



Centrum Capital Limited
27th Annual Report 2004-2005

Annual Report 2004-2005

CENTRUM

BOARD OF DIRECTORS

Mr. Berjis M. Desai	<i>Chairman</i>
Mr. Chandir G. Gidwani	<i>Vice Chairman</i>
Mr. T. R. Madhavan	<i>Managing Director</i>
Ms. Sonia G. Gidwani	<i>Whole Time Director</i>
Mr. K. V. Krishnamurthy	
Mrs. Mahakhurshid K Byramjee	
Mr. Rishad K. Byramjee	
Mr. P. G. Kakodkar	
Mr. Manmohan Shetty	
Mr. Ibrahim S. Belselah	
Mr. Rajesh V. Nanavaty	

COMPANY SECRETARY

Mr. Rakesh Soni

BANKERS

The Ratnakar Bank Limited

HDFC Bank Limited

Standard Chartered Bank

The Dhanalakshmi Bank Limited

Citibank N.A.

AUDITORS

F K Mody & Co.,

Chartered Accountants,

408, Bharat Diamond Bourse,

Above Swastik Cinema, Lamington Road,

Mumbai - 400 004.

REGISTERED OFFICE

Bombay Mutual Building,

2nd Floor, Dr D N Road, Fort,

Mumbai - 400 001.

Tele # 2266 2434 / 5268 / 4611 Fax # 2266 3458

E-mail : info@centrum.co.in

Website : centrum.co.in

CORPORATE OFFICE

Khetan Bhavan, 5th Floor,

198, J. Tata Road, Churchgate,

Mumbai - 400 020.

Tele # 2202 3838 Fax # 2204 6096

BRANCHES

Ahmedabad * Bangalore * Baroda * Chandigarh * Chennai * Coimbatore * Delhi * Gurgaon * Hyderabad * Jaipur *
Kolhapur * Kolkata * Nagpur * Noida * Pune * Surat

Centrum Capital Limited

(Formerly Centrum Finance Limited)

CENTRUM**DIRECTORS' REPORT**

TO THE MEMBERS,

Your Directors hereby present their Twenty Seventh Annual Report together with the Audited Accounts of the Company for the year ended 30th June 2005.

Financial Highlights:

(Rupees in '000)

Particulars	Year ended 30th June, 2005	Year ended 30th June, 2004
Gross Income from operations	1,15,990	1,30,844
Profit before depreciation and tax	22,171	28,946
Less : Depreciation	6,648	6,288
Profit before tax	15,723	22,658
Less : Provision for taxation	6,517	4,999
Profit after tax	9,206	17,659
Less : Proposed Dividend	2,441	2,441
Income Tax on Proposed Dividend	342	319
Balance of Profit for the year	9,206	14,899
Balance of Profit for earlier years	50,873	37,799
Balance carried forward	60,582	50,873

Dividend:

Your Directors are pleased to recommend a dividend of 5%. The total dividend payout for the financial year 2004-2005 is Rs.24,40,500/-; as against Rs.24,40,500/- for the previous financial year. Dividend as percentage of profit after tax is 26.51% as compared to 13.82% in the previous financial year.

The dividend, if approved at the ensuing Annual General Meeting, will be paid to those shareholders whose name appear in the register of members of the Company as on the book closure date.

Directors:

The Board in the meeting held on 5th October, 2005 appointed Mr. T.R. Madhavan as an Additional Director and Managing Director of the Company w.e.f. 2nd September, 2005. In terms of Section 260 of the Companies Act, 1956 he holds office up to the date of the ensuing Annual General Meeting as an Additional Director. The Company has received notice under section 257 from member proposing his candidature for appointment to the office of Director at the said meeting.

In accordance with the provisions of the Companies Act, 1956, Mr. Rishad K. Byramjee, Mr. Pandurang G. Kakodkar, and Mr. Manmohan Shetty retire by rotation in the forthcoming Annual General Meeting. All of them, being eligible offer themselves for re-appointment.

Directors' Responsibility Statement:

Pursuant to the provision of section 217(2AA) of the Companies Act, 1956, the Board hereby certifies and confirms that:

- 1) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- 2) the directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affair of your Company at the end of the financial year and of the profit or loss of your Company for that period;
- 3) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of this act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- 4) the directors have prepared the annual accounts on a going concern basis.

Annual Report 2004-2005**Change of Name:**

The Name of the Company has been changed to Centrum Capital Limited from Centrum Finance Limited, vide fresh Certificate of Incorporation consequent on Change of Name received from Registrar of Companies, Maharashtra, Mumbai on 22nd March, 2005.

Subsidiary Company:

The audited statements of account of the Company's wholly own subsidiary viz; CentrumDirect Limited for the year ended 30th June 2005 together with the Report of Directors and the Auditors, as required under section 212 of the Companies Act, 1956, is attached herewith.

Consolidated Financial Statements:

As required under Clause No. 32 of the Listing Agreement with the Stock exchange, Consolidated Financial Statements of the Company and its subsidiaries prepared in accordance with Accounting Standard 21 are forming part of this Annual Report. These statements have been prepared on the basis of audited financial statements received from subsidiary company, as approved by their Board.

Management Discussion And Analysis Report :

A detailed Management Discussion and Analysis on the industry structure and developments, segment-wise or product-wise performance, outlook, risk and concern, internal control system is provided as under:-

a. Industry Structure and Development:

The capital markets saw unprecedented growth in the year 04-05. The sensex showed a growth of more than 50% over March last year to cross the 8500 mark in September 05. FII inflows stood at an all time high of USD 3.7 billion. The primary markets saw a flood of issues, which raised more than Rs. 20,000 Crs from the market. This year saw the non-institutional investors return to the stock markets. The markets continued the bullish run, unaffected by natural calamities or rising crude prices. The year was clearly one for the equity markets. Your Company aligned itself accordingly, concentrating on mid-caps and carving a niche as an investment banker for the SME segment.

The debt segment witnessed an impressive credit growth of Rs. 2,50,000 Crs. Primary debt issues grew by almost 14% to Rs.55,182 Crs, and the corporate sector contributed almost 19% to these issuances. Your Company also concentrated on the corporate sector and has succeeded in building quite a few fruitful relationships. The interest rates continued rising and remain a cause for concern.

The economy showed a robust growth, especially in traditional sectors like textiles, steel, cement, non-ferrous metals etc. The outlook for the year remains bullish.

b. Segment-wise or product-wise performance:

As part of strategic plan, the investment banking businesses covers the following core areas:

1. Capital Markets
2. Strategic Advisory Services
3. Structure Finance
4. Financial Products Distribution
 - ☐ 3rd Highest Mobilisor for Debt on an all India basis (Prime Database April to June 05)
 - ☐ Highest Mobilisor for Banks and PSU Segments for Debt on an all India basis (Prime Database April to June 05)
 - ☐ 6th Highest Mobilisor for Debt on an all India basis (Prime Database April 04 to March 05)
 - ☐ Project Finance segment mobilised Rs. 1100 Crores
 - ☐ Secondary Market Operations for Debt including Gsec desk active.
 - ☐ Established as a niche Investment Banker for the SME segment.

c. Outlook:

The Company intends to continue to maintain its focus on debt and equity segments while supporting the growth of its subsidiaries and associate companies in the areas of insurance, distribution, broking etc.

d. Risk and Concerns :

It is difficult to assess the risk involved in the business. It is always the intention of the management to minimize the risk involvement with proper analysis and market study.

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(Formerly Centrum Finance Limited)

CENTRUM**e. Internal Control Systems and their Adequacy :**

The Company has a proper and adequate system of internal control to ensure that all activities are monitored and controlled against any unauthorized use or disposition of the assets and that the transactions are authorized, recorded and reported correctly.

The Company ensures adherence to all internal control policies and procedures as well as compliance with all regulatory guidelines. The Audit Committee of the Board of Directors reviews the adequacy of internal controls.

Particulars of Employees:

The Company has not paid any remuneration attracting the provisions of Companies (Particulars of Employees) Rules, 1975 read with Section 217 (2A) of the Companies Act, 1956 as amended today. Hence no information is required to be appended to the report in this regard.

Auditors:

M/s. F. K. Mody & Co., Chartered Accountants, retire as auditors of the Company and have given their consent for re-appointment. The Shareholders will be required to elect auditors for the current year and fix their remuneration.

As required under the provisions of section 224 of the Companies Act, 1956, the Company has obtained a written certificate from the above auditors proposed to be re-appointed to the effect that their re-appointment, if made, would be in conformity with the limits specified in the said section.

Fixed Deposits:

The Company has not accepted any Fixed Deposits either from any member, director or public.

Conservation of Energy and Technology Absorption:

In view of the nature of activities which are being carried out by the Company, Rules 2A and 2B of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, concerning conservation of energy and technology absorption respectively are not applicable to the Company.

Foreign Exchange earning and outgo:

The Company earned Rs. 31,10,288/- (previous year Rs. 36,91,582/-) in foreign exchange earnings during the year. There were no major foreign exchange outgoes except in respect of business travel and related expenses, which amount to Rs. 63,94,330/- (previous year Rs. 48,93,124/-).

Corporate Governance:

Your Company has complied with the provisions of Clause 49 of the Listing Agreement. A Certificate from the Auditors of the Company regarding compliance of Corporate Governance as stipulated in Clause 49 of the Listing Agreement forms a part of this Annual Report.

Availability of Information on the SEBI EDIFAR System :

By virtue of Clause 51 of the Listing Agreement with the Stock Exchange, the Company has uploaded its Financial Results, Shareholding Pattern, Annual Report, Corporate Governance with effect from the financial year 2002-03 on EDIFAR website namely www.sebiedifar.nic.in maintained by SEBI in-line with such manner and format as specified by SEBI. A statement of your Company can be accessed at this website.

Acknowledgements:

Your Directors thank the Company's clients, vendors, investors and bankers for their continued support during the year. Your Directors place on record their appreciation of the contribution made by employees at all levels. Your Company's consistent growth was made possible by their hard work, solidarity and support. Your Directors thank the Reserve Bank of India for the support provided to the wholly owned subsidiary of your Company CentrumDirect Limited. Your directors also thank the Governments of Maharashtra, Delhi, Karnataka, Andhra Pradesh, West Bengal, Tamil Nadu, Himachal Pradesh, Jammu & Kashmir, Punjab and Gujarat for the patronage extended to your Company in mobilising various debt funds. Your Directors look forward to their continued support in the future.

By and on behalf of Board

Berjis Desai
Chairman

Chandir Gidwani
Vice Chairman

Place : Mumbai

Dated: October 5, 2005.

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Corporate Governance Report for the year 2004-05

(As required under Clause 49 of the Listing Agreement entered into with the Stock Exchange)

I. Philosophy of Corporate Governance

The Company is committed to adhere to the code of corporate governance as it means adoption of best business practices aimed at growth of the Company coupled with bringing benefits to investors, customers, creditors, employees and the society at large.

The objective of the Company is not just to meet the statutory requirements of the Code of Corporate Governance as prescribed under Clause 49 of the Listing Agreement but, to develop such systems and follow such practices and procedures to satisfy the spirit of the law.

This Report on corporate governance is divided into four parts: (i) Board of Directors (ii) Committees of the Board of Directors (iii) Shareholder Information and (iv) Other Disclosures.

II. Board of Directors

The Board of Directors consists of two Whole Time Directors, one Managing Director, and eight Non-Executive Independent Directors.

The names and categories of the Directors on the Board, their attendance at Board Meetings during the year and at the last Annual General Meeting, as also the number of Directorships and Committee Memberships held by them in other companies are given below :

Name of Directors	Category of Directors	Board Meetings attended during 2004-05	Whether attended AGM held on 23rd November 2004	No. of Directorships of other Indian Companies including directorship in Pvt. Companies	Membership of Board Committees of other Companies as on 30th June, 2005
Mr. Berjis M. Desai	Chairman	1	-	18	2
Mr. Chandir Gidwani	Vice Chairman	4	Yes	11	1
Mr. K.V. Krishnamurthy	Director	5	Yes	4	1
Ms. Sonia Gidwani	Whole Time Director	5	Yes	2	-
Mr. P. G. Kakodkar	Director	1	-	9	1
Mr. Manmohan Shetty	Director	3	-	11	-
Mr. Rishad Byramjee	Director	1	-	-	1
Ms. Mahakhurshid Byramjee	Director	-	-	-	-
Mr. Rajesh V Nanavaty	Director	5	-	3	-
Mr. Ibrahim Belsalah	Director	1	-	-	-
Mr. R. Krishnamurty	*Managing Director	3	Yes	-	2
Mr. Gobind Gidwani	*Director	-	-	-	-

* Resigned as Managing Director w.e.f. 31-01-2005

* Resigned as Director w.e.f. 28-09-04

Five Board Meetings were held during the year 2004-05 and the gap between two meetings did not exceed four months. The dates on which the Board Meetings were held were as follows :

29th September, 2004

29th October, 2004

27th January, 2005

18th April, 2005

21st June, 2005

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The event with regards to Board of Directors after 30th June, 2005 include its reconstitution, Mr. T. S. Srinivasan has been appointed as Additional Director w.e.f. 2nd September, 2005 by Board of Directors in their meeting held on 5th October, 2005. He was also appointed as Managing Director with effect from the same date.

III. Audit Committee

Brief description of terms of reference of Audit Committee inter-alia

- (I) Oversight of the Company's financial reporting process and the disclosures of its financial information to ensure that financial statements is correct, sufficient and credible.
- (II) Recommending the appointment and removal of external auditor, fixation of audit fees and also approval for payment for any other services.
- (III) Reviewing with management the annual financial statements before submission to the Board, focusing primarily on;
 - Any changes in accounting policies and practices
 - Major accounting entries based on exercise of judgment by management
 - Qualifications in draft audit report
 - Significant adjustments arising out of audit
 - The going concern assumption
 - Compliance with accounting standards
 - Compliance with stock exchange and legal requirements concerning financial statements
 - Any related party transactions i.e. transactions of the Company of material nature with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of Company at large.

Composition, name of members and Chairperson

The audit committee comprises of 3 independent Directors.

Mr. K.V. Krishnamurthy (Chairman), Mr. Manmohan Shetty and Mr. Rajesh Nanavaty

Meetings and attendance during the year

During the year the Audit Committee met three times and all the members were present in the meetings held on 29th September, 2004, 29th October, 2004 and 18th April, 2005.

IV. Remuneration Committee

The Remuneration Committee comprised of three members. The Committee has authorised to determine the remuneration package for any Executive Directors as well as the remuneration payable to the non-executive Directors from year to year and to distribute the same amongst all or some of the Directors such proportion or manner as the Committee may decide.

The committee met on 29th September, 2004 to approve the remuneration of Ms. Sonia Gidwani. The committee confirmed that the remuneration is in accordance with the provisions of Part III of the Schedule XIII of The Companies Act, 1956 and recommended the same to the board. The Remuneration Committee comprises of 3 independent Directors namely Mr. K.V. Krishnamurthy (Chairman), Mr. Manmohan Shetty and Mr. Rajesh Nanavaty.

V. Share Transfer and Investors' Grievance Committee

This Committee comprising three Directors viz. Mr. Berjis M. Desai (Chairman of the Committee), Mr. Chandir Gidwani and Mr. Rishad K. Byramjee. The Committee met three times during the year. The Committee approves and monitors transfer, transmissions, consolidations etc. of shares issued by the Company. The Committee also monitors redressal of

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complaints from shareholders. The Registrars have not received complaints on any matters during the year ended 30th June, 2005.

VI. General Body Meetings

Particulars of Annual General Meeting and Extraordinary General Meeting held during the last three years:

General Meeting	Day, Date and Time	Venue	Special Resolutions passed thereat
Annual General Meeting	Tuesday, 31st December, 2002, at 5.00 P.M.	10th Floor, Eucharistic Congress Building III, 5, Convent Street, Colaba, Mumbai - 39	1
Annual General Meeting	Friday, 17th October, 2003, 5.00 P.M.	5, Khetan Bhavan, 5th Floor, J. Tata Road, Churchgate, Mumbai - 400020	-
Annual General Meeting	Tuesday, 23rd November, 2004, 5.00 P.M.	5, Khetan Bhavan, 5th Floor, J. Tata Road, Churchgate, Mumbai - 400020	3

During the Financial year 2004-2005, the Company has not passed any Resolution through postal ballot.

VII. Disclosures

- There are no materially significant related party transaction made by the Company with its Promoters, Directors or Management, their relatives, its subsidiaries etc. that may have potential conflict with the interests of the Company at large. Transactions with related parties during the period are disclosed in the Annual Report, in accordance with the requirements of Accounting Standard AS-18.
- During the last three years/period, there were no strictures or penalties imposed by either SEBI or the Stock Exchange or any statutory authority for non-compliance of any matter related to the capital markets.

VIII. Means of Communication

The unaudited quarterly results are published in one English and at least one vernacular newspaper in the last week of July 2004, October 2004, January 2005 and April 2005 each year. The audited results for the year are published in the above newspapers in October, 2005. The results are also displayed on the SEBI EDIFAR web-site.

Management Discussion and Analysis forms part of the Directors' Report.

IX. General Shareholder Information

- AGM : 23rd December, 2005
- Financial Calendar : 30th June
- Date of Book Closure : 15th December, 2005 to 23rd December, 2005
- Dividend Payment Date : Within 30 days of the AGM
- Listing on Stock Exchanges : Bombay Stock Exchange Ltd.
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai 400 001.
- Stock code : 501150

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g. Market Price Data

Share prices of the Company for the period July 2004 to June 2005

Date	High (Rs.)	Low (Rs.)
July, 2004	50.00	50.00
August, 2004	50.00	50.00
September, 2004	50.00	50.00
October, 2004	55.00	55.00
November, 2004	55.00	55.00
December, 2004	46.00	37.00
January, 2005	90.00	48.00
February, 2005	130.00	99.00
March, 2005	136.50	136.50
April, 2005	130.00	117.40
May, 2005	117.40	117.40
June, 2005	135.85	111.55

- h. **Registrar and Transfer Agents** : Intime Spectrum Registry Limited
 C-13 Pannalal Silk Mills Compound
 LBS Marg, Bhandup (W)
 Mumbai 400 078

i. Share Transfer system

Shares lodged for transfer at the Registrars' address are normally processed within 21 days from the date of lodgment, and requests for dematerialization of shares are processed and the confirmation is given to the depositories within 21 days from the date of lodgement, if the documents are clear in all respects.

The Executive Director & the Secretary who is also the Compliance Officer verifies the transfer Register sent by the Registrars. The Share Transfer and Investors' Grievance Committee approves the transfer of shares and debentures, Correspondence such as change of address, mandates, etc. as are processed by the Registrars within 21 days. Investors' grievances, if any, are resolved by the Compliance Officer, failing which, they would be referred to the Investors' Grievance Committee.

j. Distribution of Shareholding as on June 30th 2005

Category	No. of shares Held	Percentage of shareholding
A. Promoter's holding		
1. Promoters		
- Indian Promoters	2303150	47.19
- Foreign Promoters	Nil	Nil
2. Persons acting in Concert	Nil	Nil
Sub-Total	2303150	47.19
B. Non-Promoters Holding		
3. Institutional Investors	Nil	Nil
a. Mutual Fund and UTI		
b. banks, Financial Institutions, Insurance Companies (Central / State Gov. Institutions / Non-government Institutions)		
c. FIs		
Sub-Total	Nil	Nil

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Category	No. of shares Held	Percentage of shareholding
4. Others		
a. Private Corporate Bodies	2011981	41.22
b. Indian Public	565868	11.59
c. NRIs / OCBs	1	Nil
d. Any other (please specify)	Nil	Nil
Sub-Total	2577850	52.81
GRAND TOTAL	4881000	100.00

Shareholding of Nominal Values Rupees	Shareholders		Amount	
	Number	% of Total	Rupees	% of Total
1 - 5000	101	68.243	203670	0.417
5001 - 10000	20	13.514	140990	0.289
10001 - 20000	5	3.378	77650	0.159
20001 - 30000	4	2.703	100400	0.206
30001 - 40000	2	1.351	69000	0.141
40001 - 50000	2	1.351	96500	0.198
50001 - 100000	6	4.055	540000	1.106
1000001 - Above	8	5.405	47581790	97.484
TOTAL	148	100.000	48810000	100.000

k. Dematerialisation of shares

The shares of the Company are available for dematerialization and Agreements have been signed with National Securities Depository Ltd. (NSDL) & Central Depository Services (India) Ltd. (CDSL). 66.97% of the Company's shares are held in dematerialized mode. Trading in dematerialized form is compulsory for all investors. The Company (through its Registrars and Share Transfer Agents) provides the facility of simultaneous transfer and dematerialization of shares and has confirmed the same to NSDL and CDSL.

l. Address of Correspondence

- To the Company:
Regd. Off.: Bombay Mutual Building,
2nd Floor, Dr. D.N. Road,
Fort, Mumbai 400 001
Tel 22662434
Fax 22663458
E mail info@centrum.co.in
- Registrar and Share Transfer Agent
Intime Spectrum Registry Limited
C-13 Pannalal Silk Mills Compound
LBS Marg, Bhandup (W), Mumbai 400 078
Tel. 55555454 Fax 55555353
Email isrl@intimespectrum.com
Business Hours:
Monday to Friday: 10.00 a.m. to 5.00 p.m.
Saturdays: 10.00 a.m. to 1.00 p.m.

For and on behalf of Board

Place : Mumbai
Date : October 5, 2005

Berjis Desai
Chairman

Chandir Gidwani
Vice Chairman