and surplus	3	8,182.25	7,100.45
		<b>10,682.25</b>	<b>9,600.45</b>
<b>2 Non-current liabilities</b>			
(a) Long-term borrowings	4	77,656.69	88,895.71
(b) Deferred tax liabilities	3a	1,101.24	997.19
(c) Long-term provisions	5	1,268.91	1,139.95
		<b>80,024.84</b>	<b>91,032.85</b>
<b>3 Current liabilities</b>			
(a) Short-term borrowings	6	29,256.75	26,465.95
(b) Other current liabilities	7	12,466.38	12,799.77
(c) Short-term provisions	8	693.88	251.33
		<b>42,417.02</b>	<b>39,517.05</b>
<b>TOTAL</b>		<b>1,33,124.10</b>	<b>1,40,150.35</b>
<b>B ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	9	52.50	56.80
(ii) Intangible assets			
(b) Non-current investments	10	2,976.04	3,078.04
(c) Long-term loans and advances	11	1,05,892.54	1,13,413.24
(d) Other Non-current assets	12	357.85	489.64
		<b>1,09,278.93</b>	<b>1,17,037.73</b>
<b>2 Current assets</b>			
(a) Cash and cash equivalents	13	2,334.73	3,218.42
(b) Short-term loans and advances	14	20,822.18	19,241.14
(c) Other current assets	15	888.27	653.07
		<b>23,845.17</b>	<b>23,112.63</b>
<b>TOTAL</b>		<b>1,33,124.10</b>	<b>1,40,150.35</b>
<b>Note : See accompanying notes forming part of the financial statements as Significant Accounting Policies</b>		1 & 23	

As per our report of even date

For Multi Associates  
Chartered Accountants

  
  
**C.A. K Agrawal**  
 Partner  
 M No 071755  
 FRN 509955C

Place : Camp-MUMBAI

Date : 17 APR 2018

  
**B.S. Harilal**  
 Managing Director  
 DIN: 07886919

  
**Manish Singh Payal**  
 Company Secretary

  
**P.R. Murthy**  
 Chairman  
 DIN: 07815852


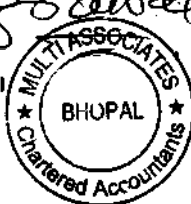
  
**Vijay Kumar Singh**  
 Chief Financial Officer


**Statement of Profit and Loss for the year ended 31 March, 2018**  
 Registered Office: # 9, Central Bank of India Building, Arera Hills, Jail Road, Bhopal

A	Particulars	Note No.	For the year ended	For the year ended
			31 March, 2018	31 March, 2017
			Rs in Lakhs	Rs in Lakhs
<b>A</b>	<b>INCOME</b>			
1	Revenue from operations	16	14,937.59	14,002.10
2	Other income	17	119.47	73.58
3	Total revenue (1+2)		<b>15,057.06</b>	<b>14,075.68</b>
<b>B</b>	<b>Expenses</b>			
4	(a) Employee benefits expense	18	594.87	617.57
	(b) Finance costs	19	10,539.16	10,285.49
	(c) Depreciation and amortisation expense	9	17.10	22.88
	(d) Other expenses	20	1,100.11	1,005.06
	(e) Provision for Standard Assets	21	(79.66)	83.67
	(f) Provisions for Doubtful Debts		195.38	307.22
	Total expenses		<b>12,366.96</b>	<b>12,321.90</b>
5	Profit before tax and extraordinary items		2,690.10	1,753.78
6	Extraordinary items			
	Add: - Extraordinary Item	22	-	132.52
	Less: - Prior period adjustments		30.43	58.65
7	Profit / (Loss) before tax (5-6)		2,659.67	1,827.65
8	Tax expense:			
	(a) Current year tax expense		791.12	530.54
	(b) Provision for tax of previous years		80.90	-
	(c) Deferred tax of current year		(93.73)	60.40
	(d) Deferred tax on special reserves		197.78	132.63
			<b>976.08</b>	<b>723.57</b>
9	Profit from continuing operations (7-8)		1,683.59	1,104.08
10	Profit for the year		1,683.59	1,104.08
12	Earnings per share (of Rs. 10/- each):			
	(a) Basic	23.9	6.73	4.42
	(b) Diluted	23.9	6.73	4.42
	See accompanying notes forming part of the financial statements	1 & 23		

As per our report of even date

For Multi Associates  
Chartered Accountants

  
 CA R K Agrawal  
 Partner  
 M No 071755  
 FRN 509955C  


  
 B.S. Harilal  
 Managing Director  
 DIN: 07886919

  
 Manish Singh Payal  
 Company Secretary

  
 P.R. Murthy  
 Chairman  
 DIN: 07815852

  
 Vijay Kumar Singh  
 Chief Financial Officer

Place : Camp- MUMBAI

Date : 17 APR 2018

**Cash Flow Statement for the year ended 31 March, 2018**  
 Registered Office: # 9, Central Bank of India Building, Arera Hills, Jail Road, Bhopal

Particulars		For the year ended 31 March, 2018		For the year ended 31 March, 2017	
		Rs in Lakhs	Rs in Lakhs	Rs in Lakhs	Rs in Lakhs
<b>A. Cash flow from operating activities</b>					
Net Profit / (Loss) before extraordinary items and tax			2,690.10		2,144.67
<i>Adjustments for:</i>					
Depreciation and amortisation	(+)	132.82		22.88	
Provision for NPA reversal and other	(-)	-		239.33	
Bad debts written off	(+)	-		239.33	
Profit on sale of fixed assets	(-)	0.65		0.09	
Loss on sale of fixed assets	(+)	-		0.05	
Prior period Adj.	(+)	(30.43)		(52.04)	
Operating profit / (loss) before working capital changes			2,791.84		2,115.47
<i>Changes in working capital:</i>					
<i>Adjustments for (increase) / decrease in operating assets:</i>					
inventories					
Short-term loans and advances		(1,581.03)		(2,924.43)	
Long-term loans and advances		7,520.70		(18,586.68)	
Other current assets		(35.20)		(309.55)	
Other non-current assets		131.79		128.68	
<i>Adjustments for increase / (decrease) in operating liabilities:</i>					
Deferred Tax Liabilities		104.05		615.58	
Other current liabilities		(330.94)		3,239.15	
Short-term provisions					
Long-term provisions					
Cash flow from extraordinary items			5,809.37		(17,837.27)
Cash generated from operations			8,601.21		(15,721.80)
Net income tax (paid)		(976.08)		(723.57)	
<b>Net cash flow from / (used in) operating activities (A)</b>			<b>7,625.13</b>		<b>(16,445.36)</b>



**Cash Flow Statement for the year ended 31 March, 2018 (Contd.)**  
**Registered Office: # 9, Central Bank of India Building, Arera Hills, Jail Road, Bhopal**

Particulars	For the year ended 31 March, 2018		For the year ended 31 March, 2017	
	Rs in Lakhs	Rs in Lakhs	Rs in Lakhs	Rs in Lakhs
<b>B. Cash flow from investing activities</b>				
Capital expenditure on fixed assets, including capital advances	(10.80)		(14.84)	
Proceeds from sale of fixed assets	0.65		0.09	
Inter-corporate deposits (net)				
Bank balances not considered as Cash and cash equivalents				
- Placed				
- Matured				
Current investments not considered as Cash and cash equivalents				
- Purchased	100.00		(100.14)	
- Proceeds from sale				
<b>Net cash flow from / (used in) investing activities (B)</b>		<b>89.85</b>		<b>(114.89)</b>



**Cash Flow Statement for the year ended 31 March, 2018 (Contd.)**  
 Registered Office: # 9, Central Bank of India Building, Arera Hills, Jail Road, Bhopal

Particulars	For the year ended 31 March, 2018		For the year ended 31 March, 2017	
	Rs in Lakhs	Rs in Lakhs	Rs in Lakhs	Rs in Lakhs
<b>C. Cash flow from financing activities</b>				
Payment of CSR fund	-	-	(52.05)	-
Appropriation of DTL on Special reserves from Reserves and Provision of Income Tax of previous years	-	-	(801.75)	-
Proceeds (+)/Repayment (-) of long-term borrowings	(11,239.03)	-	11,422.59	-
Proceeds from other short-term borrowings	2,790.80	-	4,751.00	-
Repayment of other short-term borrowings	-	-	-	-
Dividends paid	(125.00)	-	(375.00)	-
Tax on dividend	(25.45)	-	(76.34)	-
<b>Net cash flow from / (used in) financing activities (C)</b>		<b>(8,598.67)</b>		<b>14,868.45</b>
<b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>		<b>(883.68)</b>		<b>(1,691.81)</b>
Cash and cash equivalents at the beginning of the year		3,218.42		4,910.23
<b>Cash and cash equivalents at the end of the year *</b>		<b>2,334.73</b>		<b>3,218.42</b>

See accompanying notes forming part of the financial statements

As per our report of even date

For Multi Associates  
Chartered Accountants

*R.K. Agrawal*

CA R K Agrawal

M No 071755  
FRN 509955C



Place : Camp MUMBAI

Date : 17 APR 2018

*B.S. Harilal*

B.S. Harilal  
Managing Director  
DIN: 07886919

*Manish Singh*

Manish Singh Paval  
Company Secretary

*P.R. Murthy*

P.R. Murthy  
Chairman  
DIN: 07816852

*Vijay Kumar Singh*

Vijay Kumar Singh  
Chief Financial Officer

**1. Notes forming part of the Financial Statements:-**

**A. CORPORATE INFORMATION**

The Company was incorporated on May 07,1991 as "Apna Ghar Vitta Nigam Limited" and subsequently changed its name as "Cent bank Home Finance limited" and obtained its fresh certificate of incorporation on 19<sup>th</sup> June, 1992. Company has commenced its business on June 18, 1991 and obtained the certificate of registration under the National Housing Bank ("NHB") as required under Section 29A of the NHB Act, 1987 on July 31, 2001. The Company is a Subsidiary of Central Bank of India jointly promoted by National Housing bank, HUDCO and SUUTI. The main objects of the Company, inter alia are to carry out the business of providing long term finance to individuals, companies, corporations, societies or associations of persons for purchase/construction/repair and renovation of new/ existing flats/ houses for residential purposes and provide Loans against property and loan for purchases of commercial purposes and provide loans against property and Loan for purchase of Commercial property. The Company is currently operating with 18 branches and 1 representative office.

**B. Significant Accounting Policies**

**1. General system and method of accounting:**

The Financial Statements of the company have been prepared and presented as per the generally accepted accounting principles in India (GAAP) under the historical cost convention on accrual basis. The Company has prepared its Financial Statements to comply with the all material aspects of the Accounting standards notified under section 133 of the companies Act 2013, The National Housing Bank Act 1987 and the Housing Finance Companies ("NHB") Directions, 2010,

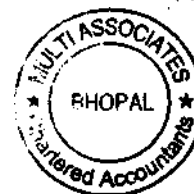
Accounting policies adopted in preparation of financial statements are consisting with those followed in previous year.

Amounts in the financial statements are presented in "Lakhs" except for the per share data and as otherwise stated.

**2. Use of Estimates**

The preparation of the financial statements require the management of the company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expenses for the reporting period. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods. Example of such estimates includes provision for non-performing loans, provision for employee benefit plans and provision for income taxes.

**3. Revenue Recognition**





Revenue has been recognized as per the prudential norms laid down by National Housing Bank (NHB).

- a. Interest on Loans - Interest income is recognized on accrual basis except in case of Non-Performing Assets (NPA) where interest is accounted on realization. In loans, the repayment is received by the way of Equated Monthly Installments (EMIs) comprising principal and interest. Interest is calculated on the outstanding balance at the beginning of the month. EMI commences once the entire loan is disbursed. Pending commencement of EMI, pre-EMI monthly interest is charged. Recovery in case of NPA is appropriated first towards interest portion of overdue EMIs and thereafter towards principal portion of overdue EMIs.
- b. Fees and Other Charges - Income from fee and Other Charges viz. log in fee, Penal Interest on Overdue, Pre-payment charges etc, are recognized on receipt basis.
- c. Income from Investment - Interest on Bank Deposits/ Bonds/ Govt. Securities are accounted on accrual basis. Dividend Income is accounted for in the year in the same is received.
- d. Other Income - Interest on tax refunds and other income are accounted for on receipts basis.

#### **4. Fixed Assets**

Fixed Assets are stated at cost of acquisition less accumulated depreciation. Costs include all expenses incidental to the acquisition of the fixed assets.

#### **5. Depreciation**

Depreciation is calculated on the basis of the useful life of the Asset as prescribed under Schedule II of the Companies Act 2013. Company is using Straight Line Method to provide depreciation on its Fixed Assets.

#### **6. Investments**

According to the Accounting Standard (AS-13) on "Accounting on Investment" issued by the Institute of Chartered Accountants of India and the guidelines issued by the National Housing Bank, Investments are either classified as Current and Non Current Investments. Current Investment are carried at lower of cost and market value and long term investments are carried at cost.

#### **7. Employee Benefits**

Gratuity amount has been set aside on actuarial basis and investment in group maturity Scheme administered by the Life Insurance Corporation of India. Company's contribution in respect of Employees' Provident Fund is made to Government Provident Fund and is charged to the Statement of Profit & Loss.

#### **8. Borrowing Costs**

Brokerage costs directly attributable to borrowing are amortized over the period of its life.



**9. Earnings Per Share**

The Basic and Diluted earnings per share have by dividing the net profit/ loss attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the reporting period.

**10. Income Tax**

Income taxes are accounted for in accordance with Accounting Standard (AS-22) - "Accounting for taxes on income", notified under the Companies (Accounting Standards) Amendment Rules, 2011. Income Tax comprises both current and deferred tax.

Current Tax is measured on the basis of estimated taxable income and tax credits computed in accordance with the provisions of Income Tax Act, 1961.

The Tax effect of the timing differences that result between taxable income and accounting income and are capable of reversal in one or more subsequent periods are recorded as a deferred tax asset or deferred tax liability. They are measured using substantially enacted tax rates and tax regulations as of the Balance Sheet date.

**11. Provisions for Contingencies**

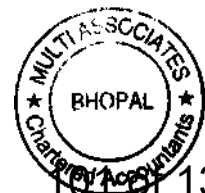
Provision on loans has been arrived at in accordance with National Housing Bank guidelines and directives. Advances to borrowers are classified into Performing and Non Performing based on overdue of Principal/Interest. Non Performing Assets (NPAs) are further categorized as Sub-Standard, Doubtful and Loss Assets.

**Contingent Liability policy**

The Company estimates the probability of any loss that might be incurred on outcome of contingencies on the basis of information available upto the date on which the financial statements are prepared. A provision is recognized when a company has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimates can be made. Provisions are determined based on management estimates of amounts required to settle the obligation at the balance sheet date and adjusted to reflect the current management estimates.

In cases where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimates, a disclosure to this effect is made in the financial statements as contingent liability.

In Case of remote possibility, neither provision nor disclosure is made in the financial statements. The Company does not account for or disclose contingent assets, if any.



The Following table describes the nature of contingent liabilities of the Company.

S.No	Contingent Liability	Brief Description
1	Claims against the company, not acknowledge as debts	This item represents certain demands made in certain tax and legal matters against the Company in the normal course of business. In Accordance with the Companys Accounting Policy and Accounting Standard 29, the Company has reviewed and classified these items as possible obligations based on legal opinion /judicial precedents/ assessment by the Company
2	Other Contingent Liabilities	Other items for which the company is contingent liable primarily include the estimate amount of contracts remaining to be executed on Capital Account and not provided for

**12. Loan Origination/Acquisition Cost:** - All Direct Cost incurred for the loan origination are amortized over the average tenure of the loan.

**13. Unclaimed Deposits**

Deposits, which have become due but not been presented for the payment or renewal, are transferred to unclaimed deposits. Interest for the period from last maturity date till the date of renewal of unclaimed deposits is accounted for during the year of its renewal.

**14. Floating Provision**

Company will create floating provision only against Bad & Doubtful Debts and amount of provision will be approved by the Board from time to time.

**15. Cash Flow Statement.**

Cash flows are reported using the indirect method as prescribed under AS-3, whereby profit/loss before extraordinary items and tax is adjusted for the effects of transaction of non cash nature or deferrals or accruals of past and future cash receipts and payments. The cash flows from operating, investing and financing activities for the Company are segregated based on the available information.

**Cent Bank Home Finance Limited**  
Notes forming part of the financial statements

**Note 2 Share capital**

Particulars	As at 31 March, 2018		As at 31 March, 2017	
	Number of shares	Rs in Lakhs	Number of shares	Rs in Lakhs
(a) Authorised Equity shares of Rs. 10/- each	5,00,00,000	5,000.00	5,00,00,000	5,000.00
(b) Issued Equity shares of Rs. 10/- each	2,50,00,000	2,500.00	2,50,00,000	2,500.00
(c) Subscribed and fully paid up Equity shares of Rs. 10/- each	2,50,00,000	2,500.00	2,50,00,000	2,500.00
<b>Total</b>	<b>2,50,00,000</b>	<b>2,500.00</b>	<b>2,50,00,000</b>	<b>2,500.00</b>

**Cent Bank Home Finance Limited**  
Notes forming part of the financial statements

**Note 2 Share capital (contd.)**

Particulars								
<b>Notes:</b>								
<b>(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:</b>								
Particulars	Opening Balance	Fresh Issue	Bonus	ESOP	Conversion	Buy back	Other changes (give details)	Closing Balance
<b>Equity shares</b>								
Year ended 31 March, 2018								
- Number of shares	2,50,00,000	-	-	-	-	-	-	2,50,00,000
- Amount (in Rs.)	2,500.00	-	-	-	-	-	-	2,500.00
Year ended 31 March, 2017								
- Number of shares	2,50,00,000	-	-	-	-	-	-	2,50,00,000
- Amount (in Rs.)	2,500.00	-	-	-	-	-	-	2,500.00

**Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:**

Particulars	Equity shares	Equity shares with differential voting rights	Compulsorily convertible preference shares	Optionally convertible preference shares	Redeemable preference shares
	Number of shares				
<b>As at 31 March, 2018</b>	<b>Nos.</b>				
Central Bank of India, the holding company	1,61,00,000	-	-	-	-
the ultimate holding company	-	-	-	-	-
Subsidiaries of the holding company	-	-	-	-	-
Associates of the holding company	-	-	-	-	-
Subsidiaries of the ultimate holding company	-	-	-	-	-
Associates of the ultimate holding company	-	-	-	-	-
<b>As at 31 March, 2017</b>	<b>Nos.</b>				
Central Bank of India, the holding company	1,61,00,000	-	-	-	-
the ultimate holding company	-	-	-	-	-
Subsidiaries of the holding company	-	-	-	-	-
Associates of the holding company	-	-	-	-	-
Subsidiaries of the ultimate holding company	-	-	-	-	-
Associates of the ultimate holding company	-	-	-	-	-

\* Shares held by the ultimate holding company, their subsidiaries and associates, except the holding company "CBI" are NIL.

**(iv) Details of shares held by each shareholder holding more than 5% shares:**

Class of shares / Name of shareholder	As at 31 March, 2018		As at 31 March, 2017	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
<b>Equity shares</b>				
Central Bank Of India	1,61,00,000	64.40%	1,61,00,000	64.40%
National Housing Bank	40,00,000	16.00%	40,00,000	16.00%
Unit Trust of India	32,00,000	12.80%	32,00,000	12.80%
Housing & Urban Development Corporation	17,00,000	6.80%	17,00,000	6.80%



**Cent Bank Home Finance Limited**  
**Notes forming part of the financial statements**

**Note 3 Reserves and surplus**

Particulars	As at 31 March, 2018 Rs in Lakhs	As at 31 March, 2017 Rs in Lakhs
(a) Share Premium Account Others (give details) Closing balance	690.00	690.00
(b) General reserve Opening balance Add: Transferred from Statement of Profit and Loss Closing balance	690.00 538.61 142.86 681.47	690.00 442.80 95.81 538.61
(c) Special Reserve (Special Reserve created in terms of Section 36(1)(viii) of IT Act, 1961 and as per Section 29 C of NHB Act.) Opening balance Add: Additions / transfers during the year Closing balance	3,418.85 571.46 3,990.31	3,035.63 383.22 3,418.85
(d) Additional Reserve (Created under section 29C of NHB Act 1987) Opening balance Add: Additions / transfers during the year Closing balance	300.00 300.00	300.00 300.00
(e) Surplus in Statement of Profit and Loss Opening balance Add: Profit for the year Amounts transferred from: General reserve Other reserves (give details) Less: Appropriations a) Proposed Dividend b) Tax on dividend  c) Provision for Income Tax of previous years d) Appropriation of DTL on Specials Reserves as per NHB guidelines e) Amount spent on CSR activity Transferred to: General reserve Special Reserve Additional reserve u/s 29C of NHB Act Closing balance	2,520.47 2,152.99 1,683.59 - - - 500.00 101.79  - - - 142.86 571.46 2,520.47	2,152.99 2,507.63 1,104.08 - - - 125.00 25.45  379.19 422.55 27.50 - 95.81 383.22 2,152.99
<b>Closing Balance</b>	<b>Total</b>	
	<b>8,182.25</b>	<b>7,100.45</b>

Note: Deferred Tax Liability created as per NHB guidelines vide circular no.NHB(ND)/DRS/Policy Circular no.65/2014-15 dated August 22, 2014.

	(Rs)	(Rs)
Dividend per share (of Rs.10/- each):		
Dividend per Share	2	0.5

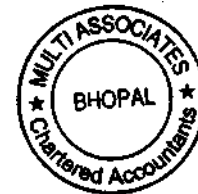


**Cent Bank Home Finance Limited**  
**Notes forming part of the financial statements**

**Note 3a Deferred Tax Liabilities**

Particulars	As at 31 March, 2018		As at 31 March, 2017	
	Rs in Lakhs		Rs in Lakhs	
<b>Deferred Tax Asset (A)</b>	<b>Amount</b>		<b>Amount</b>	
Provision for NPA's				
Standard Assets	461.77		421.72	
Others	8.58		7.73	
Depreciation	3.46	473.81	2.44	431.89
<b>Deferred Tax Liability (B)</b>				
Special Reserve	1,362.23		1,164.44	
Others	212.82	1,575.05	264.64	1,429.08
<b>(A)-(B)= DTL</b>	<b>-</b>	<b>1,101.24</b>		<b>997.19</b>

Note: Deferred Tax Liability created as per NHB guidelines vide circular no.NHB(ND)/DRS/Policy Circular no.65/2014-15 dated August 22, 2014.



**Cent Bank Home Finance Limited**  
**Notes forming part of the financial statements**

**Note 4 Long-term borrowings**

Particulars	As at 31 March, 2018	As at 31 March, 2017
	Rs in Lakhs	Rs in Lakhs
(a) Non Convertible Debentures #		
Unsecured	3,000.00	3,000.00
(b) Term loans		
From banks		
Secured	43,575.45	39,136.86
Unsecured		
(c) Deposits *		
Secured		
Unsecured	31,081.23	46,758.85
<b>Total</b>	<b>77,656.69</b>	<b>88,895.71</b>

\*With respect to Deposits, the company has created a floating charge as per the directions of NHB on the assets invested by the company under section (1) & (2) of Section 29B of the NHB Act, 1987.

# Unsecured Unlisted Redeemable Non Convertible subordinated debentures aggregating to Rs.30 Crore outstanding as at 31st March 2018, and are subordinated to present and future indebtedness of the Company. It qualifies as Tier-II Capital in accordance with National Housing Bank (NHB) guidelines for assessing capital adequacy based on balance term to maturity. These debentures are redeemable at par on maturity at 20/08/2021 with ROI @10.75%.



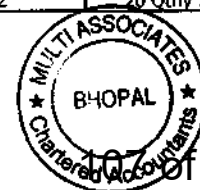
**Particulars**

(i) Details of terms of repayment for the other long-term borrowings and security provided in respect of the secured other long-term borrowings:

Particulars	As at 31 March, 2018		As at 31 March, 2017	
	Secured	Unsecured	Secured	Unsecured
	Rs in Lakhs	Rs in Lakhs	Rs in Lakhs	Rs in Lakhs
<b>Term loans from banks:</b>				
Refinance from National Housing Bank	13,201.53	-	13,329.32	-
Central Bank of India	21,516.83	-	15,089.05	-
HDFC Bank	5,715.56	-	9,146.67	-
BoB	3,141.54	-	1,571.82	-
<b>Total - Term loans from banks</b>	<b>43,575.45</b>	<b>-</b>	<b>39,136.86</b>	<b>-</b>
<b>Deposits:</b>				
Deposits	-	31,081.23	-	46,758.85
<b>Total - Deposits</b>	<b>-</b>	<b>31,081.23</b>	<b>-</b>	<b>46,758.85</b>

Below are the details of all loans/Refinance outstanding.

Name of Institution /(Security for loan)	Amt sanctioned (Rs in Lakhs)	Amt. outstanding as on 31st March 2018 (Rs in Lakhs)	Rate of interest	Repayment terms
<b>NHB Refinance</b>	230.00	92.40	8.75	28 Qtrly Inst
	95.00	41.00	7.1	28 Qtrly Inst
<b>Specific Charge over book debts of company</b>	34.00	19.70	6.87	28 Qtrly Inst
	598.00	427.50	6.87	40 Qtrly Inst
	150.00	115.35	6.87	40 Qtrly Inst
	1,091.00	558.00	7.9	28 Qtrly Inst
	2,196.00	1,898.00	9.1	60 Qtrly Inst
	2,058.00	1,778.00	8.95	60 Qtrly Inst
	1,017.00	879.00	8.85	60 Qtrly Inst
	179.00	24.90	7.5	28 Qtrly Inst
	126.00	41.40	8.25	28 Qtrly Inst
	551.00	183.62	8.5	28 Qtrly Inst
	328.00	109.30	8.75	28 Qtrly Inst
	886.00	523.00	6.87	28 Qtrly Inst
	2,391.00	1,709.00	6.87	40 Qtrly Inst
	2,850.00	2,192.10	6.87	40 Qtrly Inst
	1,729.00	1,417.50	6.12	28 Qtrly Inst
	3,500.00	3,230.60	5.11	60 Qtrly Inst
<b>Central Bank of India</b>				
<b>Specific Charge over book debts of company</b>	10,000.00	9,850.36	8.3	60 monthly Inst
	10,000.00	8,452.33	8.4	60 monthly Inst
	10,000.00	7,499.85	8.4	28 Qtrly Inst
<b>HDFC Bank</b>				
<b>Specific Charge over book debts of company</b>	100.00	120.00	8.2	20 Qtrly Inst
	1,187.50	1,000.00	8.35	20 Qtrly Inst
	1,187.50	1,000.00	8.35	20 Qtrly Inst
	937.50	750.00	8.2	20 Qtrly Inst
	937.50	750.00	8.2	20 Qtrly Inst
	250.00	166.67	8.2	20 Qtrly Inst
	937.50	750.00	8.2	20 Qtrly Inst
	360.00	270.00	8.2	20 Qtrly Inst
	200.00	150.00	8.2	20 Qtrly Inst
	1,750.00	1,375.00	8.2	20 Qtrly Inst
	1,750.00	1,375.00	8.2	20 Qtrly Inst





Particulars					
		270.00	180.00	8.2	20 Qtrly Inst
		120.00	90.00	8.2	20 Qtrly Inst
		450.00	300.00	8.2	20 Qtrly Inst
		180.00	120.00	8.2	20 Qtrly Inst
		937.50	750.00	8.2	20 Qtrly Inst
<b>Bank of Baroda</b>		10,000.00	4,569.54	8.6	60 monthly Inst
Note: Company has not defaulted in repayment of term loan installments and payment of deposits.					



**Cent Bank Home Finance Limited**  
**Notes forming part of the financial statements**

**Note 5 Long-term provisions**

Particulars	As at 31 March, 2018	As at 31 March, 2017
	Rs in Lakhs	Rs in Lakhs
(a) Provision for Bad & Doubtful debts	891.32	695.94
(b) Provision on Standard asset as per NHB norms	375.59	444.01
<b>Total</b>	<b>1,266.91</b>	<b>1,139.95</b>

a) Provision for Bad & Doubtful debts has been done as per the prudential norms of National Housing Bank.

b) Provision on standard assets has been made as per the National Housing Bank norms @ 0.25%,0.40% and 1%



**Cent Bank Home Finance Limited**  
**Notes forming part of the financial statements**

**Note 6 Short-term borrowings**

Particulars	As at 31 March, 2018	As at 31 March, 2017
	Rs in Lakhs	Rs in Lakhs
(a) Loans repayable on demand		
From banks		
Secured #	6,053.50	5,166.31
(b) Deposits *		
Unsecured	23,203.25	21,299.64
<b>Total</b>	<b>29,256.75</b>	<b>26,465.95</b>

**Notes:**

(i) Details of security for the secured short-term borrowings:

Particulars	Nature of security	As at 31 March, 2018	As at 31 March, 2017
		Rs in Lakhs	Rs in Lakhs
Loans repayable on demand			
from banks:#			
Central Bank of India		6,053.50	5,166.31
Total - from banks			

# Short term borrowings is overdraft facility (Limit of Rs.100 crores bearing ROI @base rate granted by Central Bank of India.

\* With respect to Deposits, the company has created a floating charge as per the directions of NHB on the assets invested by the company under section (1) & (2) of Section 29B of the NHB Act, 1987.



**Cent Bank Home Finance Limited**  
**Notes forming part of the financial statements**

**Note 7 Other current liabilities**

Particulars	As at 31 March, 2018	As at 31 March, 2017
	Rs in Lakhs	Rs in Lakhs
(a) Current maturities of long-term debt (Refer Note below)	11,183.67	11,423.67
(b) Unpaid matured deposits and interest accrued thereon	648.99	459.62
(c) Other payables		
(i) Contractually reimbursable expenses	5.04	7.25
(ii) Advances from customers	1.33	1.33
(iii) Bank balance		
(iv) Others \$	627.36	907.90
(includes sundry creditors, provision for salary, CERSAI payable, Earnest money deposits other misc payables.		
<b>Total</b>	<b>12,466.38</b>	<b>12,799.77</b>

Note:	As at 31 March, 2018	As at 31 March, 2017
	Rs in Lakhs	Rs in Lakhs
(a) Term loans		
From banks		
Secured	11,183.67	11,423.67
Unsecured		
<b>Total</b>	<b>11,183.67</b>	<b>11,423.67</b>

# Current maturities of long term debt relates to long term loans mentioned in note no-4, long term borrowing. Details of security & guarantee is mentioned in aforesaid loan.



**Cent Bank Home Finance Limited**  
**Notes forming part of the financial statements**

**Note 8 Short-term provisions**

Particulars	As at 31 March, 2018	As at 31 March, 2017
	Rs in Lakhs	Rs in Lakhs
(a) Provision - Others:		
(i) Provision for proposed equity dividend	500.00	125.00
(ii) Provision for tax on proposed dividends	101.79	25.45
(iii) Provision on Loan Assets	67.30	78.54
(iv) Provision for dimunation in Investments	-	-
(v) Provision for other employee benefits#	24.79	22.34
(vi) CSR expenses provided for		
<b>Total</b>	<b>693.88</b>	<b>251.33</b>

# a) Leave encashment for employee's had been calculated on the basis of leave entitlement during the year.



Note 9 Fixed assets

Tangible assets	Gross block						Accumulated depreciation and impairment						
	Balance as at 1 April, 2017	Additions	Disposals	Acquisitions through business combinations	Other adjustments	Balance as at 31 March, 2018	Balance as at 1 April, 2017	Depreciation Rate	Depreciation / amortisation expense for the year	Eliminated on disposal of assets	Balance as at 31 March, 2018	Balance as at 31 March, 2018 (Net Block)	Balance as at 31 March, 2017 (Net Block)
	Rs in Lakhs	Rs in Lakhs	Rs in Lakhs	Rs in Lakhs	Rs in Lakhs	Rs in Lakhs	Rs in Lakhs	%	Rs in Lakhs	Rs in Lakhs	Rs in Lakhs	Rs in Lakhs	Rs in Lakhs
(a) Furniture and Fixtures Owned	104.18	2.67	1.62	-	-	105.23	77.22	9.50%	3.95	1.62	79.55	25.68	26.96
(b) Vehicles Owned	11.68	-	0.02	-	-	11.66	1.82	11.88%	1.38	0.02	3.19	8.47	9.85
(c) Office equipment Owned	34.30	2.94	8.10	-	-	29.15	24.36	19.00%	3.79	7.75	20.39	8.75	9.94
(d) Computer	98.09	5.55	8.38	-	-	95.26	86.04	31.67%	7.99	8.37	85.66	9.60	12.05
<b>Total</b>	<b>248.25</b>	<b>11.15</b>	<b>18.11</b>	<b>-</b>	<b>-</b>	<b>241.29</b>	<b>189.44</b>		<b>17.10</b>	<b>17.76</b>	<b>188.79</b>	<b>52.50</b>	<b>58.80</b>
<b>Previous year</b>	<b>235.69</b>	<b>16.38</b>	<b>3.82</b>	<b>-</b>	<b>-</b>	<b>248.25</b>	<b>169.03</b>		<b>22.88</b>	<b>2.47</b>	<b>189.44</b>	<b>58.80</b>	<b>66.65</b>



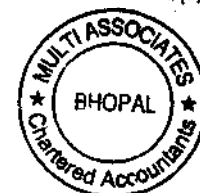
Cent Bank Home Finance Limited  
Notes forming part of the financial statements

**Note 10 Non-current investments**

Particulars	As at 31 March, 2018			As at 31 March, 2017		
	Quoted # Rs in Lakhs	Unquoted # Rs in Lakhs	Total Rs in Lakhs	Quoted Rs in Lakhs	Unquoted Rs in Lakhs	Total Rs in Lakhs
(a) (i) of subsidiaries (ii) of associates <b>Total - Trade (A)</b>				100.00 100.00		100.00 100.00
Particulars	As at 31 March, 2018			As at 31 March, 2017		
(b) Investment in government or trust securities (i) government securities (ii) trust securities		2,976.04	2,976.04		2,976.04	2,976.04
Particulars	As at 31 March, 2018			As at 31 March, 2017		
(c) Other non-current investments (specify nature)						
Aggregate amount of quoted investments				100.00		100.00
Aggregate amount of unquoted investments		2,976.04 2,976.04	2,976.04 2,976.04		2,976.04 2,976.04	2,976.04 3,076.04

# Investments are in the nature of long term investments, in Government securities and Bonds of Central Bank of India and are stated at cost. There is no Diminution in value of investment.

	31st March 2018 Rs in Lakhs	31st March 2017 Rs in Lakhs
1 10, 9.20% Bond Central Bank of India Tier I Series XII @Rs.10,00,000/-each 2017		100.00
2 100586, 8.54% Govt. Securities 2020 @ Rs.100/- each	100.60	100.60
3 8.39% U.P. Govt. Securities 2020 @ Rs.100/- each	149.95	149.95
4 8.28% Central Govt. Securities 2027 @ Rs.100/- each	118.51	118.51
5 8.28% Central Govt. Securities 2027 @ Rs.100/- each	194.83	194.83
6 8.20% Central Govt. Securities 2042 @ Rs.100/- each	246.28	246.28
7 8.20% Central Govt. Securities 2027 @ Rs.100/- each	505.25	505.25
8 8.15% Central Govt. Securities 2026 @ Rs.100/- each	100.20	100.20
9 8.24% Central Govt. Securities 2033 @ Rs.100/- each	505.95	505.95
10 8.24% Central Govt. Securities 2033 @ Rs.100/- each	253.10	253.10
11 7.85% Central Govt. Securities 2030 @ Rs.100/- each	500.88	500.88
12 7.88% Central Govt. Securities 2030 @ Rs.100/- each	200.35	200.35
13 7.61% Central Govt. Securities 2030 @ Rs.100/- each	100.14	100.14
<b>Grand Total</b>	<b>2,976.04</b>	<b>3,076.04</b>



**Cent Bank Home Finance Limited**  
**Notes forming part of the financial statements**

**Note 11 Long-term loans and advances**

Particulars	As at 31 March, 2018	As at 31 March, 2017
	Rs in Lakhs	Rs in Lakhs
(a) Security deposits		
Secured, considered good	39.79	39.84
(b) Loans and advances to employees		
Secured, considered good	25.63	49.82
Less: Provision for doubtful loans and advances	0.06	0.20
	<b>25.57</b>	<b>49.62</b>
(c) Prepaid expenses - Unsecured, considered good Insurance		
(d) Refund due from Revenue Authorities	179.42	389.91
(e) HOUSING LOANS & NON-HOUSING LOANS		
Secured by tangible assets, considered good	1,02,957.87	1,10,785.16
Substandard	844.35	582.10
Doubtful & Loss	1,845.48	1,566.42
Total (f)	<b>1,05,647.70</b>	<b>1,12,933.68</b>
Less: Provision for loans and advances	1,266.91	1,085.78
	<b>1,04,380.79</b>	<b>1,11,847.90</b>
<b>Total (a+b+c+d+e+f)</b>	<b>1,05,892.54</b>	<b>1,13,413.24</b>

# Long Term loans and advances includes Housing loan, Top-up loan, Mortgage loan, Loan Against property, Project loan & loan for purchase of commercial property given to the borrowers and which includes the principal amount as well as interest charged reduced by EMI paid to the date. EMI Amount receivable within 12 months from the date has been classified in short term loans and advances.





**Cent Bank Home Finance Limited**  
**Notes forming part of the financial statements**

**Note 12 Other non-current assets**

Particulars	As at 31 March, 2018	As at 31 March, 2017
	Rs in Lakhs	Rs in Lakhs
(a) Unamortised expenses: Loan acquisition cost		
(i) Unamortized Loan acquisition cost	611.69	490.67
Add: Expenses during the year	146.96	275.85
Less: Amortized during the year	196.74	154.83
Closing Balance	<b>561.91</b>	<b>611.69</b>
Less: To be Amortized during next year, (Current Portion)	<b>206.39</b>	<b>183.54</b>
	<b>355.52</b>	<b>428.16</b>
(b) Unamortised expenses: Brokerage on borrowings		
(i) Unamortized Brokerage on borrowings	149.40	262.63
Add: Expenses during the year	8.48	35.15
Less: Amortized during the year	104.86	148.38
Closing Balance	<b>53.01</b>	<b>149.40</b>
Less: To be Amortized during next year (Current Portion)	<b>50.69</b>	<b>91.45</b>
	<b>2.33</b>	<b>57.95</b>
<b>TOTAL</b>	<b>357.85</b>	<b>486.11</b>



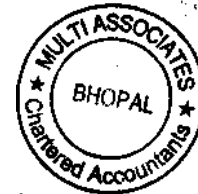
**Cent Bank Home Finance Limited**  
**Notes forming part of the financial statements**

**Note 13 Cash and cash equivalents**

Particulars	As at 31 March, 2018	As at 31 March, 2017
	Rs in Lakhs	Rs in Lakhs
(a) Cash on hand	21.02	42.47
(c) Balances with banks		
(i) In current accounts	263.60	427.65
(ii) In deposit accounts (Refer Note (i)# (ii)below)	2,050.10	2,748.30
<b>Total</b>	<b>2,334.73</b>	<b>3,218.42</b>
(i)# The whole amount denotes cash & cash equivalents as per AS-3 cash flow statements		

**(ii) Bank deposit classification**

Maturity Period	Rs in Lakhs
With in 3 Months	1,551.00
Less than 12 Months	499.10
<b>Total</b>	<b>2,050.10</b>



**Cent Bank Home Finance Limited**  
**Notes forming part of the financial statements**

**Note 14 Short-term loans and advances**

Particulars	As at 31 March, 2018	As at 31 March, 2017
	Rs in Lakhs	Rs in Lakhs
(a) Loans and advances		
Secured, considered good	20,804.53	19,208.95
Less: Provision for doubtful loans and advances/standard	67.29	78.51
	<b>20,737.24</b>	<b>19,130.44</b>
(b) Loans and advances to employees		
Secured, considered good	4.44	7.89
Unsecured, considered good	0.02	0.14
Less: Provision on loans and advances (Standard)	0.01	0.03
(c) Prepaid expenses - Unsecured, considered good (For e.g. Insurance premium, Annual maintenance contracts, Advance rent etc.)	13.19	24.16
<b>Total</b>	<b>20,822.18</b>	<b>19,241.14</b>

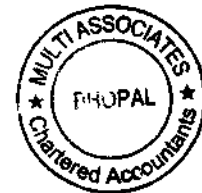
Note: Amount shown in balance sheet is without provision. Provision have been shown in short term provision . Rs 2080452897 is taken under short term loan & advances and Rs 6729211 taken to short term provision.



**Cent Bank Home Finance Limited**  
**Notes forming part of the financial statements**

**Note 15 Other current assets**

Particulars	As at 31 March, 2018	As at 31 March, 2017
	Rs in Lakhs	Rs in Lakhs
(a) Accruals		
(i) Interest accrued on deposits	196.78	96.25
(ii) Interest accrued on investments	39.02	39.73
(b) Others		
(ii) Unamortized loan acquisition cost	206.39	183.54
(iii) Unamortized Brokerage on Borrowings	50.69	91.45
(iv) Others (Includes SARFAESI Charges Recoverable, CERSAI charges recoverable & misc receivable also)	195.39	242.10
<b>Total</b>	<b>688.27</b>	<b>653.07</b>
<b>Grand Total</b>	<b>688.27</b>	<b>653.07</b>



**Cent Bank Home Finance Limited**  
**Notes forming part of the financial statements**

**Note 16 Revenue from operations**

	Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
		Rs in Lakhs	Rs in Lakhs
(a)	Interest income on individual loans & project loans	14,080.11	13,009.00
(b)	Interest on Bank deposits and Investment	453.38	519.54
(c)	Other operating revenues		
	Interest on demand loan, vehicle loans, personal loan, fees & other charges	404.11	473.57
		14,937.59	14,002.10
	<b>Total</b>	<b>14,937.59</b>	<b>14,002.10</b>

**# Details of revenue from operations:**

	Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
		Rs in Lakhs	Rs in Lakhs
(i)	Interest Income comprises:		
	Individual Loans	14,034.88	12,950.40
	Corporate bodies/builders	45.23	58.59
	<b>Total</b>	<b>14,080.11</b>	<b>13,009.00</b>
(ii)	Other operating revenues comprise:		
	Processing, Administration fees and other charges	401.48	471.22
	Interest on demand loan against fixed deposit	2.62	2.29
	Interest on Vehicle loan	-	0.01
	Interest on personal loan	0.01	0.04
	<b>Total - Other operating revenues</b>	<b>404.11</b>	<b>473.57</b>



Cent Bank Home Finance Limited  
 Notes forming part of the financial statements

Note 17 Other income

	Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
		Rs in Lakhs	Rs in Lakhs
(a)	Other non-operating income (net of expenses directly attributable to such income) (Refer Note (i) below)	119.47	73.58
	<b>Total</b>	<b>119.47</b>	<b>73.58</b>

Note	Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
		Rs in Lakhs	Rs in Lakhs
(i)	Other non-operating income comprises:		
	Profit on sale of fixed assets	0.65	0.09
	Miscellaneous income	118.82	73.49
	<b>Total - Other non-operating income</b>	<b>119.47</b>	<b>73.58</b>



Cent Bank Home Finance Limited  
 Notes forming part of the financial statements

**Note 18 Employee benefit expense**

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
	Rs in Lakhs	Rs in Lakhs
Salaries and wages	554.63	568.19
Contributions to provident and other funds	29.50	34.92
Staff welfare expenses	10.74	14.47
<b>Total</b>	<b>594.87</b>	<b>617.57</b>

# Salary & wages includes salaries of Cent Bank as well as Central Bank employees on deputation to the company.



**Cent Bank Home Finance Limited**  
**Notes forming part of the financial statements**

**Note 19 Finance Costs**

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
	Rs in Lakhs	Rs in Lakhs
(a) Interest expense on Borrowings #	10,516.94	10,242.55
(b) Other borrowing costs (Bank Charges)	22.22	42.84
<b>Total</b>	<b>10,539.16</b>	<b>10,285.49</b>

# Interest expenses includes interest on term loan from Central Bank of India, HDFC Bank, Bank of Baroda, NHB Refinance & interest on deposits





Cent Bank Home Finance Limited  
Notes forming part of the financial statements

Note 20 Other expenses

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
	Rs in Lakhs	Rs in Lakhs
Power and fuel/electricity expenses	22.03	20.79
Rent including lease rentals	133.10	128.50
Repairs and maintenance - Buildings	12.00	12.08
Repairs and maintenance - Others	8.04	6.29
Insurance	3.02	4.06
Communication	18.51	21.75
Travelling and conveyance	42.38	36.52
Printing and stationery	11.24	9.68
Reimbursement to Manpower supply agency	194.09	182.95
Advertisement & Publicity	3.64	6.26
Legal and professional	139.60	159.18
Payments to auditors (Refer Note (i) below)	7.26	5.52
Internal audit expenses/stock audit fees	15.31	24.20
CSR Expenditure	33.03	-
Loss on fixed assets sold/	-	0.05
RCU/FI verification Expenses	38.27	41.11
Directors Sitting fees	7.43	7.34
Miscellaneous expenses	109.57	54.24
Brokerage	104.86	129.72
DSA Commission (amount amortized)	196.74	154.83
<b>Sub -Total</b>	<b>1,100.11</b>	<b>1,005.06</b>

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
	Rs in Lakhs	Rs in Lakhs
<b>(i) Payments to the auditors comprises :-</b>		
Fees Paid		
For statutory audit	3.00	2.00
For tax audit	1.00	1.09
For Certification	3.26	2.42
<b>Total</b>	<b>7.26</b>	<b>5.52</b>





Cent Bank Home Finance Limited  
Notes forming part of the financial statements

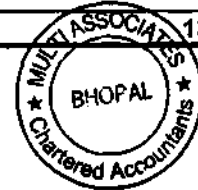
Note 21. Provision for Standard Assets

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
	Rs in Lakhs	Rs in Lakhs
Provision on standard assets as per NHB norms	(79.66)	83.67
<b>Total</b>	<b>(79.66)</b>	<b>83.67</b>

Note :- As per NHB Norms provision on standard assets is to be created by 0.25%, 0.40% and 1%

Note 22. Extra Ordinary Items

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
	Rs in Lakhs	Rs in Lakhs
Reversal of provision on Standard Assets	-	132.52
<b>Total</b>	<b>-</b>	<b>132.52</b>



### Additional Information on the Financial Statements

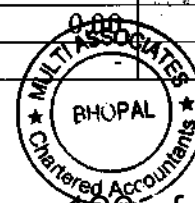
#### Note 23

- 1) Loans and installments due from borrowers shown under Loans and Advances are secured wholly by Equitable Mortgage of Property, Pledge of shares, other Securities, assignment of Life Insurance Properties, Undertaking to create security, Bank guarantee/ corporate guarantees/ personal guarantees.
- 2) Advances are classified as performing and non performing assets in accordance with guidelines on prudential norms issued by National Housing Bank (NHB). Provisions on standard assets, sub standard assets, doubtful assets and loss assets have been made as per NHB Directions 2010 as amended from time to time. In Addition to above a floating provision for an amount of Rs. Nil Also provided to bridge the gap for any short comings as per the Accounting Policy of the Company.

(Rs in Lakhs)

	For the year ended 31-03-2018		For the year ended 31-03-2017	
	Outstanding Rs.	Provisions Rs.	Outstanding Rs.	Provision Rs.
<b>HOUSING LOAN:</b>				
<b>To Individuals</b>				
Standard Assets	100430.26	342.03	106780.54	427.12
Sub-Standard Assets	622.06	93.31	343.97	51.59
Doubtful Assets	1008.27	477.53	835.09	380.79
Loss Assets			0.64	0.64
<b>To Non-Individuals</b>				
Standard Assets	149.28	1.12	349.17	3.49
Sub-Standard Assets			31.30	4.69
Doubtful Assets	160.90	64.36	160.92	40.23
Loss Assets			-	0
Floating provision			-	0
<b>Total (A)</b>	<b>102370.77</b>	<b>978.35</b>	<b>108501.63</b>	<b>908.55</b>

	For the year ended 31-03-2018		For the year ended 31-03-2017	
	Outstanding Rs.	Provisions Rs.	Outstanding Rs.	Provision Rs.
<b>NON HOUSING LOAN:</b>				
<b>To Individuals</b>				
Standard Assets	23340.59	99.68	23006.34	91.94
Sub-Standard Assets	173.05	25.97	176.78	26.51
Doubtful Assets	597.90	230.21	515.73	191.50
Loss Assets			0.00	0.00
<b>To Non-Individuals</b>				



Standard Assets			-	-
Sub-Standard Assets			-	-
Doubtful Assets			-	-
Loss Assets			-	-
Floating provision			-	-
<b>Total (B)</b>	<b>24111.54</b>	<b>355.86</b>	<b>23698.85</b>	<b>309.95</b>
<b>TOTAL (A+B)</b>	<b>126482.31</b>	<b>1334.21</b>	<b>132200.48</b>	<b>1218.50</b>

The above NPA Balances are net of unrealized interest of Rs.12763284/-

- 3) **Prior Period item** having total amount of Rs. 3083288.91 includes reversal of old liability/income Rs. 15950214.41 and Assets/Expenses of Rs. 12866925.5 relates to previous years.
- 4) **Change in accounting policy:** Till 2016-17 company was charging depreciation at 100% on Fixed Asset having value of less than Rs. 5000. However from this year the company has changed the policy and has adopted the rates of depreciation as prescribed under Schedule II of the Companies Act 2013, which has resulted into increase of profit by Rs. 169509 only.
- 5) During the year there were no circumstances in which revenue recognition has been postponed pending the resolution of significant uncertainties.
- 6) Interest on Non-Performing Assets is recognized on realization basis as per the NHB Guidelines. Accordingly the total interest de-recognized as at the Balance Sheet date is summarized as under:-

	<b>As at 31-03-2018 (Rs in Lakhs)</b>	<b>As at 31-03-2017 (Rs in Lakhs)</b>
Cumulative Interest B/F from last Balance Sheet	84.21	76.91
Outstanding derecognized Interest		
- Sub Standard Assets(Net)	49.24	30.11
- Doubtful/Loss Assets	78.39	54.09
<b>Total Interest Derecognized</b>	<b>127.63</b>	<b>84.20</b>

7) **Capital to Risk Assets Ratio (CRAR)**

**(Rs in Lakhs)**

	<b>As at 31-03-2018</b>	<b>As at 31-03-2017</b>
i) CRAR(%)	18.76%	17.56%
ii) CRAR-Tier I Capital	13.98%	12.54%
iii) CRAR-Tier II Capital	4.78%	5.02%
iv) Amount of Subordinate debt raised as Tier-II Capital	3000.00	3000
v) Amount raised by issue of Perpetual Debt Instruments	0.00	0.00

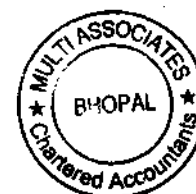
- 8) As per Section 29 C of National Housing Bank Act, 1987, the Company is required to transfer at least 20% of its net profit every year to a reserve before any dividend is declared. For this



purpose any Special Reserve created by the Company under Section 36(1) (vii) of Income Tax Act, 1961 is considered to be an eligible transfer. Accordingly, the Company has transferred Rs.57145605.00 to Special Reserve U/s 36(1)(VII)of Income Tax Act, 1961 during the year.

(Rs in Lakhs)

<b>Statement as per NHB circular No. NHB.HFC.CG.DIR.1/MD&amp;CEO/2016 dated 9<sup>th</sup> February,2017</b>		
<b>Particulars</b>	<b>Amount</b>	<b>Amount</b>
<b>Balance at the beginning of the year</b>	<b>2017-18</b>	<b>2016-17</b>
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	300.00	300.00
b) Amount of special reserve u/s 36(1)(vii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under, Section 29C of the NHB Act, 1987.	3418.85	3035.63
c) Total	<b>3718.85</b>	<b>3335.63</b>
<b>Addition/Appropriation/ Withdrawal during the year</b>		
Add: a) Amount transferred u/s 29C of the NHB Act, 1987		-
b) Amount of special reserve u/s 36(1)(vii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	571.46	383.22
Less: a) Amount appropriated from the Statutory Reserve u/s 29C of the NHB Act, 1987	-	-
b) Amount withdrawn from the Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 which has been taken into account for the purpose of provision u/s 29C of the NHB Act, 1987	-	-
<b>Balance at the end of the year</b>		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	300.00	300.00
b) Amount of special reserve u/s 36(1)(vii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under, Section 29C of the NHB Act, 1987	3990.31	3418.85
c) Total	<b>4290.31</b>	<b>3718.85</b>



9) Investments\*\*\*\*

(Rs in Lakhs)

Particulars	Current Year	Previous Year
7.1) Value of Investments	2976.04	3076.04
i) Gross value of Investments	2976.04	3076.04
a) In India	2976.04	3076.04
b) Outside India	0	0
ii) Provision for Depreciation	0	0
a) In India	0	0
b) Outside India	0	0
iii) Net value of Investments	2976.04	3076.04
a) In India	2976.04	3076.04
b) Outside India	0	0
7.2) Movement of provision held towards depreciation on Investment	Nil	Nil
i) Opening Balance	Nil	Nil
ii) Add: Provisions made during the year	Nil	Nil
iii) Less: Write-off/ Written-back of excess provisions during the year	Nil	Nil
iv) Closing Balance	Nil	Nil

\*\*\*\* Investments are exclusive of Bank Deposits held for SLR purpose.

10) Derivatives:

- i) Forward Rate Agreement(FRA)/Interest Rate Swap (IRS)- Nil
- ii) Exchange Traded Interest Rate (IR) derivative- Nil
- iii) Disclosure on Risk exposure in derivatives
  - a) Qualitative Disclosure-Nil
  - b) Quantitative Disclosures-Nil

11) Securitization: Nil

- i) Details of Financial Assets sold to Securitisation/Reconstruction Company for Asset Reconstruction-Nil
- ii) Details of Assignment transaction undertaken by HFCs- Nil
- iii) Details of Non- Performing Financial Assets purchased/sold-Nil



**12) Assets Liabilities Management (Maturity pattern of certain items assets and Liabilities)**  
(Rs in Lakhs)

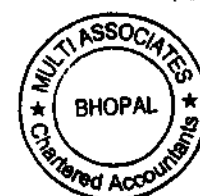
Particulars	Up to 30/31 days (one month)	Over 1 month & upto 2 months	Over 2 months & up to 3 Months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 Year & upto 3 Years	Over 3 Year & upto 5 Years	Over 5 Year & upto 7 Years	Over 7 Year & upto 10 Years	Over 10 Years	Total
<b>Liabilities</b>											
Deposits	500	1000	800	5600	10100	9800	23500	2900	0	0	54200
Borrowings from Banks	400	300	3100	3800	7100	21500	13600	7800	2100	1100	60800
Market Borrowings											
<b>Assets</b>											
Advances	2000	1900	2000	6000	12000	31500	38500	12000	4500	13400	123800
Investments				1400	700	200	700	0	0	0	3000
Foreign Currency											

**13) Exposure**

**14) Exposure to Real Estate Sector**

(Rs in Lakhs)

S.No	Category	For the Year 31-03-2018	For the Year 31-03-2017
<b>A</b>	<b>Direct Exposure</b>		
i)	Residential Mortgages (including loan against residential property)		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented.	125147.90	108253.78
	Out of which Individuals Housing Loans upto Rs.15 lakhs	6211.16	45719.48
ii)	<u>Commercial Real Estate</u> Lending secured by mortgages on commercial real estate (office buildings, retail space, multipurpose commercial premises, multi family residential buildings, multi-tenanted commercial premises, industrial or ware house space, hotels, land acquisition, development and construction, etc). Exposure would also include non fund based (NFB) limits	1406.97	541.34
iii)	Investment in Mortgage Backed Securities (MBS) and other securitized exposures-		
	a) Residential		
	b) Commercial Real Estate		
<b>B</b>	<b>Indirect Exposure</b>		
	Fund Based and non Fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)		



- i) Exposure to Capital Market-Nil
- ii) Details of Financing of Parent Company-Nil
- iii) Details of Single Borrower Limit (SGL)/ Group Borrower limit (GBL) exceeded by HFC-Nil

15) Unsecured Advances-Nil

16) During the current year company has created Deferred Tax liability on Special Reserves maintained by Housing Finance Companies under Section 36(1)(Viii) of the Income Tax Act towards compliance of the guidelines issued by NHB vide circular no.NHB(ND)/DRS/Policy Circular 65/2014-15 dated August 22, 2014. As per the circular we have appropriated as follows:

(Rs in Lakhs)

A) Deferred Tax Asset		Amount	2017-18	Amount	2016-17
Provision for NPA's					
Standard Assets		461.77		421.72	
Others		8.58		7.73	
Depreciation		3.46	473.81	2.44	431.89
B) Deferred Tax Liability					
Special Reserve					
• Opening Amt	1164.44			609.26	
• Transfer during the year					
• From Surplus	-			132.64	
• From P&L	197.79			422.55	
	197.79	1362.23		555.19	1164.44
Others		212.82	1575.05	264.64	1429.08
(A)-(B)			1101.24		997.19

17) Accounting Standard 21- Consolidated Financial Statement-Nil





18) Contingent Liabilities and Commitments

(Rs in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017
Claims against the Company, not acknowledged as debts	Nil	Nil
Contingent liability on account of income tax.	25.06	25.06

This demand of Rs. 2506487 includes Rs 1418837 for A.Y. 2010-11 and Rs 1087650 for A.Y. 2014-15. Since the proceeding against these demands are pending with Income Tax authorities for giving credit of TDS and Tax paid hence these are not provided in the books of account.

19) Reporting Under Accounting Standard AS-18- Related Party Disclosures

Details of Related Party:

(a) Holding Company:

Central Bank of India

(b) Key Managerial Personnel

(i) Shri B.S. Harilal, Managing Director

(ii) Shri Vijay Kumar Singh Chief Financial Officer

(iii) Shri Manish Payal, Company Secretary

The related Party Transaction with Key Managerial Personnel is furnished below:

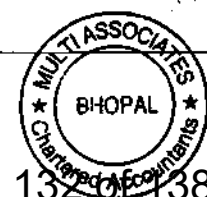
Rs in Lakhs

Description	2017-18	2016-17
Salary and Allowances, cont. to PF etc of Key Managerial Personnel	42.40	50.57

20) Reporting Under Accounting Standard AS-20- Earning Per share (EPS) The Basic and diluted Earnings per share have been calculated based on the profit after tax and the average number of shares during the year. Information in respect of Earning per Share (EPS), pursuant to AS-20 is as under:

(Amt In Rs.)

	As on 31-03-2018	As on 31-03-2017
a) Profit/Loss after Tax (in Rs.)	168358963	110408437
b) No. of shares (In Nos.)	25000000	25000000
c) Weighted Average number of equity shares for Basic EPS	25000000	25000000



d) Basic EPS (a/c)(In Rs.)	6.73	4.42
e) Diluted EPS (a/c) (In Rs.)	6.73	4.42

21) Reporting Under Accounting Standard AS-17 Segment Reporting:

The Company's main business is to provide loans for the purchase or construction of residential houses. Hence, there are no separate reportable segments as per Accounting Standard on Segment Reporting (AS-17) issued by the Institute of Chartered Accountants of India and notified under Companies (Accounting Standards) Rules,2006.

22) Company has during the year provided for Non-Performing Assets as per the prudential norms of National Housing Bank. Reporting under accounting standard AS-29.

(a) Movement of provision	(Rs in Lakhs)
Opening Provisions on Bad & Doubtful Debts	695.94
Less: Reversal due to accounts written-off	-
Add: Addition on account of fresh slippage (net of reduction due to recovery)	195.38
<b>Closing Provision on Bad &amp; Doubtful Debts</b>	<b>891.32</b>

(b) Net of amount written-off (Details)	Current Year (Rs in Lakhs)	Previous Year (Rs in Lakhs)
Bad Debts Written-off	-	-
Reversal due to accounts written-off	-	-
Addition due to Slippage/ Reversal on account of recovery (net-off)	-	195.38
<b>Total</b>	<b>-</b>	<b>195.38</b>
<b>Reversal of Provision Net of amount written off</b>	<b>-</b>	<b>-</b>

23) As per the information available with the Company, there are no amounts payable to any "suppliers" registered under the Micro, Small and Medium Enterprises Development Act, 2006. Supplementary

24) Provision and Contingencies

(Rs in Lakhs)

Break up of 'Provision and Contingencies' shown under the head Expenditure in Profit and Loss Account	Current Year	Previous Year
1. Provisions for depreciation on Investment	-	-
2. Provision made towards Income tax	791.12	530.54
3. Provision towards NPA	891.32	695.94
4. Provision for Standard Assets ( )	442.79	522.55
5. Other Provision and Contingencies (with details)	230	322



(Rs in Lakhs)

Break up of Loan and Advances and Provision thereon	Housing		Non Housing	
	Current Year	Previous Year	Current Year	Previous Year
<b>Standard Assets</b>				
a) Total Outstanding Amount	100579.54	107129.71	23340.59	23006.34
b) Provisions Made	343.15	430.61	99.68	91.94
<b>Sub-Standard Assets</b>				
a) Total Outstanding Amount	622.06	375.28	173.05	176.78
b) Provisions Made	93.31	56.28	25.97	26.51
<b>Doubtful-1 Category-I</b>				
a) Total Outstanding Amount	314.62	466.88	211.21	222.85
b) Provisions Made	78.67	116.73	52.82	55.71
<b>Doubtful Assets- Category-II</b>				
a) Total Outstanding Amount	652.24	374.95	348.85	261.82
b) Provisions Made	260.91	149.98	139.55	104.73
<b>Doubtful Assets - Category-III</b>				
a) Total Outstanding Amount	202.31	154.17	37.84	31.06
b) Provisions Made	202.31	154.31	37.84	31.06
<b>Loss Assets</b>				
a) Total Outstanding Amount	0	0.635	0	0
b) Provisions Made	0	0.635	0	0
<b>Total</b>				
a) Total Outstanding Amount	12370.77	108501.63	24111.54	23698.85
b) Provisions Made	978.35	908.55	355.86	309.95



**Note:**

1. The total outstanding amount mean principal+ accrued interest+ other charges pertaining to loans without netting off.
2. The category of Doubtful Assets will be as under:

Period for which the assets has been considered as doubtful	Category
Up to one Year	Category-I
One to three Years	Category-II
More than three years	Category-III

25) Current liabilities includes short term borrowings which consists of deposits going to matured within a year, whereas current assets includes installments receivables from the loans granted to individual/non-individual borrowers within a year. The loans granted to borrowers are generally long term loans having tenor of 15-20 years. An HFC can accept deposits for a maximum period of 10 years. Average maturity of deposits ranges between 2-3 years. Thus, the mismatch is always there. Company is having sufficient credit line available in case of any adverse condition.

26) We have not entered into any long term contract including derivative contract which may have any material foreseeable losses.

27) Draw Down from Reserves : During the year the Company has withdrawn Rs Nil,

28) Registration obtained from other Financial sector regulators-Nil

29) Miscellaneous:

- i) Disclosure of penalties imposed by NHB - Rs. 70195+12635(GST)= Rs. 82830.00
- ii) Disclosure of Penalties imposed by RoC -Rs. 52800.00 for creation of floating charge.

30) Concentration of Public Deposits, Advances, Exposures and NPAs

**i) Concentration of Public Deposit:**

(Rs in Lakhs)

Particulars	Current Year	Previous Year
Total Deposits of twenty largest depositors	7895.16	11516.01
Percentage of Total Deposits of the HFC	27.60%	28.57%

**ii) Concentration of Loans and Advances:**

(Rs in Lakhs)

Particulars	Current Year	Previous Year
Total Loans and Advances to twenty largest borrowers	2030.19	2427.94
Percentage of Loans and Advances to twenty largest borrowers to Total Advances of the HFC	1.60%	1.83%

**iii) Concentration of all Exposures (Including off-balance sheet exposure) (Rs in Lakhs)**

Particulars	Current Year	Previous Year
-------------	--------------	---------------



Total Exposure to Twenty largest borrowers/ Customers	2540.38	3145.23
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the HFC on borrowers/ customers	2.00%	2.37%

**iv) Concentration of NPAs**

(Rs in Lakhs)

Particulars	Current Year	Previous Year
Total Exposure to top ten NPA accounts	512.30	45.50

**v) Sector-wise NPAs**

S.No	Sector	Percentage of NPAs to total Advances in that Sector
<b>A</b>	<b>Housing Loans</b>	
1.	Individuals	1.68%
2.	Builders loan	51.94%
3.	Corporates	-
4.	Others(Specify)	-
<b>B</b>	<b>Non-Housing Loans:</b>	
1.	Individuals	3.36%
2.	Builders	-
3.	Corporates	-
4.	Others(Specify)	-

**vi) Movement of NPAs**

(Rs in Lakhs)

Particulars	Current Year	Previous Year
i) Net NPAs to Net Advances %	1.33%	1.10%
ii) Movement of NPAs (Gross)		
a) Opening Balance	2148.52	2329.57
b) Additions during the year	1018.11	572.91
c) Reduction during the year	476.81	753.96
d) Closing Balance	2689.82	2148.52

31) Overseas Assets- Nil

32) Off- balance Sheet SPVs sponsored (which are required to be consolidated as per accounting Norms)- Nil

33) In respect of employees directly recruited by the company, contribution to Provident Fund is made at the prescribed rate. Provident Fund liability of staff on deputation from Central Bank of India is met by Central Bank of India.

34) Concentration of Public Deposits(for Public Deposits taking/holding HFCs)



35) Rating Assigned by Credit Rating Agency:

Agency	Purpose	Rating
CARE	Debenture	CARE A-; Outlook Negative
CARE	Long term Bank Facilities	CARE A-; Outlook Negative
CRISIL	Deposit	FA-/stable

36) Reporting Under Accounting Standard AS-15- Retirement benefits:

- i. The Company makes its share of contributions to the Provident Fund as per defined benefit plan. The Company has no further obligations apart from its contributions. Such contributions are recognized as expenditure in the Profit & Loss account.
  - ii. Gratuity:- In accordance with the payment of Gratuity Act 1972, the Company provides for Gratuity covering eligible employees. To fund its liability the Company has taken a policy with Life Insurance Corporation of India to cover the accumulated gratuity liability of its employees and the premium paid on this policy has been charged to Profit & Loss account.
  - iii. The Provision of leave encashment liability is calculated on the balance-privilege leave of the employees as on 31-03-18. The same has been provided for the year ended 31-03-2018.
  - iv. For the staff deputed from Central Bank of India the gratuity liability and leave encashment has been met/to be met by Central Bank of India. In respect of the eligible retirement/terminal benefits like gratuity, pension and encashment of leave, the same is provided for by Central Bank of India.
- iii) Disclosure regarding penalty or adverse comments as per Housing Finance Companies (NHB) Directions, 2010. During the current year, the Company was imposed a penalty of Rs. Rs. 70195+12635(GST)= Rs. 82830.00 for non maintenance of SLR by National Housing Bank.

37) As per NHB refinance guidelines, the Company is required to submit half-yearly certificate as on 30<sup>th</sup> September and 31<sup>st</sup> March disclosing therein the difference between hypothecated book debts and NHB refinance outstanding. The adverse balance as on 31-03-2018 is Rs Nil , (Previous Year Rs. (Rs.Nil).

38) During the year the company has not created floating provisions on Bad & Doubtful Debts.

39) Exposure in capital market : NIL



#### 40) Previous Year Figures

The figures of the previous year are reworked to meet the requirements of Schedule III. These figures are rearranged, regrouped and reclassified where considered necessary to provide a true and fair view.

#### 41) Corporate Social Responsibility

During the year Company has spent Rs. 33,02,843 /- towards Corporate Social Responsibility under section 135 of Companies Act,2013 and rules thereon.

#### 42) Detail of complaints received:-

Particulars	Count
Number of Complaints at the beginning of the year	0
Number of Complaints at the received during the year	26
Number of Complaints at the closed during the year	26
Number of Complaints pending at the end of the year	0

As per our report of even date

  
P.R. Murthy

Chairman  
DIN: 07815852



B.S. Harilal  
Managing Director  
DIN: 07886919

For Multi Associates

  
Vijay Kumar Singh

  
Manish Singh Payal

Chartered Accountants

Chief Financial Officer

Company Secretary



CA R. K. Agrawal  
Partner  
M. No. 071755  
FRN 509955C



Place: Camp Mumbai

Date: 17<sup>th</sup> April 2018