



B R I S K A & ASSOCIATES
(Formerly L.K. Maheshwari & Co.)
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CENT BANK HOME FINANCE LIMITED

Report on the Standalone Financial Statements

Opinion

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, 2021, the statement of profit and loss and the statement of Cash Flows for the year then ended , and Notes to Standalone financial Statements , including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "standalone financial statements")

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, 2021, the statement of Profit and loss, and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the Standalone financial statements in accordance with the Standards on Auditing ("SA"s) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone 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 ("ICAI") together with the ethical requirements that are relevant to our audit of the Standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Standalone financial statements.

Emphasis of Matters

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

- (a) Note 23 (4) in the Standalone financial statements which indicate that the company has maintained Deferred Tax Liability on Special Reserves to the tune of Rs 1,316.05 Lakhs (Previous year 1,637.46 Lakhs) in pursuance with NHB guidelines NHB(ND)/DRS/Policy Circular 65/20 14-15 through P/L Appropriation.
- (b) Note 23 (12) in the Standalone 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(12) 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 Standalone financial statements of the company have been prepared on a going concern basis for the reasons stated in the said Note.
- (c) We draw attention to Note 23[25(b)] in the Standalone Financial statements, which describes the economic and social consequences the entity is facing as a result of COVID-19 which is impacting consumer demand, financial markets, and personnel available for work.

Our opinion is not modified in respect of these matters.





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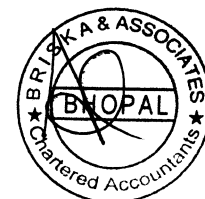
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Key Audit Matters

Continuation Sheet

Key Audit Matters are those matters that in our professional judgment were of most significance in our audit of the Standalone Financial Statements of the Current Period. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters. We have determined the matters described below to be the Key Audit Matters to be communicated in our report.

| Sr. No. | Key Audit Matters | Auditors' Response |
|---------|--|--|
| 1. | <p>Classification of Advances and Identification and provisioning for non-performing Advances in accordance with the NHB guidelines Advances include loans repayable on demand and Term loans.</p> <p>(Refer note-5,8,11,14, 23(2) and 23[27(7.5)] to the Standalone financial statement)</p> | <p>Our audit approach towards advances with reference to the IRAC norms and other related circulars / directives issued by NHB and also internal policies and procedures of the Company includes the testing of the following:</p> <p>- The accuracy of the data input in the system for income recognition, classification into performing and non-performing Advances and provisioning in accordance with the IRAC Norms.</p> |
| 2. | <p>Advances governed by income recognition, asset classification and provisioning (IRAC) norms and other circulars and directives issued by the NHB from time to time which provides guidelines related to classification of Advances into performing and non-performing Advances (NPA). The Company classifies these Advances based on IRAC norms .The Company accounts for all the transactions related to Advances in its Information Technology System (IT System) viz. Core Banking Solutions (CBS) which also identifies whether the advances are performing or non-performing. However, after this, the company uses Excel Sheet to Change Classification and to apply Provisioning norms manually.</p> <p>The carrying value of these advances (net of provisions) may be materially misstated if, either individually or in aggregate, the IRAC norms are not properly followed.</p> <p>In the event of any improper application of the prudential norms or consideration of the incorrect value of the security, as the valuation of the security involves high degree of estimation and judgment, the carrying value of the</p> | <p>Existence and effectiveness of monitoring mechanisms such as Internal Audit, Management Audit and Audit by the Regulatory as per the policies and procedures of the Company;</p> <p>We have examined the efficiency of various internal controls over advances to determine the nature, timing and extent of the substantive procedures and compliance with the observations of the various audits conducted as per the monitoring mechanism of the Company and NHB Inspection.</p> <p>In carrying out substantive procedures, we have examined advances on sample basis, including review of valuation reports of independent valuer's provided by the Company's management.</p> <p>Reliance is also placed on Internal Audit Reports of the Branches.</p> <p>We have also relied on the Certificate IT System Service Provider with respect to the business logics / parameters inbuilt in CBS for tracking, identification and stamping of NPAs and provisioning in respect thereof.</p> |





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|----|---|--|
| | <p>advances could be materially misstated either individually or collectively and in view of the significance of the amount of advances in the Standalone financial statements i.e., 94.61% of total assets the classification of the advances and provisioning thereon has been considered as key audit matter in our audit.</p> <p>Considering the nature of the transactions, regulatory requirements, existing business environment, estimation/ judgement involved in valuation of securities, it is a matter of high importance for the intended users of the Standalone Financial Statements. Considering these aspects, we have determined this as a Key Audit Matter. Accordingly, our audit was focused on income recognition, asset classification and provisioning pertaining to advances due to the materiality of the balances.</p> | |
| 3. | <p>Assessment of Provisions and Contingent liabilities in respect of certain litigations of Direct Taxes.:</p> <p>There is high level of judgement required in estimating the level of provisioning. The Company's assessment is supported by the facts of matter, their own judgment, past experience, and advices from legal and independent tax consultants wherever considered necessary. Accordingly, unexpected adverse outcomes may significantly impact the Company's reported profit and the Balance Sheet.</p> <p>We determined the above area as a Key Audit Matter in view of associated uncertainty relating to the outcome of these matters which requires application of judgment in interpretation of law. Accordingly, our audit was focused on analyzing the facts of subject matter under consideration and judgments/ interpretation of law involved.</p> | <p>Our audit approach involved: -</p> <ol style="list-style-type: none">Understanding the current status of the litigations/tax assessments;Examining Consultants Opinion;Evaluating the merit of the subject matter under consideration with reference to the grounds presented therein and available independent legal / tax advice; andReview and analysis of evaluation of the contentions of the Company through discussions, collection of details of the subject matter under consideration, the likely outcome and consequent potential outflows on those issues. |





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Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the Standalone financial statements and our auditor's report thereon.

Our opinion on the Standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management and those charged with Governance 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 include 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 judgements and estimates that are reasonable and prudent; 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 presentations of the Standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone 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 Standalone Financial Statements

Our responsibility is to express an opinion on these Standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Standalone financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Standalone financial statements.





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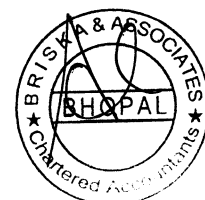
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Continuation Sheet

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone financial statements.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("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' a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by the Housing Finance Companies- Master Direction - Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Directions, 2021 vide RBI/2020-21/73 DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 February 17, 2021 [Previous Year - Para No 3A & 3B of Auditors Report (National Housing Bank) Directions 2016 issued by the National Housing Bank vide Notification No NHB.HFC.AR-DIR.I/MD & CEO12016 Dated 3-2-2017], we give in the "Annexure -B" statement on the matters specified in paragraphs 70 and 71.
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) The report on the accounts of the branch offices, as required by clause (c) of sub-section (8) of section 143 of the Act, is not applicable for the year under report, since Company has appointed us a Sole Statutory Auditor of the Company, to audit the company's books of account including the branch accounts, and accordingly requirement of dealing with the report of Branch Auditors, in preparing our report does not arise.
 - 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 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) The provisions of section 164(2) in respect of disqualifications of directors of the Companies Act, 2013 are not applicable to the Company being Government Company in the terms of notification no. G.S.R. 463(E) dated 05 June, 2015 issued by Ministry of Corporate Affairs.
 - g) 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 C". Our report expresses a modified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - 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) Rules, 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 (5) to the financial statements;





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- 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(19) 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 2013 By C & AG is enclosed as "Annexure "D".

For B R I S K A & ASSOCIATES;
(Formerly L K Maheshwari & Co)
CHARTERED ACCOUNTANTS
FRN -000780C


CA AMIT CHITWAR
(Partner)
M.No: 407118
Date: 19-05-2021



PLACE: BHOPAL
UDIN: 21407118AAAAEA7296



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(Formerly L K Maheshwari & Co)

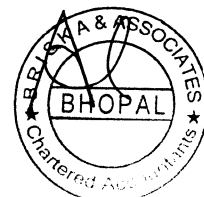
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Annexure A to the Independent Auditors' Report

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 financial statements for the year ended 31 March 2021, we report that:

- (i)
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment.
 - b) The Property, Plant and Equipment are physically verified by the management according to a programme phased verification, which in our opinion is reasonable having regard to the size of the company and the nature of its assets. Pursuant to the programme, the Property, Plant and Equipment have been physically verified by the management during the year and no material discrepancies were noticed on such verification.
 - c) As the company, does not have any immovable property hence no question of title deed arises.
- (ii) The Company is in the business of providing Housing Finance Services and consequently, does not hold any inventory. Accordingly, reporting under paragraph 3(ii) of the Order is not applicable to the company.
- (iii) According to the information and explanation given to us, the Company has not granted any loans, secured or unsecured to any companies, firm, limited liability partnerships or other parties covered in the register required to be maintained under section 189 of the Companies Act, 2013 ('the Act'). Hence, reporting under clauses (iii) (a), (b) and (c) is not applicable to the Company.
- (iv) In our opinion and according to the information and explanation given to us, the Company has not granted any loans or provided any guarantees or security to the parties covered under Section 185 of the Act. The Company has complied with the provisions of Section 186 of the Act in respect of Investments made or loans or guarantee or security provided to the parties covered under Section 186.
- (v) The Company has accepted deposits from public. In our opinion and according to the information and explanation given to us, the company, during the year, has complied with the directives issued by the National Housing Bank under the Housing Finance Companies (NHB) Directions, 2010 (as Amended as per Direction 2021 issued by RBI) with regard to deposits accepted from the public and the rules framed thereunder; and the provision of Section 73 to 76 and other relevant provision of the Companies Act, 2013, and the rules framed there under. No order has been passed by the Company Law Board or the National Company Law Tribunal or Reserve Bank of India or by any other court or tribunal with regard to such deposits.
- (vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under sub section (1) of Section 148 of the Companies Act, 2013, in respect of the business of the Company. Thus, reporting under clause 3(vi) of the order is not applicable to the Company.
- (vii) According to the information and explanations given to us and according to the records produced before us for verification:
 - a) the company has generally been regular in depositing with appropriate authorities, the undisputed statutory dues including Provident fund, Income tax, Wealth tax, GST and any Other material Statutory dues applicable to it;





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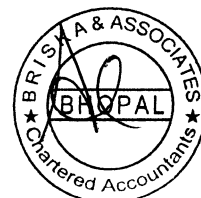
- b) no undisputed amounts payable in respect of Income Tax, Sales Tax/ Value Added Tax, Service Tax, GST and any other material statutory dues were in arrears as at 31st March, 2021 for a period of more than six months from the date they became payable;
- c) Clause 5 of notes 23 gives full disclosure regarding company's dispute with Income Tax Authorities.
- d) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- (viii) In our opinion and as per the information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions, banks and Government or debenture holders. The Company did not have any outstanding loans and borrowings from government during the year.
- (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. According to the information and explanations given to us, during the year the Company has utilised the money raised by way of Term Loan for the purpose for which they were raised.
- (x) According to the information and explanation given to us and as represented by the management and based on our examination of the books and records of the Company and in accordance with the Generally Accepted Auditing Practices in India, **except as mentioned below** no material fraud on or by the Company has been noticed or reported during the year;

Fraud on the Company

| Year | No of Borrower Account | Sanction Amount (Rs.) | Outstanding Amount (Rs.) |
|---------------|------------------------|-----------------------|--------------------------|
| Current Year | Nil | Nil | Nil |
| Previous Year | 10 | 2,13,25,000/- | 1,97,69,384/- |

Fraud by the Company - NIL (Previous Year -NIL)

- (xi) The provisions of Section 197 of the Companies Act, 2013 relating to managerial remuneration are not applicable to the Company, being a Government Company, in terms of MCA Notification no. G.S.R. 463 (E) dated 5th June 2015.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company and hence, the requirement of clause 3(xii) of the order is not applicable;
- (xiii) In our opinion and according to the information and explanation given to us, transactions during the year with related parties were approved by the Audit Committee and are in compliance with Section 177 of the Companies Act, 2013 where applicable and since the said transactions were in the ordinary course of business of the Company and were at arm length basis, the provisions of Section 188 are not applicable, and the details have been disclosed in the Financial Statements, as required by the applicable Accounting Standards.
- (xiv) According to the information and explanations given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review;
- (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 person connected with him.





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- (xvi) According to the information and explanations given to us, the company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. However, the Company being a Housing Finance Company, is registered with National Housing Bank vide Registration No. 01.0004.02 by which NHB has granted status of Housing Finance Company (HFC) to the Company on 31.07.2001.

For **B R I S K A & ASSOCIATES;**
(Formerly L K Maheshwari & Co)
CHARTERED ACCOUNTANTS
FRN -000780C

CA AMIT CHITWAR
(Partner)

M.No: 407118

Date: 19-05-2021

PLACE: BHOPAL

UDIN: 21407118AAAAEA7296





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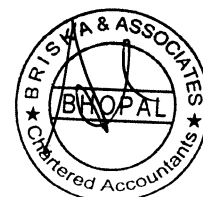
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Annexure B to the Independent Auditors' Report

(Referred to in paragraph 2 under "Report on Other Legal and Regulatory Requirements" of our Audit Report of even date with reference to Directions notified vide RBI/2020-21/73 DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 February 17, 2021 hereinafter referred as "the directions" in this annexure and be read with NHB Directions 2016 to the extent applicable)

Matters referred in Para 70.1 of the directions

- i. The company is registered with NHB vide registration certification No.01.0004.02 dated 31.07.2001. Further, we hereby certify that the Company is meeting the required Principal Business criteria requirement as laid down under Paragraphs 4.1.17 of the directions.
- ii. The Company is meeting the required Net Owned Fund (NOF) requirement as prescribed under section 29 A of National Housing Bank Act, 1987. The company does not have paid up preference shares which are compulsorily convertible into equity that are required to be included in the calculation of NOF.
- iii. 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.
- iv. The total borrowings of the company i.e., deposits inclusive of public deposits, the aggregate amount of which together with the amounts, if any, held by it which are referred in clauses (iii) to (vii) of sub-section (bb) of Section 45 I of the Reserve Bank of India Act, 1934 as also loans or other assistance from the NHB, are within the limits prescribed in the said direction at Para No 27.2.
- v. 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 as specified in these directions.
- vi. The capital adequacy ratio as disclosed in the half-yearly statutory return, submitted to the NHB, as per the directions issued by NHB in this regard, has been correctly determined and such ratio is in compliance with the prescribed minimum capital to risk weighted asset ratio (CRAR);
- vii. The company has furnished the half-yearly statutory return within the stipulated period to the NHB, as specified in the directions issued by NHB.
- viii. The company has furnished within the stipulated period the quarterly statutory return on Statutory Liquid Assets to the NHB, as specified in the directions issued by NHB;
- ix. The company has not opened any new branches /offices or has not closed of existing branches/offices during the year; therefore, question of compliance of the requirements contained in the direction, is not applicable during the current financial year.
- x. In our opinion and according to the information and explanations given to us, the company has not lent /advanced money against Own Shares (paragraph 18), listed shares (paragraph 3.1.3) and against collateral of Gold (paragraph 3.1.4). Therefore, company the provisions contained in Paragraph 3.1.3, Paragraph 3.1.4 and Paragraph 18 of these directions are not applicable to the company.
- xi. The Board of Directors of the company has not passed a resolution for non-acceptance of any public deposits.
- xii. The company has accepted public deposits (including renewal of existing public deposits) during the relevant period/ year.





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Matters referred in Para 70.2 of the directions

- i. The public deposits accepted by the company together with other borrowings indicated below viz.
 - a. from public by issue of unsecured non-convertible debentures/bonds;
 - b. from its shareholders; and
 - c. which are not excluded from the definition of 'public deposit; as per Paragraph 4.1.30 of these directions, are within the limits admissible to the company as per the provisions these directions.
- ii. The public deposits held by the company are not in excess of the quantum of such deposits permissible to it under the provisions of these directions which are required to be regularized in the manner provided in the said Directions. Therefore, the provisions contained in these directions relating to the regularization of excess deposit are not applicable to the company.
- iii. Before accepting/holding "Public Deposits" ,the company has obtained minimum investment grade credit rating for deposits i.e., "FA- "with Outlook STABLE (Previous Year "FA- "with Outlook STABLE) which has been assigned by the approved credit rating agency i.e., CRISIL.
- iv. With reference to the preceding Para, we Further report that;
 - (a) the company has not obtained said credit rating for each fixed deposit scheme(s) separately. However, said credit rating has been obtained for fixed deposit in totality for all schemes and the such credit rating was valid during the year.
 - (b) according to the information and explanation given to us, the credit rating agency (CRISIL) has evaluated the total fixed deposit programme of the company. Accordingly, the aggregate number of outstanding deposits during the year under different fixed deposit schemes has not exceeded the limit total amount evaluated by the such credit rating agency.
- v. 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.
- vi. 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 40 and 42 of these directions.
- vii. 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 these directions.

For B R I S K A & ASSOCIATES;
(Formerly L K Maheshwari & Co)
CHARTERED ACCOUNTANTS
FRN -000780C

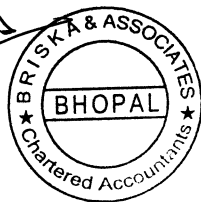

CA AMIT CHITWAR
(Partner)

M.No: 407118

Date: 19-05-2021

PLACE: BHOPAL

UDIN: 21407118AAAAEA7296





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Annexure C to the Independent Auditors' Report

(Referred to in paragraph 3(g) under "Report on Other Legal and Regulatory Requirements" section 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 at 31st March 2021 in conjunction with our audit of 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 ("ICAI"). 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 ("the Guidance Note") 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 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;





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(Formerly L K Maheshwari & Co)
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- (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 may 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 31st March 2021, 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, 2021:

- i. We observed that Internal Audit reports of 18 Branches for the period from 01-11-2020 to 31-03-2021 have not been received till the finalization of statutory audit for the financial year 2020-2021. Therefore, 1/3rd transactions remain un-audited by the Internal Auditors. Henceforth, it is observed that said element of Internal Financial Control i.e., Internal Audit System is not working effectively.
- ii. Insurance of property mortgaged has been implemented w.e.f. 17-04-2018. That is, up until, 16-04-2018 there was no policy of the company as regards insurance. In our opinion, insurance of all the properties mortgaged till 16-04-2018 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 31st, 2021 financial statements of the Company, and these material weaknesses do not affect our opinion on the financial statements of the Company.

For B R I S K A & ASSOCIATES;
(Formerly L K Maheshwari & Co)
CHARTERED ACCOUNTANTS
FRN -000780C

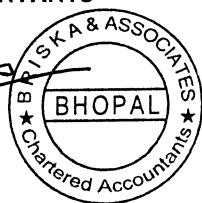
CA AMIT CHITWAR
(Partner)

M.No: 407118

Date: 19-05-2021

PLACE: BHOPAL

UDIN: 21407118AAAAEA7296





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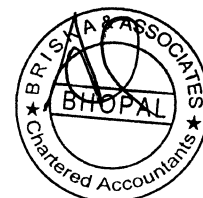
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ANNEXURE "D" TO THE INDEPENDENT AUDITORS' REPORT

(Annexure referred to in paragraph "16" under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of Cent Bank Home Finance Limited [CBHFL] on the Financial Statements for the year ended 31st March, 2021)

Directions (i.e., Annexure-I) indicating the areas to be examined by the Statutory Auditors during the course of audit of annual accounts of Cent Bank Home Finance Limited [CBHFL] for the year 2020- 2021 issued by the Comptroller and Auditor General of India under section 143(5) of the Companies Act, 2013.

| Sr. No. | AREAS TO BE EXAMINED | REPLY FOR THE AREAS EXAMINED |
|---------|---|--|
| 1. | Whether the Company has system in place to process all the accounting transactions through IT system? If, yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated. | <p>The Company has the system in place to process all the accounting transactions through IT systems with some exceptions as mentioned below which is maintained and controlled through excel Sheets for calculation etc.:</p> <ol style="list-style-type: none">1. Interest on Borrowings/debentures and Interest Income On investments.2. Depreciation on Fixed Assets and Amortization on Investments.3. Calculation of Provisioning on NPAs [Non-Performing Assets] and on Standard Assets including Identification of Additional NPAs.4. Consolidation of Trial balance of Branches and head-Office and Preparation of Financial Statements.5. Quantification of amount of Compromise, Waiver and OTS amount.6. Quantification of Monthly deductions from salary of Employees viz Interest on Advances etc. <p>Once the calculations are finalized then final vouchers are passed through IT Systems.</p> <p>Apart from above, Loan documentation including various input details of Borrower master is entered in LOS [Loan Origination System] which is Integrated to CBS Software.</p> <p>During the course of verification on test check basis of these excel sheet, we have not come across any major calculation mistakes or mistakes identified were rectified.</p> <p>As informed to us company's Vendor [M/s Intellect Design Arena] is using cloud-based AMAZON WEB SERVER for maintaining the CBS in which accounting entries/ vouchers are routed through.</p> |





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|----|--|--|
| 2. | Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/ loans/ interest etc. made by a lender to the company's inability to repay the loan? If yes, the financial impact may be stated. | During the Financial Year 2020-2021, no cases of restructuring of an existing loan or cases of waiver/write off of debts/ loans/interest etc. made by a lender to the company has been observed. |
| 3. | Whether funds received/ receivable for specific schemes from Central/State agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation. | On the basis of selective audit procedures, we have observed that the funds received/ receivable for specific schemes [PMAY/NHB refinance Schemes] from Central/State agencies were properly accounted for /utilized as per its term and conditions. |
| 4. | Whether the security controls for digital payment products and services are in compliance with the directions of RBI for Digital Payment Security Controls Dated 18 February 2021. | On the basis of our verification, explanation and information given to us, the company is not providing any digital products or services. Hence this direction is not applicable. |
| 5. | RBI provided a window (vide circular dated 6 august 2020) under the prudential framework to implement a resolution plan to borrowers having stress on account of Covid 19, as per which existing loans can be restructured without downgrading the asset classification. Are there any cases of restructuring involving the new provision and if so, are they in compliance with the RBI circular? | In our opinion and according to the verification of information and explanations given to us, during the year no restructuring has been made in respect of the loan accounts. Hence, this direction is not applicable. |

For B R I S K A & ASSOCIATES;
(Formerly L K Maheshwari & Co)
CHARTERED ACCOUNTANTS
FRN -000780C



CA AMIT CHITWAR
(Partner)

M.No: 407118

Date:19-05-2021

PLACE: BHOPAL

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