

Significant Accounting Policies forming part of the Financial Statements:-

Note 1

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 19th June, 1992. Company commenced its business on June 18, 1991 and obtained the certificate of registration from 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 purchase of Commercial property. The Company is currently operating with 18 branches and 2 representative offices.

1. General system and method of accounting:

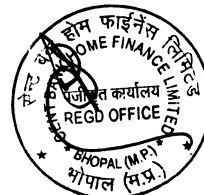
The Financial Statements of the Company have been prepared and presented as per the Generally Accepted Accounting Principles in India (GAAP) under the historical cost convention on accrual basis. The Company has prepared its Financial Statements to comply with the all material aspects of the Accounting 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 consistent with those followed in previous year.

Amounts in the financial statements are presented in “Rs Lakhs” except 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 way of Equated Monthly Installments (EMIs) comprising of principal and interest. Interest is calculated on the outstanding balance at the beginning of the month. EMI commences once the moratorium is completed. Pending commencement of EMI, pre-EMI monthly interest is recovered. 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 which it is received.
- d. Other Income - Interest on tax refunds and other income are accounted for on receipt basis.

4. AS 10 - Property, Plant and Equipment:

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

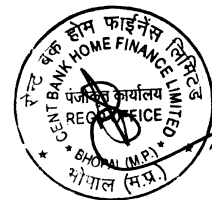
5. Depreciation

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 provided 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 is carried at lower of cost and market value and long term investments are carried at cost.

The gain/loss on account of discount/premium on Long Term Investments made in debentures/bonds and government securities are recognized over the life of the security on a pro-rata basis.



7. Employee Benefits

As per Accounting Standard- 15 “Employee Benefits”, Gratuity amount has been set aside on actuarial basis and invested in Group Gratuity Scheme administered by the Life Insurance Corporation of India. Company’s contribution in respect of Employees’ Provident Fund is made to Employees’ Provident Fund Scheme of EPFO and is charged to the Statement of Profit & Loss.

As per HR Policy, an Employee is entitled to encash 100% leaves till date and therefore the same is determined on the basis of un-availed leave and Ten Month Average Salary .Therefore the Leave Encashment liability is treated as Short term Liability under the head “Current Liabilities” and provided for on Accrual basis s per said formula.

8. AS -19 “Leases” : Operating Lease

The Company has agreement with Polaris Financial Technology limited (service provider) for centralized solution on application service provider model. The service provider provides software & license to use. The contract is for 5 years and cancelable with 90 days notice period. Yearly charges debited to profit and loss account as per consistent Policy followed over the years.

Apart from above, Office premises taken are renewable at the option of company. Monthly charges are debited to profit and loss account as per consistent Policy followed over the years.

9. AS 20 “Earnings Per Share”

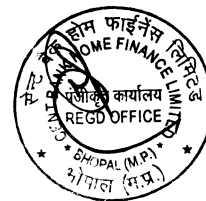
The Basic and Diluted Earnings per Share have been calculated by dividing the net profit attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the reporting period.

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 of both of 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.



Company makes the Provision for Standard, Sub Standard, Doubtful & Loss Assets as per Prevailing guidelines of RBI/NHB. However Company Claims Account Written off only as deduction while calculating income Tax as per consistent Policy followed over the years.

The Company has proven track record of Profits and creates the deferred tax assets on provision for Standard, Sub standard, Doubtful and Loss Assets account as per consistent Practice followed over the period. The same shall be reversed in the year of collection/written off of accounts.

11. AS 29 -Provisions, Contingent Liabilities and Contingent Assets:

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 estimated, 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 acknowledged as debt	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 Company 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 contingently liable primarily include the estimate amount of contracts remaining to be executed on Capital Account and not provided for

12. Loan Origination/Acquisition Cost and Brokerage of Deposit mobilization: - All Direct Cost incurred for the loan origination (Direct selling agent's commission) are amortized in 5 years, and in 3 years in case of Brokerage paid for Fixed deposit mobilization.

13. Unclaimed Deposits

Deposits, which have become due but not been presented for 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

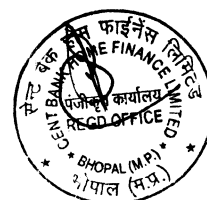
Company will create floating provision only against Bad & Doubtful Debts and amount of provision will be approved by the Board from time to time.

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.

16. Prior Period Adjustments.

As per AS-5 "Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies" the company is following the practice of making adjustments for prior period items through expenses/ income of previous year in the current year except few minor items.



17. Related Party Disclosure.

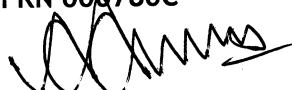
As required by Accounting Standard (AS)-18 "Related party disclosure" the manner of disclosures required by paragraphs 23 and 26 of AS 18 The company has disclosed in financial statements of transactions with certain categories of related parties. In particular, attention is focused on transactions with the directors or similar key management personnel of an enterprise, especially their remuneration and borrowings, because of the fiduciary nature of their relationship with the enterprise.

18. Segment Reporting.

As per AS 17 "Segment Reporting", A geographical segment is a distinguishable component of an enterprise that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments. Factors that should be considered in identifying geographical segments include:

- similarity of economic and political conditions;
- relationships between operations in different geographical areas;
- proximity of operations;
- special risks associated with operations in a particular area;
- exchange control regulations; and
- the underlying currency risks.


As per our report of even date
For B R I S K A & Associates
(Formerly L K Maheshwari &
Co).
Chartered Accountants
FRN 000780C


CA Amit Chitwar
Partner
M.No.407118
Place: Bhopal
Date: 19.05.2021



For Cent Bank Bank Home Finance Limited


Alok Srivastava
Chairman
DIN:05123610


Shishram Tundwar
Managing Director
DIN:08505855


Manish Singh Payal
Company Secretary

