



Leveraging Strengths
and Opportunities for a
Bigger Tomorrow.

C-NTRUM

ANNUAL REPORT
2016-2017

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Chairman's Message

Dear Shareholders,

It has been over a year since I took over as Executive Chairman of the Centrum Group and I am happy to share that with the collective efforts of our entire team, FY 2016-17, has been a year of action and growth for the Group. A multi-pronged strategy of growing existing businesses through innovative offerings and greater use of research & technology, venturing into new verticals, strengthening the team with proven industry talent and entering into new strategic tie-ups with organisations of repute, all contributed in making it a year of achievements and significant growth. I believe that the vibrancy and growth momentum being experienced in the Indian economy today, the new opportunities for businesses like ours, coupled with our ideas, expertise, offerings, and strong relationships, will take us faster and further on our growth trajectory. Our focus in FY 2017-18 will continue to be **Growth** through leveraging our internal strengths and the huge external opportunities that the economy offers.

In recent months, the economy has witnessed many positive developments. Multiple policy actions geared towards bringing about a positive economic change have been initiated by the Government. GST implementation would streamline the tax structure levied on consumers and businesses. This broad based wave of change extends to other aspects of the economy as well. The proposed amendments to the Banking Regulation Act are designed towards easing the credit jam in the public sector banking space. The non-performing assets problem has been acknowledged and once this is addressed, it will send a further positive signal to all stakeholders. Real Estate as an asset class has dominated mindshare for several years, but it too has seen several ups and downs. The Real Estate Regulation Act is clearly a stellar example of bringing accountability in a sector which has legacy issues. Manufacturing, access to information and services, housing and job creation are core elements of nation building. Focused initiatives like 'Make in India', 'Digital

India', 'Housing for all' and 'Skill India' can be considered as building blocks which will shape the next phase of positive changes.

Looking back at FY 2016-17, I am pleased to share that all our existing businesses have demonstrated steady growth. We have ventured into several new ones as well. On a consolidated basis, the Group's profit (EBITDA) for FYE March 31, 2017 was ₹ 130.19 crore as compared to ₹ 75.19 crore in the previous year. The net profit on a consolidated basis was ₹ 30.01 crore as compared to ₹ 26.16 crore in the previous year. *(Previous financial year was a nine month period)*

CentrumDirect Ltd. (CDL) specializes in travel related foreign exchange services and is our largest revenue generator. In FY 2016-17, the Company had significant achievements. It bagged exclusive rights to operate money exchange counters at Pune, Gaya, Ahmedabad and Jaipur Airports. This makes us **'The Largest Foreign Exchange Provider'** at Airports with money exchange counters at 18 airports in India. We were also the first money exchange company in India to launch an innovative Mobile Wallet backed by a Physical Card – Centrum Pay, which was introduced to efficiently meet the cash crunch faced during demonetization. It was well appreciated by international visitors. Our online forex portal – www.centrumforex.com successfully handled over 1 million transactions.

Centrum Wealth Management Ltd. (CWML) had a year of profitable growth, enlarging its client roster. It was voted as **'The Best Domestic Private Bank'** in India by Asiamoney. This recognition validates our commitment of providing excellent service to clients. Additionally, CWML entered into strategic tie-ups with Doha Bank, Qatar and Lakshmi Vilas Bank to offer their clients the basket of Centrum's Wealth Management Services. These partnerships will significantly expand our reach, not only in India but also in the Middle East.

Centrum Broking Ltd. (CBL) grew by empanelling new franchisees and strengthening its sales and research teams. Taking advantage of the bullish sentiment in the primary markets, our Broking and Investment Banking teams have successfully structured a number of QIPs & IPOs. In the IPO space, we were lead managers to S.P Apparels IPO that was significantly oversubscribed and listed at a substantial premium. Additionally, we were the sole book running lead managers to the QIPs of FIEM Industries and Lakshmi Vilas Bank. Our dedicated debt team has been quite active in the stressed asset resolution area by assisting a number of corporates through CDR, OTS, JLF and Bilateral restructuring etc.

FY2016-17 saw the launch of several new businesses Our Insurance Business, which commenced operations during the year, has grown steadily and works as a distributor with companies like Bajaj Allianz, Cigna TTK, HDFC Life etc.

In November 2016, we received the Certificate of Registration from the National Housing Bank to commence operations in the lucrative low to mid income housing finance business in India. Within a short span, Centrum Housing Finance Ltd (CHFL) has opened nine offices across Madhya Pradesh & Gujarat. CHFL will focus on servicing tier 2 and 3 cities initially. We have also commenced operations in SME Financing, which provides term loans, working capital and loans against shares to Small and Medium Enterprises pan India under Centrum Financial Services Ltd. These two new businesses are based on a lending model, which supplement our fee based revenue model in place for many years. FY 2016-17 also saw the launch of our maiden Private Equity Fund

– Kalpavriksh, which will invest in mid-sized, unlisted companies with a growth potential in Fintech, Education, Technology, Healthcare and FMCG sectors.

The combination of the new lending businesses and our existing fee based businesses has strengthened our basket of offerings. I am happy to share that large foreign investors – New York Life, Jacob Ballas and Evolvece have acquired a minority stake in our foreign exchange business. These funds will be channelized into the new lending businesses and generate further growth.

The economy is currently at a stage where a slight pickup in demand can lead to a significant improvement in growth. As I mentioned earlier, the opportunity is out there for us to grab. As an organisation, we have aspirational plans for each of our businesses and I am optimistic that we will achieve all our goals.

I would like to end by expressing my gratitude to all our clients, employees, investors, bankers, regulators and shareholders – for the trust they have reposed in us. My special thanks also go to our Board members for their guidance. We look forward to your continued support in our growth trajectory as we create long term value for all our stakeholders.

Yours sincerely,



Jaspal Singh Bindra

Board of Directors



Chandir Gidwani
Chairman Emeritus



Jaspal Singh Bindra
Executive Chairman



K. R. Kamath
Non-Executive Director



Mahakhurshid Byramjee
Non-Executive Director



Rishad Byramjee
Non-Executive Director



Ibrahim Belselah
Non-Executive
Independent Director



Manish Kumar Verma
Non-Executive
Independent Director



Manmohan Shetty
Non-Executive
Independent Director



Rajesh Nanavaty
Non-Executive
Independent Director



R. S. Reddy
Non-Executive
Independent Director



Subhash Kutte
Non-Executive
Independent Director



An Exciting Year of Action With All Round Growth!

2016-17 was a year of multi - pronged initiatives and action at Centrum. From the launch of new businesses to expansion and growth of existing businesses, to getting exceptionally capable talent to join our teams, from introducing a slew of innovations to stepping up client connect, a lot was done to bring overall growth with a focus on customer delight. The following pages capture a glimpse of the significant happenings!

Big Wins for Investment Banking & Asset Management

PE Investors led by Jacob Ballas Invest in CentrumDirect

In February 2017, a group of PE Investors led by Jacob Ballas and New York Life acquired a minority stake in our Forex Business – CentrumDirect Ltd. The investment received will fund our newly formed lending businesses of Housing & SME Finance.

Maiden PE Fund – Kalpavriksh Launched

We launched our maiden Private Equity Fund Kalpavriksh in November 2016. The fund, which has a corpus of Rs. 500 crores will invest in Fintech, Healthcare and Consumer Technology companies. Two senior industry experts will lead our growth in this business. Shujaat Khan joined us as MD & Head of Asset Management and Giri Krishnaswamy as the CIO for the Kalpavriksh Fund.



TO PAY \$50 MILLION

New York Life-led Group to Take 30% in Centrum Direct

Ballas' India Interest

- It's an India-focused private equity fund
- Has investments in Adlabs, Karaikkal Ports and Vivimed Labs
- Manages close to \$600 million across three separate funds

CENTRUM DIRECT
CAGR: 30% over 5 years
EBITDA (2015-16) ₹70 crore



Indulal PM & Saikat Das

Mumbai: A group of private equity investors, led by New York Life Insurance and India-focused Jacob Ballas, have agreed to invest \$50 million in Centrum Direct, the foreign exchange business of Centrum Group, as the company gears up for expansion after ex-Standard Chartered banker Jaspal Bindra became the chairman of the firm.

The private equity investors will pick up a little more than 30% stake, valuing the foreign exchange business of the group at ₹1,000 crore.

The promoters will channelise the funds into the new lending businesses of Housing and SME Finance, multiple sources close to the deal told ET. The deal is expected to be announced on Wednesday.

When contacted, Centrum declined to comment, while a mail sent to Jacob Ballas remained unanswered till the time of going to press. New York Life has invested \$20 million while other investors contributed the rest.

Jacob Ballas is an India-focused private equity fund and manages close to \$600 million across three separate funds. The company has investments in Adlabs, Karaikkal Ports and Vivimed Labs.

In addition to forex, Centrum is an established player in investment

banking, wealth management, institutional broking and has recently forayed into retail lending businesses of Housing and SME Finance. Centrum's forex business is one of the largest in the market, with presence at 18 airports.

In FY 2015-16, Centrum Direct reported a gross turnover of over ₹5,000 crore and an EBITDA of approximately ₹70 crore. Centrum Direct registered a standalone CAGR of over

30% over the past 5 years. In April last year, Jaspal Bindra, former executive director and head of Standard Chartered's Asian operations, joined as executive chairman of Centrum group.

Under Bindra, the group has undergone a series of new initiatives including the tweaking of its business strategy and expansion of its core businesses. In November, it launched a ₹500-crore private equity fund aimed at investing in small and mid-sized companies. The new fund will be the first of such funds from Centrum. Last week, the company hired Shujaat Khan, former partner at ChrysCapital and co-founder of domestic private equity firm, Blue River Capital, as head of its asset management business.



Grabbing The Opportunity with Both Hands !!

Housing Finance Business Takes Off!

We obtained the Certificate of Registration from the National Housing Bank (NHB) to commence our Housing Finance business in November 2016. Sanjay Shukla came on board as MD & CEO of Centrum Housing Finance Ltd. The company focuses on servicing the low and mid income group, with a family income of between Rs. 20,000 & 40,000 per month in tier 2 & 3 cities, offering them home loans. The typical ticket size for loans is Rs. 3 - 15 lakhs. Our first Housing Finance office opened in Indore and today we have 9 offices across Madhya Pradesh and Gujarat.



Launch of SME Finance Business

We launched our SME Finance business in August 2016, with a focus on providing structured credit and commercial finance to small and medium enterprises in metros and tier 2 cities. Ranjan Ghosh, MD & CEO heads this business.



Launch of Family Office Services

Our Wealth Management team launched its Family Office Services to provide large businesses and families with customized solutions to manage their wealth better and aid in succession planning. The Family Office Practice is led by Arpita Vinay and offers services such as Tax Planning & Wealth Management, Philanthropy, Will Executions and Estate Planning amongst others.

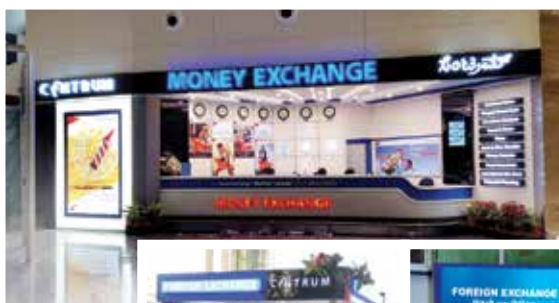




CentrumDirect – Industry by Innovative Firsts

Bagged Exclusive Rights to Operate Forex Counters at Ahmedabad, Jaipur, Pune & Gaya Airports

CentrumDirect – our Forex arm, bagged exclusive rights to operate Money Exchange counters at Ahmedabad, Jaipur, Pune and Gaya Airports in FY 2016-17. With this, Centrum now has a presence at 18 airports in the country. It reinforces our position as the No. 1 Airport Forex provider in India and the only company in India, to have money exchange counters at International airports in 4 metros - Mumbai, Kolkata, Chennai and Bangalore.



Forex Branches Now in Tirupati and Thiruvalla

We expanded our presence in Andhra Pradesh and Kerala with the launch of our branches in Tirupati and Thiruvalla, to service growing business opportunities in these cities. Thiruvalla is home to a large NRI population and Tirupati being a major tourist destination will help us reach out to a larger audience, offering them our basket of forex services.