Press Release

October 29, 2010

CARE ASSIGNS 'PR1(SO)' RATING TO COMMERCIAL PAPER OF CENTRUM CAPITAL LTD.

CARE has assigned an **'in-principle' 'PR1 (SO)' [PR 1 (Structured Obligation)]** rating to proposed issue of Commercial Paper (CP) for an amount of up to Rs.25 crore.

Instrument / Facility	Amount (Rs cr)	Rating[1]	Remark
Commercial Paper (CP)	25	PR1 (SO)	Assigned

Rating Rationale

The rating factors in CCL's established track record and expertise in investment banking especially in debt capital markets, its strong and experienced management, diversification of revenue across equity and debt capital markets and diversification among fee based and fund based activities and low consolidated gearing levels. The rating for CP draws additional comfort from the structured payment mechanism to ensure that the money raised through CP is utilised only for the purpose of bond trading business. However, the rating is constrained due to 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, current low profitability and high proportion of net worth of the company invested in subsidiary companies, majority of whom are at a nascent stage of operations.

Company Profile

Centrum Capital Ltd (CCL) is the flagship company of the Centrum group, and is a SEBI registered category I Merchant Banker. The company was formed by a reverse merger between Jasmine Investment Limited and Calculus Credit Limited in 1997. The business activities of are broadly divided into investment banking, fixed income activities, credit syndication and trading of bonds. Its activities encompass the entire gamut of investing banking services such as lead managing of public issues, private placements, loan syndications, corporate debt restructuring, mergers and acquisitions, corporate advisory services etc. CCL also does trading in primary and secondary markets on securities. On a standalone basis, CCL reported PAT of Rs. 16.22 crore on total income of Rs.72.92 crore during FY09 (financial year ending June 30) as compared to PAT of Rs.20.09 crore on total income of Rs.53.01 crore during FY08. During 9MFY10, CCL reported PAT of Rs.5.5 crore on total income of Rs.45.81 crore.

[1] *Complete definitions of the ratings assigned are available at www.careratings.com*

Note: Shri. V. K. Chopra, an independent director on the Board of FCH Centrum Direct Ltd. is one of CARE's Rating Committee Members. FCH Centrum Direct is a key joint venture of CCL. Review of CCL involves analysis of all its key subsidiaries and joint ventures. Shri. Chopra did not participate in the rating process or in the meeting of the Rating Committee when the rating of CCL was discussed.

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CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries /regulators or others are welcome to write to care@careratings.com for any clarifications.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

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