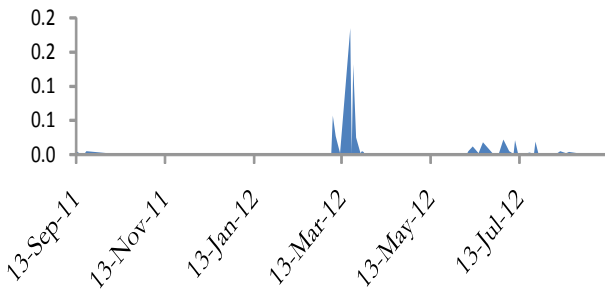


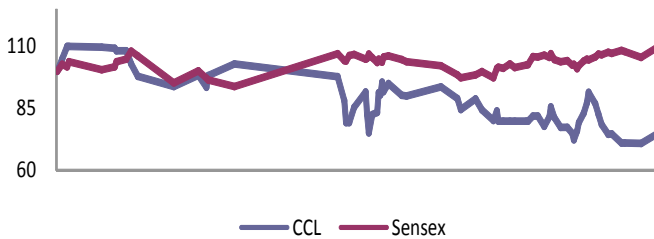
Equity Statistics

Current Market Price	Rs.	893
52 Week High/Low	Rs.	1319/811
Market Capitalisation	Rs. Crores	619
Free Float	Rs. Crores	433
Dividend Yield	%	0.00
One Year Regression Beta	Times	0.14

BSE Volumes Trend - Average = 0.01 Thousand

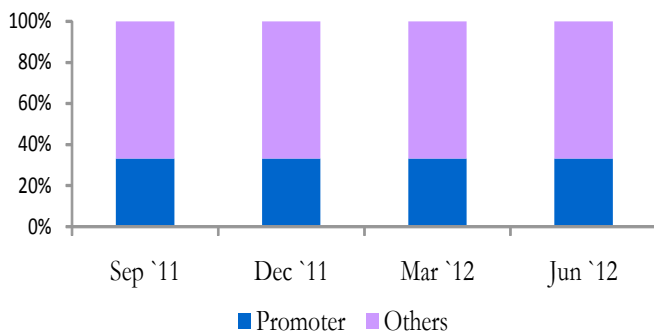


Relative Returns



Returns	1M	3M	6M	1 Yr
Absolute	-5%	-7%	-13%	-26%
Rel. to Sensex	-7%	-14%	-15%	-32%

Shareholding Pattern



Source: BSE, Capitaline and CARE Research

Business Summary

Centrum Capital Ltd (CCL) is the flagship company of the Centrum group, and is a SEBI-registered category I Merchant Banker. As the group flagship company, CCL operates through its subsidiaries, joint ventures and associate companies to provide products and services to Institutions, Investors, Corporates and Individuals across the globe, both in the Private and the Public sectors. CCL's business activities comprise Investment Banking (Equity Capital Market, Corporate Finance & Advisory, Debt, Infrastructure & Realty Advisory), Institutional Broking (with research coverage for large and mid-caps) and Retail Financial Services (Broking, Distribution / Wealth Management, Depository, Portfolio Management Services (PMS), Foreign Exchange, Money Changing, Money Transfer, Travel & Tourism), Lending (Loan against Securities, Margin Funding, IPO Funding, Structured Finance etc).

On a consolidated level, CCL made a loss at the PBT level of Rs.27.2 crore on a total income of Rs.1,627 crore in FY11 (refers to period July 1, 2010 to June, 30 2012).

Board of Directors

Person	Role
Mr T. R. Madhavan	Executive Chairman
Mr Chandir Gidwani	NED
Mr K. V. Krishnamurthy	Independent Director
Mr Rajesh Nanavaty	Independent Director
Mrs Mahakurshid Byramjee	NED
Mr Ibrahim S. Belselah	Independent Director
Mr Rajesh Narain Gupta	Independent Director
Mr Subimal Bhattacharjee	Independent Director
Mr Dhanpal Jhaveri	NED
Mr Rishad Byramjee	NED

Source: Annual Report

Note: NED: Non Executive Director

Background

CCL is a result of reverse merger between Jasmine Investment Limited and Calculus Credit Limited in 1997. Jasmine Investment Limited was incorporated in 1977. CCL got registered as a Category I Merchant Banker with SEBI in 1998 and became a Bond House. The company has a pan-India presence across 84 locations and also has global footprint extending across New York, Dubai and Hong Kong. As on June 30, 2011, there were around 900 members, employed with Centrum Group. Centrum Capital Limited is a holding company with subsidiaries as CentrumDirect Limited, Centrum Infrastructure and Realty Limited, Centrum Financial Services Limited, Centrum Wealth Management Limited, Centrum Capital Holdings LLC, Centrum Securities (Europe) Limited and Accounts Receivables Management Services (India) Limited. CCL has a 50:50 joint venture with M/s. Commonwealth Finance Corporation Limited in Hong Kong named Commonwealth Centrum Advisors Limited. Associates / entities where CCL has significant influence are Centrum Broking Private Limited, Centrum Securities Private Limited and Essel-Centrum Holdings Limited.

Business overview

Primary business segments of CCL on a consolidated basis are Advisory & Transactional Services, Trading in Bonds, Forex and Forex equivalents, Tour & Travels and Treasury. On a PBT level, only two segments namely Tours & Travels and Treasury were profitable in FY11 with a profit of Rs.0.9 crore and Rs.5.8 crore, respectively.

Strengths and growth drivers

- Established track record and expertise in investment banking especially in debt capital markets
- Strong top management team comprising senior ex-bankers as its Board members
- Diversification of revenue across equity and debt capital markets and diversification among fee-based and fund-based activities

Risk and concerns

- Inherent industry risk in investment banking and bond trading activities which have high dependence on capital markets and are susceptible to volatility and slowdown in the markets
- Huge investments in subsidiary companies (63% of total investments as on June 30, 2011) of which a few were loss-making during FY11. Continued funding support to subsidiaries, associates and joint ventures may negatively impact the financials of CCL
- Net loss incurred in FY11 due to overall negative business climate, choppy equity markets and increasing manpower cost

Future strategy and expansion plans

- The company sees great opportunities in the area of corporate debt restructuring in today's distressed economic environment. CCL believes that it has an experienced team in this sector which will help the company to grow in the CDR space.
- Centrum is planning to strengthen its NBFC business by focusing on margin funding through promoter funding and structured finance.
- In the forex business, with the receipt of the Money Transfer Service Scheme (MTSS) permission during the year, Centrum expects to grow its business by appointment of franchisees across India.

Industry outlook

The Indian economy is going through a rough phase characterized by low growth, high inflation, depreciating currency, and uncertain economic development. GDP growth moderated to 5.3% in Q4FY12 dragging the overall growth rate to 6.5% for FY12. Inflationary pressures still exist in the economy with WPI inflation at 7.55% in August 2012 supported by higher food prices and higher prices of manufactured goods. The current account deficit during FY12 also widened in the face of worsening global economic and financial conditions which put a downward pressure on the rupee. During FY12, trading volume in the corporate bond market declined 2% to Rs.593,783 crore but resources raised from primary markets through debt instruments increased 29% to Rs.296,714 crore. Mobilization of funds by way of commercial paper gained momentum in FY12 with corporates raising Rs.585,180 crore which is 51% higher than FY11. In order to deepen the Indian bond market, the Government has brought about some reforms like setting up of Infrastructure Debt Fund, introducing Credit Default Swap, raising debt investment limit for FIIs and removing the tenure & maturity restrictions for foreign investors. The government is also planning to accelerate capital market reforms and attract foreign capital by raising the ceiling for foreign borrowings, easing curbs on portfolio investors, and liberalizing norms for overseas borrowings.

Peer comparison		Year ended March 31, 2012*			
Income statement (Rs. crore)	CCL	Edelweiss	IIFL	MOS	
Total income	1,627.2	1,670.7	1,886.5	465.5	
Operating expenditure	1,641.9	642.4	1,150.9	134.6	
EBITDA	(3.0)	1,070.9	784.0	157.5	
Ordinary net profit	(19.1)	127.7	136.1	103.8	
Adjusted net profit	(27.7)	127.7	136.1	90.8	
Per share data (Rs.)					
Adjusted BVPS	250.3	32.5	57.8	78.5	
Diluted EPS	-	1.7	4.1	7.2	
Growth (Y-o-Y) (%)					
Growth in Total Income	26.4	16.9	28.0	(22.5)	
Growth in EBITDA	NM	18.6	29.2	(31.4)	
Growth in adjusted net profit	NM	(45.2)	(36.6)	(33.7)	
Growth in EPS	NM	(44.7)	(37.2)	(24.8)	
Profitability ratio (%)					
EBITDA margin	NM	64.1	41.6	33.8	
Adjusted PAT margin	NM	7.6	7.2	19.5	
Valuation ratios (Times)					
Price/EPS (P/E)	NM	17.9	14.1	12.8	
Price/Book value (P/BV)	3.6	0.9	1.0	1.2	

Source: BSE, Company Annual Reports and CARE Research

Note: Edelweiss: Edelweiss Financial Services Limited, IIFL: India Infoline Ltd., MOS: Motilal Oswal Financial Services Ltd.

*Financials for CCL is for year ended June 30, 2011.

Quarterly financials (standalone)		Quarter ended June 30, 2012			
Income statement (Rs. crore)	Q4FY12	Q3FY12	Q2FY12	Q1FY12	Q4FY11
Total income	31.6	17.0	7.1	4.5	7.4
EBITDA	17.5	5.1	(4.4)	(7.6)	(11.5)
PAT	10.3	0.2	(8.9)	(11.5)	(13.6)
Growth (Q-o-Q) (%)					
Growth in total income	85.9	141.1	57.4	(39.5)	
Profitability ratio (%)					
EBITDA margin	55.4	30.1	NM	NM	NM
PAT margin	32.6	1.4	NM	NM	NM

Source: BSE, Capitaline and CARE Research

Quarterly financials are based on standalone results

Financial analysis

- During FY11, fee income declined 1.8% to Rs.50.5 crore due to negative business environment and choppy equity markets. Bond trading income also declined 52% to Rs.6.1 crore. On a forex sale of Rs.608 crore, the company made an income of Rs.6.3 crore (FY10: Nil) and gain made on joint venture operations stood at Rs.17.6 crore (FY10: Rs.20.2 crore). Other income was almost flat at Rs.13.7 crore mainly comprising interest income and share in other income of JVs.
- Operating expenses increased 39% due to rise of 31% in employee cost to Rs.43 crore and 33% rise in administrative expenses to Rs.58 crore. CCL reported a net loss of Rs.19.1 crore in FY11 as compared to a profit of Rs.2.8 crore in the previous year.
- Total debt increased due to rise in secured loans in the form of cash credit, overdraft facilities and term loans.

Annual financial statistics	FY08	FY09	FY10	FY11
Income statement (Rs. crore)				
Income from operations	1756.8	1137.6	1274.5	1613.4
Other income	4.1	12.3	13.2	13.7
Total income	1760.9	1149.9	1287.7	1627.1
Interest expense	4.5	6.6	7.9	12.5
Cost of forex sold	0.0	0.0	0.0	602.0
Share in Cost of goods/services sold of JV	1670.7	1054.7	1190.2	927.1
Operating expenses	54.4	76.8	81.2	112.8
EBITDA	37.6	23.6	21.2	(3.0)
PBT	31.3	11.8	8.4	(27.2)
Ordinary PAT before minority interest	21.4	(5.8)	2.8	(19.0)
Adjusted PAT	20.1	(6.0)	2.8	(27.6)
Balance sheet (Rs. crore)				
Adjusted net worth (incl. minority interest)	293.2	220.4	222.8	174.3
Total debt (incl. deposits)	69.9	53.6	66.8	159.1
Cash and bank balance	42.1	38.0	27.8	49.2
Investments	194.3	78.3	72.1	72.2
Inter corporate deposits (asset)	23.8	51.4	63.4	99.3
Total assets	403.3	303.0	316.1	386.9
Per share data (Rs.)				
Adjusted BVPS	335.2	322.3	325.7	250.3
Diluted EPS*	34.4	(8.8)	4.1	(28.0)
DPS	1.0	1.0	0.5	0.0
Growth (Y-o-Y) (%)				
Growth in total income		(34.7)	12.0	26.4
Growth in PBT		(62.3)	(29.2)	NM
Growth in adjusted PAT		NM	NM	NM
Growth in EPS*		NM	NM	NM
Key financial ratio				
EBITDA margin (%)	2.1	2.1	1.6	NM
Adjusted PAT margin (%)		NM	0.2	NM
RoA (%)		NM	0.9	NM
RoE (%)		NM	1.3	NM

Source: BSE, Company AR, Capitaline and CARE Research,

NM: Not meaningful, Financial year (FY) refers to period from July, 1 to June, 30

DISCLOSURES

- Each member of the team involved in the preparation of this grading report, hereby affirms that there exists no conflict of interest that can bias the grading recommendation of the company.
- This report has been sponsored by the BSE Investors' Protection Fund.

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