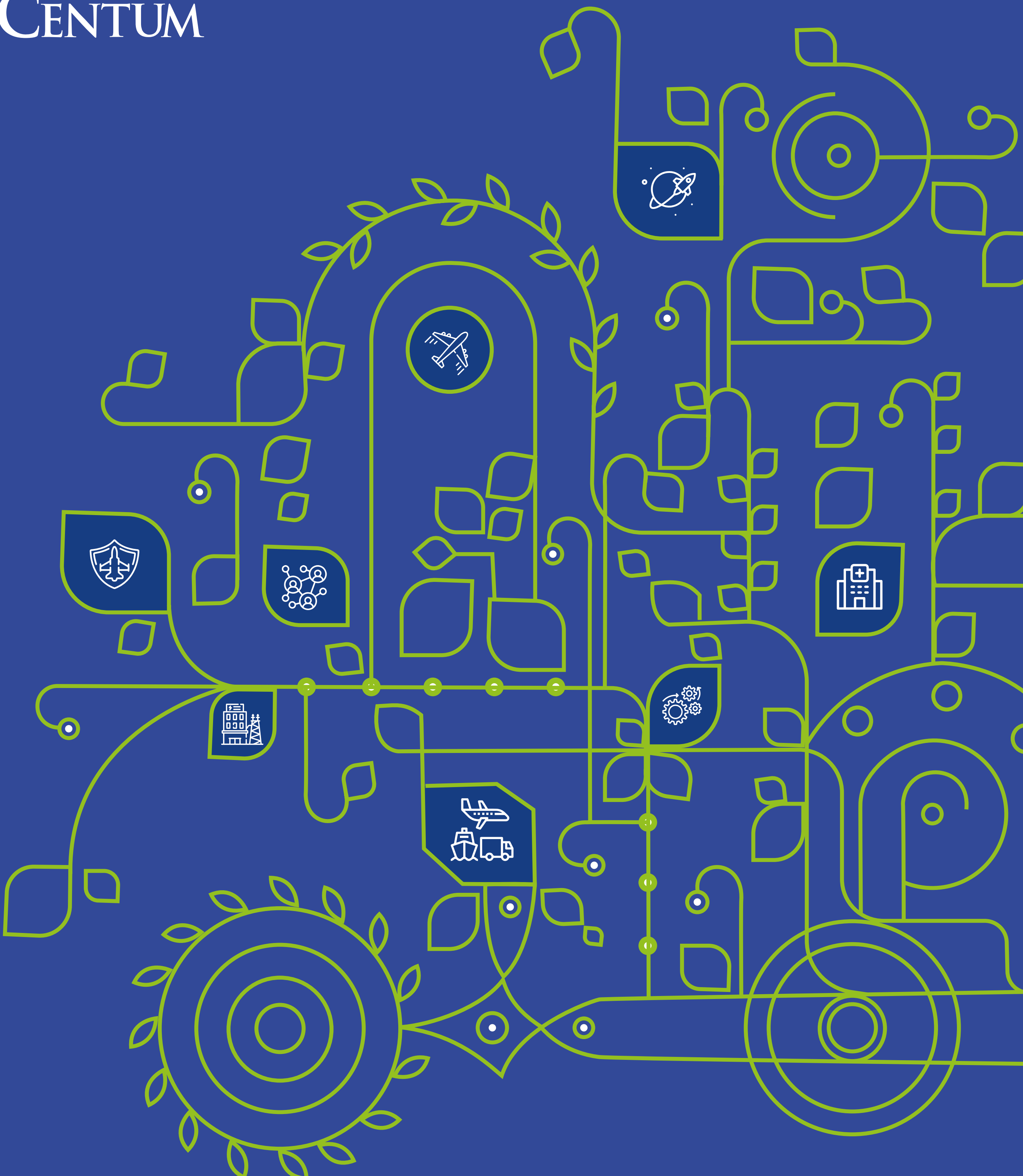
CENTUM



Building the Future, Powering Transformation

Centum Electronics Limited
Annual Report 2022-23

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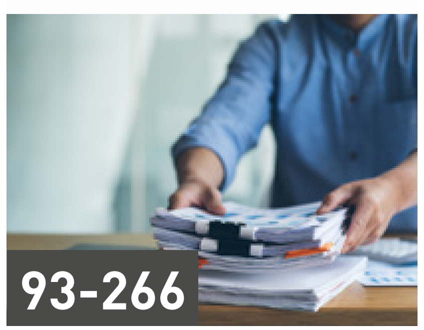


Forward-Looking Statements

Certain statements in this Report, including statements relating to Centum's expectations regarding the future business, development and economic performance, that are subject to risks, uncertainties and other factors. Without limitation, among the factors that could cause actual results to differ materially from those indicated by such forward-looking statements such as but not limited to (1) competitive pressure; (2) legislative and regulatory developments; (3) global, macro economic and political trends; (4) fluctuations in currency exchange rates and general market conditions; (5) technical developments; (6) litigations; (7) adverse publicity and news coverage, etc. All forward-looking statements reflect Centum's expectations only as of the date of this Report and should not be relied upon as reflecting Centum's views, expectations or beliefs at any date subsequent to the date of this release. Centum disclaims any obligation to update the information contained in these forward-looking statements whether as a result of new information, future events, or otherwise.

We are Centum Electronics Limited

Centum was founded in 1994 in Bangalore, India. Since then, the Company has rapidly grown into a diversified electronics Company with operations in North America, EMEA and Asia.

The Company offers a broad range of products and services across different industry segments. It has continuously invested in strengthening its design & product development capabilities while developing deep domain knowledge in the segments it operates in. Centum has also established truly world-class manufacturing facilities with cutting edge infrastructure as well as a global supply chain capable of delivering products with high quality and reliability.

A key contributor to Centum Group's growth has been the strong relationships forged with international customers and partners. This customer-focused approach coupled with Centum's culture hinged on the core-values of Technology-Teamwork-Trust has resulted in a track-record of high quality products & services and excellent execution ability.

Centum currently has a team of 1800 employees including 650 design engineers. With a 30 years of domain expertise in Electronics Design and Manufacturing Solutions Centum has provided its customers with Hi-Tech and Hi-reliability products with flexible engagement models and in the process developed a strong relationship with all the marquee global clients.

Our goal is to provide a comprehensive, competitive and innovative set of solutions and give customers the flexibility to choose what is best suited to their needs.

Our Vision

To create value by contributing to the success of our customers, by being their innovation partner for design & manufacturing solutions in high technology areas.

Major Events

during Financial Year 2022-23





A moment of great pride and joy for every Centumite, as Mr. Apparao Mallavarapu - CMD, Centum Electronics and Honorary Consul of Brazil in Bangalore, was awarded the honorific 'Order of Rio Branco' by the Brazilian Government for his exemplary work to bring Brazil and India together.

The award was conferred by the Ambassador of Brazil to India.

Centum Electronics Limited won Silver Award consecutively for third year in SEEM Energy Awards 2021 conducted on 16th Sep'2022 under engineering category, in recognition for its commitment towards Sustainability manufacturing and carbon footprint reduction.

Centum as a high technology manufacturing organization always gives priority and is committed to energy conservation, effective energy monitoring and review mechanism, training of employees with periodic energy audits and predictive maintenance strategy, achieves energy excellence through innovative practices.

Centum utilizes 90% renewable energy for its manufacturing as a part of carbon reduction strategy to comply with India's climate pledges to reduce Emissions Intensity of its GDP by 45 per cent by 2030.

Moment of great pride and joy for Centum for receiving the "Deliver Innovation Solutions" award from DANA on 10th Aug'22 for successful design and development of MK2 Program.

Major Events

during Financial Year 2022-23

Centum team had the privilege to host Canada High Commissioner, Consul General, Counsellor, Vice-Consul and Trade Commissioner and showcase our Devanahalli Facility and Infrastructure along with our Capabilities and Global Competencies.

This was followed by discussions with CMD - Mr. Apparao V Mallavarapu & the leadership team on opportunities to build on our strong presence in Canada.

Centum team had the privilege to host Consul General of Canada, Consul & Senior Trade Commissioner and Mr. Vittalnath Devalla from the Canada Consulate Delegation team and showcase our Devanahalli Facility and Infrastructure along with our Capabilities and Global Competencies.

This was followed by discussions with our CMD - Mr. Apparao Mallavarapu & the leadership team on opportunities to build on our strong presence in Canada.

Centum had the honor to host the Ambassador of Argentina, at Yelahanka facility.

He was happy to see the impressive facility, the capabilities and indigenization work going on in Centum. The discussions included interesting topics related to space.

Centum had the honor to host the Ambassador of Luxembourg at Devanahalli facility.

Centum had the privilege to host Hitachi Energy team and showcase the capabilities and competencies to collaborate.

Our Global Footprint

- Design Team
- Manufacturing
- Sales and support

Centum's Competitive Edge

- 25+ years of domain expertise in Electronics Design & Manufacturing Solutions
- Global Operations with strong presence in India, Europe and North America
- Concept to Commissioning capabilities
- 1,800 Employees
  650 Designers
- Flexible Engagement Models
- Strong Supply Chain Network
- Strong relationship with marquee global clients
- Serving segments with Hi-Tech, High Entry Barriers
- Single Source Supplier for ~80% of manufactured products
- 75% Revenues from Overseas Customers in Advanced Economies
- Strong Corporate Governance

Manufacturing Facilities


INDIA: Bangalore

FRANCE: Paris


FRANCE: Toulouse

INDIA: Bangalore


FRANCE: Grenoble

BELGIUM: Waterloo


INDIA: Bangalore

FRANCE: Lyon (Ecully)


CANADA: Montreal

Our Services & Offering

Conceptualize Specify
- Feasibility
- Architecture
- System development
- System simulation
- Mock-up

Design
- Hardware design
- Software design
- FPGA design
- Test tools design
- Simulation
- Mechanical design

Prototype & Verify
- Electrical CAD
- Design For X (DFX)
- Mechanical CAD
- Prototyping
- Bring up
- Test & Verification
- Qualification

Pilot Production
- Qualification batch
- Test tools acceptance
- First Article review
- Norms compliance
- Certification process

Mass Production
- Manufacturing
- Release mgmt.
- Documentation
- Product analysis
- Test tools handling

Aftermarket / Life Cycle Support
- Value engineering
- Obsolescence mgmt.
- Cost analysis
- Test tools mgmt.
- Product migration

ER&D Services - 32%

EMS - 39%

BTS - 29%

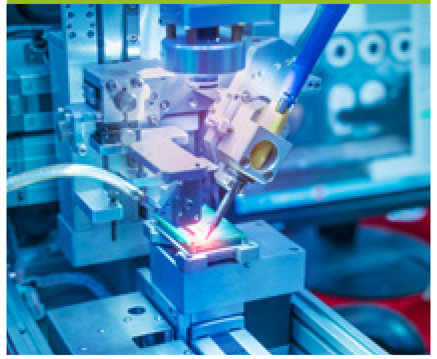
	Defence	Space	Aerospace	Transportation	Automotive	Industry & Energy	Healthcare
ER&D	●	●	●	●	●	●	●
EMS	●		●		●	●	●
BTS	●	●	●	●	●		●

Engineering R&D Services (ER&D)

- Engineering Services involve conceptualizing, designing and certifying of Electronic Hardware, Embedded Software, FPGA, Analog, Radio Frequency products, Power Electronics, etc.
- Centum Group has a global design strength of over 650 design engineers and for the last 25 years, the company has been helping customers turn their ideas into products.
- Centum's engineers work together in multidisciplinary teams to realize customized products for mission-critical applications in high technology segments.
- The company's design centers are located in Europe, North America and India, which enable the company to work closely with international customers while bringing together the best talent from around the world to work on complex problems and provide a competitive solution by managing the optimal onshore/offshore mix for the projects.
- Centum also provides flexible engagement models depending on the specific project requirements. Customers can choose between Consulting Engagements and Fixed Price Contracts.

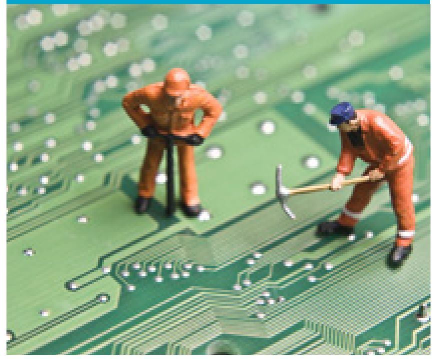
Electronic Manufacturing Services (EMS)

- The company's EMS Services include manufacturing solutions focused on a High reliability, High Complexity products in the high technology segment
- Centum offers a wide range of manufacturing solutions from Printed Circuit Board assemblies to Complex box builds, Line Replaceable Units (LRU) and full system integration.
- The company helps its customers realize challenging products by having customer-focused teams that leverage their streamlined processes and systems and adapt them to the specific requirements of the customer and product where necessary.
- By providing scalable manufacturing solutions and a flexible, proactive approach to managing the supply chain and lifecycle related challenges, Centum helps customers achieve their goals of lower Total Cost of Ownership and reduced time-to-market among others.



Build to Specification (BTS)

- The Built to Specification services include taking a project from conceptualization to mass production quickly and efficiently. Centum's unique positioning with a full range of integrated capabilities makes it the ideal product realization partner.
- Customers choose turn-key build to spec offering due to the convenience of a Single Point of contact for Design/Engineering, Industrialization and Manufacturing which reduces the need for multiple interfaces at each stage of the project and also fastens the products time-to-market and facilitating a Design-To-Cost approach and reducing the Total Cost of Ownership. This engagement model involves higher IP and value creation opportunities for both the customer and for Centum.
- The company is also able to better the product Lifecycle management by proactively and effectively managing issues such as obsolescence, performance upgrades, market-specific localization and cost reduction.



Industries We Cater

Defence

- Centum started its defence business in 2010 and it is today the largest industry vertical for the company. Over the years the company has been successful in developing and manufacturing critical systems for major Defence programs that span across the land, air and naval systems with applications in Missiles, Electronic Warfare, Radar, Military Communications, and fire control amongst many.
- For the past two decades, Centum has also been engaged in the development and manufacture of modules, subsystems for missiles, radars and military electronic warfare communication applications for DRDO laboratories, Ordinance Factories and other domestic defence PSUs, and over the past decade, Centum has become one of the select few Indian partners to international defence OEMs as well.

Aerospace

- The Aerospace industry has several ongoing technological initiatives to make aircrafts more fuel-efficient, environmentally friendly and safer, which involves incorporating more electronics on board, making avionics platforms more configurable, and of course factoring in environmental issues and reducing human error to improve safety.
- Alongside products for command & control, power electronics and energy storage applications, Centum is also developing activities in ground and flight testing -- using its own test benches and simulators.
- Centum plays a key role in the global aerospace supply chain delivering critical electronics for cockpit computers, Air Traffic Management and also works closely with OEMs to design next-generation flight controls, Power solutions among various other technologies.

Space

- Space technology is progressing at a rapid pace driven by commercial applications such as satellite broadcasting, communication, Earth observation, geo-location, and global navigation equipment and services.
- Centum has established a credible track record since 2002 in this segment delivering complex products that address applications in launch vehicles, satellite payloads, satellite bus systems as well as ground equipment.
- The company is also a leading electronics industry partner and one of the largest private contractors for ISRO, involved in its various stages of design, development, qualification and production of electronic modules, subsystems and systems for multiple applications in satellites and launch vehicles. Keeping in mind the growing number of missions of ISRO.
- Centum has made significant investments to ensure that they can deliver products with the right quality, technology and in required quantities to be a trusted partner. It has delivered mission-critical electronics on almost all satellite programs of ISRO including the ambitious Chandrayaan and Mangalyaan projects, and also delivered 300 to 500 components for almost every Indian space mission.

Transportation

- Centum is at the forefront of the Transportation sector working very closely with the leading global OEMs and rail operators on developing the next-generation technologies for rolling stock and signalling applications.
- Centum has developed proprietary technologies in two key product lines listed below, where our products have been deployed on board trains in North America, Europe, Asia and Australia for Signalling equipment and Passenger Information Systems.
- In addition, Centum provides specialist engineering services and manufacturing services to help clients to meet operational, commercial and regulatory requirements.

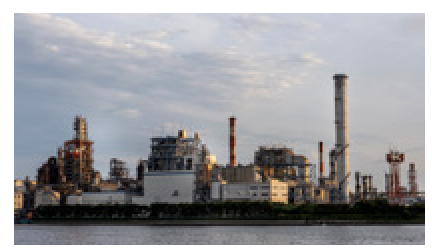
Automotive

- Centum, a specialist in electronics design and manufacturing services, is actively involved in supporting customers in the automotive industry as it undergoes a dynamic transformation. This transformation is marked by the entry of new players who introduce disruptive technologies, particularly in the areas of autonomous driving, powertrain architecture, and connectivity, among others.
- Centum leverages its strong knowledge and experience in developing products for safety and critical applications to assist automotive customers in designing and producing high reliability and technologically advanced solutions. For instance, Centum has successfully developed and manufactured encoders for electric three-wheeler applications, which play a crucial role in last-mile connectivity.
- Additionally, Centum's manufacturing expertise enables them to produce high-voltage inverters for electric buses, contributing to the advancement of e-mobility. Also delivered low-voltage inverters, battery management systems, and sensors used in last-mile connectivity solutions, further emphasizing focus on supporting the electric vehicle ecosystem.
- Moreover, Centum's commitment to high technological standards is exemplified through their contribution to the electronics used in hydrogen fuel cells. This involvement signifies their dedication to pushing the boundaries of innovation and sustainability in the automotive industry.

Healthcare

- The field of healthcare is rapidly adopting new technologies to augment the quality of treatment and create efficiencies for healthcare providers.
- Centum has engineered a variety of medical devices and equipment for the Healthcare industry that include digital radiography systems, automated pumps for drug injection, ultrasound equipment, patient monitoring devices, customized room controls for operation theaters among others.

Industrial & Energy



- The digital transformation in utilities, infrastructure and manufacturing among other industrial segments is driving new products that are smart, collaborative and result in efficiencies for end-users.
- Centum enables its customer to realize such products for applications in automation, control and measurement, energy among others.
- Centum's expertise in energy conversion and storage technology has helped customers develop customized Microgrid solutions as well as new solutions for railway infrastructure projects.

Financial Highlights

- Consolidated

₹ in Millions

Statement of Profit & Loss Account	2022-23	2021-22	2020-21	2019-20	2018-19
Total Income	9,288	7,880	8,232	8,986	9,375
Earnings Before Interest Tax Depreciation and Amortization (EBITDA)[1]	762	742	895	980	1,038
Earnings Before Interest and Tax (EBIT)[2]	382	391	500	720	831
Earnings Before Tax (EBT)[2]	109	127	205	352	481
Earnings per Share(₹)	7.55	(23.7)	13.3	15.8	30.5
Dividend per Share(₹)	4.0	2.5	4.0	2.5	5.0
Book Value per Share(₹)	164	158	186	178	189

₹ in Millions

Balance Sheet	2022-23	2021-22	2020-21	2019-20	2018-19
PPE,Intangible Assets, CWIP, Goodwill and IAUD	2015	2,032	2,162	2,222	2,186
Investments	96	73	488	401	120
Net Assets (Current and Non-Current)[3]	2557	2,606	2,935	2,961	3,117
Net assets (held for disposal)	-	-	-	-	603
	4,668	4,711	5,585	5,584	6,027
Share Capital	129	129	129	129	129
Other Equity and Non- controlling interest	1,912	1,856	2,272	2,171	2,309
Borrowings[4]	2,628	2,726	3,184	3,284	3,590
	4,668	4,711	5,585	5,584	6,027

Key Ratios	2022-23	2021-22	2020-21	2019-20	2018-19
EBITDA[1] (% to Revenue from Operations)	8.3%	9.5%	11.0%	11.1%	11.2%
Fixed Assets (No of times)[5]	4.6	3.9	3.8	4.0	4.3
EBT[2] / Revenue from Operations	1%	2%	3%	4%	5%
Return on Capital Employed (%)[6]	10.1%	10.2%	10.6%	15.2%	16.1%

Notes

[1] Excludes exceptional item & share of profit / loss from associate / discontinuing operations/ finance income/other income

[2] Excludes exceptional item & share of profit / loss from associate / discontinuing operations

[3]Total assets excluding PPE and Intangible Assets and Investments - Total liabilities excluding Borrowing

[4] Includes Current Maturity of long term borrwings & Interest accrued but not due on borrowings

[5] Revenue from operations/ PPE, Intangible Assets, CWIP, Goodwill and IAUD

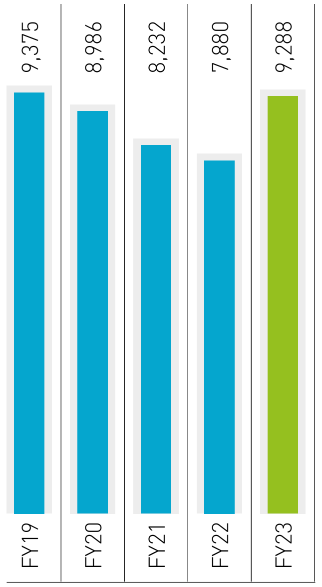
[6] EBIT/ (Share capital, Other Equity, Non- controlling interest and Debt less Goodwill , Other intangible assets and IAUD)

[7](current assets - current liabilities excluding short term borrowings)*365/revenue from operation

[8] Debt/ Equity share capital and other equity

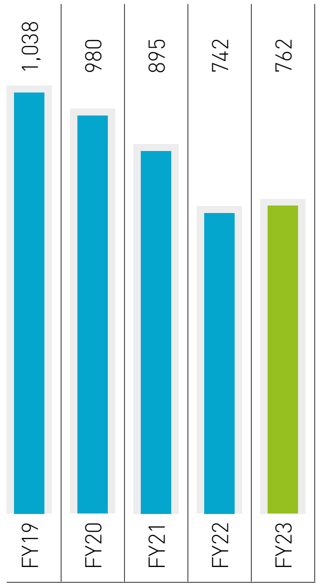
Total Income

₹ in million



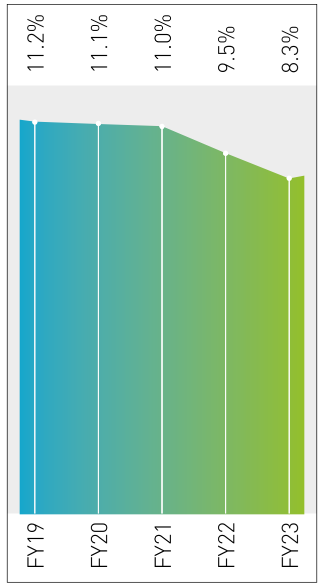
EBITDA

₹ in million



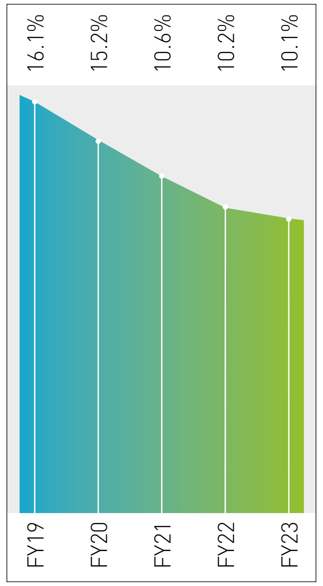
EBITDA Margin

%



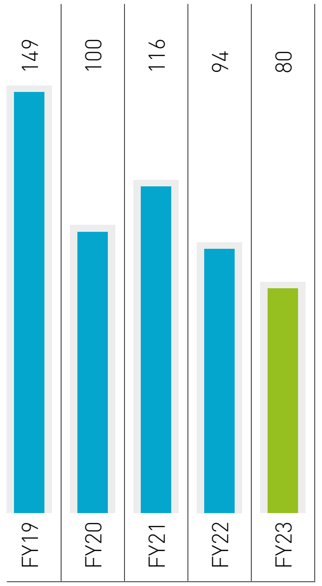
ROCE

%



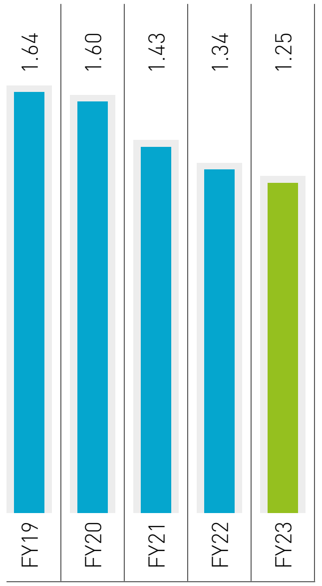
Net Working Capital[7]

Days



Debt to Equity[8]

₹ in million



Letter to Shareholders

I am delighted to report that the fiscal year 22-23 was a successful one for your company. Our consolidated total income increased to ₹9,288 M, a remarkable 18% growth compared to the previous year's ₹7,880 M. EBITDA improved from ₹742 M in the previous year to ₹762 M in FY 22-23. Consolidated Profit Before Tax (Before exceptional items) increased from ₹82 M in the previous year to ₹121 M in FY 22-23. In addition to revenue growth, we managed to reduce our debt by ₹98 M through better cash flow management.

I hope this letter finds you in good health and high spirits. As we reflect on the year 22-23, we can acknowledge the progress made in overcoming the challenges brought upon us by the global pandemic. The effects of COVID-19 are gradually diminishing, but its memory still lingers. Fortunately, the severity of supply chain disruptions has reduced, partly due to increased capacity and a slowdown in consumption in certain sectors like consumer electronics and IT, which are major consumers of electronic components.

While this is indeed positive news, we must remain vigilant regarding the areas of the supply chain that have not yet returned to normalcy. Such areas can still impact our production, and therefore, we must sustain our focus on the supply chain. Additionally, we need to assess and mitigate the effects of ongoing geopolitical tensions, such as the Ukraine war and the US-China trade tensions. These situations require careful evaluation and the development of strategies to minimize negative effects while exploring potential opportunities that may arise for our company.

Turning our attention to the world economic forecast, global economic growth is projected to gain momentum in the coming years. According to leading economists, the world economy is expected to expand steadily, driven by robust recoveries in major economies, increased vaccination rates, and supportive fiscal and monetary policies. While uncertainties remain, especially concerning the ongoing pandemic and potential geopolitical risks, the overall outlook is positive for the global economy.

In the case of the Indian economy, we are optimistic about its growth prospects for the next few years. The Indian government's proactive measures, such as the "Make in India" initiative and the Atmanirbhar policy, have laid a strong foundation for the country's economic development. These initiatives aim to boost domestic manufacturing, attract foreign investments, and enhance self-reliance across sectors. As a result, we anticipate a favorable business environment, increased market opportunities, and a vibrant ecosystem for innovation and entrepreneurship.

Several sectors are expected to drive economic growth in India, including clean technology, defense, aerospace, and transportation. The government's focus on clean energy and sustainable development presents significant opportunities, particularly in areas such as electric vehicles, hydrogen fuel cells, and renewable energy. Furthermore, the Defense and Aerospace sectors are poised for expansion, driven by indigenization efforts and collaborations with global OEMs.

I am delighted to report that the fiscal year 22-23 was a successful one for your company. Our consolidated total income increased to ₹9,288 M, a remarkable 18% growth compared to the previous year's ₹7,880 M. EBITDA improved from ₹742 M in the previous year ₹762 M in FY 22-23. Consolidated Profit Before Tax (Before exceptional items) increased from ₹82 M in the previous year to ₹121 M in FY 22-23. In addition to revenue growth, we managed to reduce our debt by ₹98 M through better cash flow management.

The supply chain challenges witnessed in global markets in recent years have prompted customers to plan more effectively. Consequently, we now enjoy improved visibility of customer demand, leading to better material availability. As the intensity of these supply chain challenges diminishes (though not entirely resolved), coupled with improved planning from customers, we anticipate more predictable revenues and timely delivery to our valued customers.

In previous letters, I have emphasized the significance of the "Make in India" initiative. It is important to recognize that there is a time lag between policy announcements and the realization of their benefits. We are now witnessing the positive outcomes of the government's policy announcements, with new customers coming on board and placing purchase orders. Notably, we have observed growth in new customer segments such as clean tech, including electric vehicles and hydrogen fuel cells, as well as Defense and Aerospace. While we already generate substantial revenues in the Canadian subsidiary from the transport vertical (metros, high-speed trains, trams, etc.), our products have replaced imports in India, thanks to the technologies developed by our Canadian subsidiary. I am pleased to inform you that we have received our first orders from the Indian transport market, which continues to expand.

The opportunities stemming from the positive indigenization list necessitate collaborations. On that note, I am delighted to share that we have signed two agreements with global OEMs to provide technology for Defense and Space products in the Indian market. The Atmanirbhar policy of the Government of India presents unprecedented opportunities, and we plan to increase our revenues from the Indian market from the current 20% to an ambitious 40% in the coming years.

To enhance the competitiveness of our French and Canadian subsidiaries, we have strategically transferred most of the test bench activities to India over the past year. Leveraging Indian talent and cost advantages, we have already begun to reap the benefits. Furthermore, we have successfully completed the transfer of production for our Canadian subsidiary's products to India, allowing for better margin realization.

The Electronic System Design and Manufacturing (ESDM) industry is undergoing rapid evolution, influenced by emerging technologies, shifting customer demands, and global market dynamics. Your company has proactively adapted to these trends, ensuring that we remain at the forefront of innovation, maintain our competitive edge, and continue to be a trusted partner to our valued customers. To remain competitive, we have embarked on the Industry 4.0 initiative, embracing automation, digitalization, and the latest AI tools to drive efficiency and customer satisfaction.

Looking ahead, I am filled with optimism and excitement about the future of your company. We have identified numerous growth opportunities within the industry segments we operate in, and our dedicated team is working tirelessly to expand our market share and capitalize on emerging markets to meet evolving customer needs.

Our success is also attributed to the unwavering efforts of our talented workforce. We continue to invest in our people, providing ongoing training and development opportunities to foster innovation and excellence.

As part of our corporate responsibility, your company remains committed to sustainability. We have actively integrated eco-friendly practices into our operations, significantly reducing our environmental footprint. Presently, 80% of the electric power we consume is derived from solar or wind energy.

In conclusion, I would like to express my heartfelt appreciation to our dedicated employees, valued customers, and esteemed shareholders for your unwavering support and encouragement. Together, we will navigate the ever-changing landscape of the Electronic Design and Manufacturing Industry and continue to position your company as a leader in our field.

Thank you once again for your trust and partnership.

Yours Sincerely,

Warm regads,

Apparao V Mallavarapu

Board of Directors

Mr. Apparao V Mallavarapu (Rao)
Chairman and Managing Director

Apparao Mallavarapu (Rao) founded Centum Electronics in the year 1993. Under his leadership Centum has grown to be a global Electronics Design and Manufacturing Company, with operations in India, France, Belgium and Canada. Eighty percent of Centum's revenue comes from Europe, USA, Canada and Israel. Centum's customers are fortune 500 companies like Thales, GE, Airbus, Safran, Rafael, Alstom, etc. and Defense Public Sector units, ISRO, DRDO etc., in India.

The Embassy of Federative Republic of Brazil has appointed Rao as Honorary Consul of Brazil in Bangalore. He has been conferred with the prestigious 'Order of Rio Branco' by the Brazilian government and The President of Brazil serves as the Grand Master of the Order. Rao has also been appointed the Officier de l'Ordre National du Meìrite (Officer in the National Order of Merit) by the President of the French Republic H.E. Mr. Emmanuel Macron. Champion of Innovation Award' was given to Rao by the Prime Minister of New Zealand H.E. John Key at the New Zealand Innovation Showcase event. ELCINA the largest Electronics Industry body in India has awarded Rao with the "Electronics Man of the year" award.

Rao graduated with a Master's degree from Dal-Tech University in Canada and received his Bachelor's degree in Mechanical Engineering from Bangalore University. He is also a Ford foundation scholar.

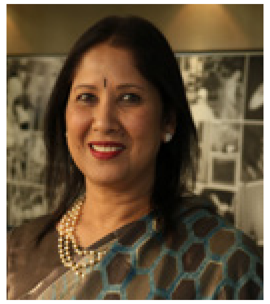
Rao is on the Board of several Companies both Public and Private and on the Board of Advisors of New Zealand Trade and Enterprise.

Due to his deep sense of responsibility towards children who are not so fortunate he has been committed to philanthropic activities focused on Children.

Mr. Nikhil Mallavarapu
Whole-time Director

Mr. Nikhil has been associated with Centum since 2012, has served in various leadership positions including overall business unit management and group level Corporate & Strategy Development. Prior to joining Centum, he worked at the multinational semiconductor company- Analog Devices in Boston. Mr. Nikhil holds MSc and BSc Degrees in Electrical and Computer Engineering from Carnegie Mellon University and an MBA from the INSEAD Business School in France.

Mr. Nikhil was selected by the France-India Foundation for its Young Leaders Program by virtue of his exemplary contribution and remarkable achievements in the field of business.



Dr. Swarnalatha Mallavarapu
Non-Executive Director
(upto 27th May, 2023)

Dr. Swarnalatha Mallavarapu (Latha) is the Managing Director of Centum Industries Private Limited. Dr. Latha holds a Ph. D. in Physics and has worked at premier research institutes including the US Air Force Weapons Labs in Albuquerque, the Indian Institute of Science in Bangalore and the R&D division of Bharat Electronics Limited. Her research in thin films and devices for applications have been well recognized. Dr. Latha was a government nominated member of the Syndicate of Bangalore University and also served a Chairperson for FICCI Ladies Organization, Karnataka Chapter.

Ms. Tanya Mallavarapu
Director

Tanya is the founder of TMR Design Co LLP an interdisciplinary design firm that emphasises on innovation, creativity and functionality in a wide array of industries from healthcare, residential, commercial and hospitality. Prior to this Tanya served as a marketing executive in the luxury retail industry, involved in building marketing strategies for global retail expansion. She launched an Indian based luxury brand across cities including New York, Hong Kong, London and Delhi. Prior to this she worked as a business analyst at Intuit creating revenue models and marketing strategies to launch the newly developed GoPayment product.

Tanya completed her Master's Degree in Economics from Duke University, in U.S. She graduated from the University of Southern California with a Bachelor's Degree in Business Administration and was on the Dean's List.

Mr. Manoj Nagrath
Independent Director

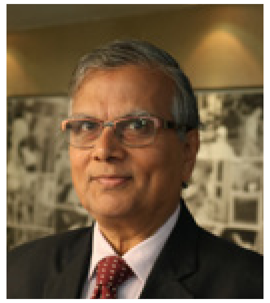
Manoj Nagrath, Managing Partner of S.P. Nagrath & Co., LLP, has a rich experience of over 40 years as a practicing Chartered Accountant in almost every facet of the practice relating to Direct Tax, Assurance, Transactions and Corporate Advisory, Accounting, Compliances and Arbitration. He has performed a wide range of assignments in the above areas, including joint venture consulting, planning for corporates and non-residents, structuring/ re-structuring of businesses, strategic and business consulting, due diligence, business and property acquisitions and has appeared before various regulatory authorities in wide ranging matters.

Mr. Rajiv C Mody
Independent Director

Mr. Rajiv C Mody is the Founder, Chairman, Managing Director & CEO, of Sasken Technologies Ltd. (Sasken). Under his leadership, Sasken has grown into a global powerhouse in Product Engineering and Digital Transformation services. Prior to founding Sasken, he worked with corporations like AMD, Seattle Tech Inc., and VLSI Technology Inc. Mr Mody has served as an Executive Council Member of NASSCOM (2001-2008) and is part of the Harvard Business School South Asia Advisory Board.

Mr. Pranav Kumar N Patel
Independent Director

Mr. Pranav is the founder and CEO of MediTechSafe, USA an innovative healthcare-oriented cybersecurity company. Prior to this, he has held various senior executive roles including leading GE's Healthcare Services business in North America as well as Chief Marketing Officer at GE Aviation. Pranav has also co-authored 6 patents in the fields of Microwave integrated circuits, multi-chip module, packaging and energy storage systems.



Mr. P. Thiruvengadam
Independent Director

Mr. Thiruvengadam was a National Director at Deloitte Touche Tohmatsu India Pvt. Ltd (DTTIPL) providing leadership to the HR transformation practice. He has over 40 years of global experience in management consulting with expertise in HR Strategy & Talent Management, Business Process Improvement and Strategic Planning among other advisory services. He is a Cost Accountant from The Institute of Cost Accountants of India and a graduate from the Indian Institute of Technology, Madras.

Mrs. V Kavitha Dutt
Independent Director

Mrs. V Kavitha Dutt is the Joint Managing Director at The KCP Ltd., an 80-year-old diversified business group involved in the manufacture of Cement,

Heavy Engineering, Sugar, Power Generation, and hospitality.

She has been involved in various business, social and cultural activities. She is a Director-FLO Industrial Park, Hyderabad, and Vice President-World Telugu Federation.

She has served as Chairperson-FICCI Tamil Nadu State Council; President-Madras Management Association; National President-FICCI-FLO, and Vice Chairperson-SCWEC-India.

Leadership Team

Apparao V Mallavarapu
Chairman & Managing Director, Centum Group

K S Desikan
Group CFO, Head of Strategy & IT

Nikhil Mallavarapu
Whole-time Director, Centum Group

Eric Rouchouze
CEO, Centum Adetel Group

Vinod Chippalkatti
President, Strategic Electronics Business Unit

Jagadish Singh
President, Electronic Manufacturing Services (EMS)

Nanda Kishore Vempati
Head HR

Sandhya Thyagarajan
Vice President, Strategic Electronics Business Unit

Corporate Information

Board of Directors

Mr. Apparao V Mallavarapu
Chairman & Managing Director

Mr. Nikhil Mallavarapu
Whole-time Director

Mr. Pranavkumar Nalinkumar Patel
Independent Director

Mr. Thiruvengadam Parthasarathi
Independent Director

Mr. Rajiv Chandrakant Mody
Independent Director

Mr. Manoj Nagrath
Independent Director

Dr. Swarnalatha Mallavarapu
Non-Executive Director
(upto 27.05.2023)

Ms. V Kavitha Dutt
Independent Director

Ms. Tanya Mallavarapu (from 27.05.2023)

Chief Financial Officer

Mr. K S Desikan

Company Secretary & Compliance Officer

Ms. Indu H S

Statutory Auditors

Messrs. S.R. Batliboi & Associates LLP
Chartered Accountants
UB City, Canberra Block, 12th & 13th Floor No.24, Vittal Mallya Road,
Bangalore – 560 001

Internal Auditors

Messrs. KPMG Assurance and Consulting Services LLP
Embassy Golf Links Business Park, Pebble Beach, B Block, 1st and 2nd Floor, Off Intermediate Ring Road,
Bangalore - 560 071

Cost Auditors

Messrs. K.S. Kamalakara & Co., Cost Accountants
#999/30, "Nithya Mansion", 1st Floor, 1st Main, 4th Cross, Vijayanagar,
Bangalore - 560 040

Secretarial Auditor

Ms. Aarthi G. Krishna
Company Secretaries,
No. 328/B, 1st Floor, 5th Main, 14th Cross, Sadashivanagar,
Bangalore – 560 080

Audit Committee

Mr. Manoj Nagrath
Chairman

Mr. Apparao V Mallavarapu
Member

Mr. Pranavkumar Nalinkumar Patel
Member

Mr. Thiruvengadam Parthasarathi
Member

Nomination & Remuneration Committee

Mr. Manoj Nagrath
Chairman

Mr. Rajiv Chandrakant Mody
Member

Mr. Apparao V Mallavarapu
Member

Ms. V Kavitha Dutt
Member

Stakeholders' Relationship Committee

Mr. Manoj Nagrath
Chairman

Dr. Swarnalatha Mallavarapu
Member

Mr. Nikhil Mallavarapu
Member

CSR Committee

Mr. Thiruvengadam Parthasarathi
Chairman

Dr. Swarnalatha Mallavarapu
Member

Ms. V Kavitha Dutt
Member

Risk Management Committee

Mr. Pranavkumar Nalinkumar Patel
Chairman

Mr. Thiruvengadam Parthasarathi
Member

Mr. Nikhil Mallavarapu
Member

Mr. K S Desikan
Member

Registered & Corporate Office

No.44 KHB Industrial Area,
Yelahanka New Town,
Bangalore – 560 106

Equity Shares Listed at

National Stock Exchange of India Limited (NSE)
BSE Limited (BSE)

Registrar & Share Transfer Agents

KFin Technologies Limited
Selenium Tower B, Plot 31-32,
Gachibowli, Financial District,
Nanakramguda, Hyderabad – 500 032
Toll Free Number: 1800 309 4001
Email Id.: einward.ris@kfintech.com

Bankers

State Bank of India
Kotak Mahindra Bank Limited
HDFC Bank Limited

Management Discussion & Analysis

1. Global Overview

The global economy is yet again at a highly uncertain moment, with the cumulative effects of the past three years of adverse shocks—most notably, the COVID-19 pandemic and Russia's invasion of Ukraine—manifesting in unforeseen ways. Spurred by pent-up demand, lingering supply disruptions, and commodity price spikes, inflation reached multidecade highs last year in many economies, leading central banks to tighten aggressively to bring it back toward their targets and keep inflation expectations anchored.

Despite this global scenario, many market analysts believe that this could well be India's decade.[1] And there are enough reasons and data to back this claim. Recent data revisions by India suggest that the economy has fared better than previously believed, despite continuing global uncertainties. The International Monetary Fund (IMF) expects India to grow by 5.9% in FY 2023–24 and growth estimates over the next five years range between 6.1% to 7%.

While betting on consumption-driven growth is obvious, given India's large, young, and rising share of the upper middle–income population (with a high propensity to spend), we believe that investment will play an important role over the next two years. It is investments, that will provide India with necessary momentum to take off on a path of sustained domestic demand–led growth for decades to come.

2. Company Overview

Centum Electronics Limited (Centum) is a leading Electronics System Design & Manufacturing (ESDM) Company providing mission critical services and solutions to customers engaged in the Defence, Aerospace, Space, Medical, Mobility and Industrial segments that demand high reliability products and services. With three decades of experience in design, development, and manufacturing of complex products, Centum is a strategic supplier and partner to large global OEMs (including Fortune 500 companies) and public entities such as Indian Defense Public Sector Units (DPSUs), Ordinance Factories (newly formed DPSUs), DRDO and ISRO.

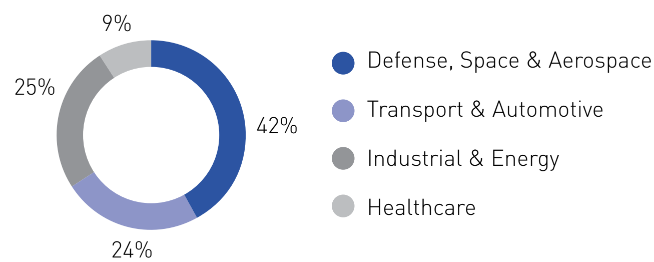
Your Company has an established global footprint with multiple design & manufacturing locations in Europe, North America, and India. More than 70% of the Company's revenue is generated from international customers and markets.

The Company's mission is "To create value by contributing to the success of its customers, by being their innovation partner and offering design & manufacturing solutions in high technology areas."

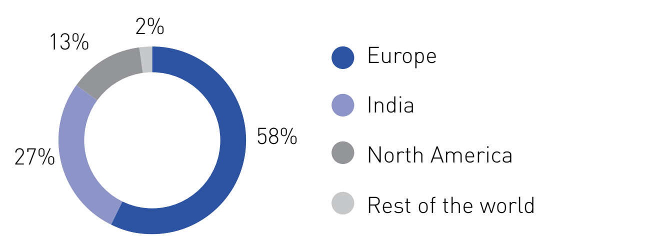
The strategy over the years has been consistent and is based on innovation, advancing technology as the path to differentiating value for customers, ensuring culture of quality, while embracing the responsibility for the wellbeing of our associates and communities

Your company registered a revenue of INR 923 crores and the revenue break-down for FY 23 is given below:

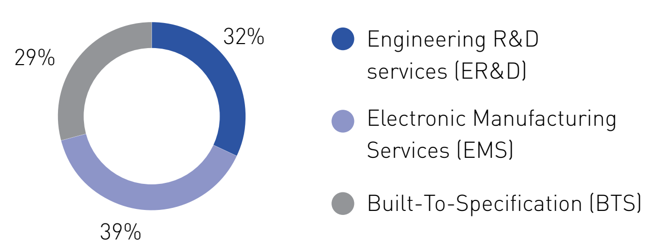
Industry wise



Geography wise



Segment wise



[1] India Economic outlook 2023 – Deloitte Insights

3. Industry Overview

The global electrical and electronic market is estimated to be US$3.7 Trillion in 2023.[2] According to Economic survey 2023, the Indian electronics industry was valued at US$118 billion as of FY20. India aims to reach US$300 billion worth of electronics manufacturing and US$120 billion in exports by FY26.[3]

The major drivers of growth of the electronics industry are mobile phones, consumer electronics, and industrial electronics. The share of Indian Electronics production accounts for ~3% of the global production. Further, the domestic demand for electronic products is catered by significant imports account for more than 40% of domestic demand.

Several macro trends indicate very positive outlook for the Indian Electronics industry.

- To make the nation "Self-Reliant", Government of India has announced specific policies under "Atma Nirbhar Bharath" to promote manufacturing in India.
    - o Production linked incentive scheme and scheme to incentivize capital investment,
    - o Disincentivizing imports and negative list for defence
- General geo-political climate has accelerated industries world over to de-risk their manufacturing and supply chain footprint. It also has forced industries to ensure business continuity plans are put in place. This has resulted in many companies moving to a "China plus One" strategy with India being a strong contender.
- Increase in adoption of clean and renewable energy.
- Increase in investments for infrastructure projects towards electrification and increase in rail network.
- Increased demand for connectivity

a. Defence & Aerospace

With the recovery of air traffic and consequent ramp-up of commercial aircraft production, the demand from the commercial aerospace sector is improving. Further, with the current geopolitical situation (because of Russia-Ukraine crisis), the demand from Defence segment is also increasing due to the increased defence budgets in many countries, especially in the EU.

India's defence capex budget 23-24 is set at INR 1.62 lac crores.[4] India's defence manufacturing sector is poised for a significant growth considering the increasing threats faced by India and thereby boosting demand for defence equipment. Incentivised by various government reforms, India is quickly ramping up its manufacturing capacity. Pushing for 'Aatmanirbhar Bharat' (self-reliant India), the Ministry of Defence, has set a target of achieving a turnover of ₹ 1.75 lakh crore in aerospace and defence goods and services by 2024-25, including exports of ₹ 35,000 crore.[5] The current value of defence production stands ₹ 1,06,800 crore in FY 2022-23 which is an increase of more than 12 per cent over FY 2021-22, when the figure was ₹ 95,000 crore.[6]

Government of India has, so far, released three positive lists of products for indigenization to promote self-reliance and minimize imports. The updated Defence Acquisition Procedures (the guiding document for all Defence procurement) prioritize procurement under Buy (Indian – IDDM), Buy (Indian) and Buy & Make (Indian).

b. Space:

The global space economy is estimated at ~US$400 billion in FY23 and expected to grow to US$1 Trillion by 2040 . Accelerating adoption of small satellites for their lower cost potential offers the near-term growth opportunities. There is a growing demand for new applications in this segment. Investments in the sector have significantly increased with several satellite constellation programs from large players like Spacex, OneWeb etc as well as new startups with innovative applications.

The Indian space sector has been globally recognized for building cost-effective satellites, launching lunar probes, and taking foreign satellites to space. Currently, India constitutes 2-3% of the global space economy and is expected to enhance its share to 9% by 2030. The demand for more satellites continues to remain strong due to the following reasons:

- Government has undertaken major Space reforms for participation of private enterprises across all phases of Space activities to enable commercialization of Space technology and boost private investments in this sector.

[2]Electrical and Electronics Global Market report

[3]Economic Survey 2023

[4]India Defence capex budget

[5]Government sets target of achieving defence manufacturing worth ₹ 1.75 lakh crore by 2024-25

[6]Defence production crosses ₹ 1 lakh crore mark for the first time ever

- Ministry of Defense's (MoD) objective to strengthen India's space warfare capabilities.

c. Industrial:

The Industrial Sector address a wide range of applications such as Oil & Gas, Industrial Automation for process industries, Electrification, and Utilities. The increasing usage of automation and adoption of smart manufacturing practices will further increase the demand in these applications. The demand for Electrification and power grid infrastructure projects are expected to remain strong. Transition to clean and renewable energy (like Hydrogen) will be another strong factor driving demand in this segment.

d. Medical:

The growing prevalence of chronic diseases and the increasing emphasis of health care agencies towards early diagnosis and treatment, is leading to an increasing requirement of medical devices. To address the same, a lot of R&D investments are being made by leading market players to develop technologically advanced equipment and innovative devices.

India is the 4th largest Asian medical devices market after Japan, China, and South Korea, and among the top 20 medical devices markets globally. The Indian market for medical equipment is predicted to increase to US$ 50 billion by 2025 from US$ 12 billion in 2020.[7]

India faces a considerable gap between the current demand and supply of medical devices with an overall 75-80% import dependency on medical devices, which is creating opportunities for manufacturing devices in India.

e. Mobility

Governments are expected to continue major infrastructure projects across geographies to support longer term objectives of managing mobility more efficiently in cities and towns. Smart and Green mobility technologies will remain a focus in the years to come.

India, China, Egypt, Europe and Brazil are aggressively investing in development of Metro infrastructure. In addition, USA is involved in redevelopment, expansion, and modernization of rail network. New metro lines are being equipped with more advanced systems to enhance the passenger experience and safety.

Another key shift in the mobility segment driving large opportunities, is the rapid adoption of Electric Vehicles (EV) Indian EV market is expected to expand at a CAGR of 49% from 2021 to 2030.[8]

4. Strategy & Business Outlook

You company's strategy developed over many years is to focus on high reliability segments where entry barriers are high due to product complexity, long life cycles and stringent customer qualification and certification requirements. These segments are Defence, Space, Aerospace, Industrial, Medical and Mobility.

Having established strong end to end capabilities from conceptualization to design, manufacturing and after market support, your company serves customers as a one stop solution provider offering flexible engagement models tailored to the specific project needs. These are Engineering R&D Services, Electronics Manufacturing Services and turnkey Build to Specification Solutions. As the delivery of these services is quite distinct, the company is organized into 3 operating business units. This unique positioning of being a full play ESDM with all the solutions under one roof is highly appreciated by customers and they view Centum's value proposition as truly differentiated from pure play EMS or Engineering Service Providers.

The strategic initiatives undertaken by the company have yielded good results. For instance, in line with our strategy to focus on clean-tech, we have onboarded and ramped up a major multinational customer for Electric Vehicles in the domestic market and also another customer in US for Hydrogen Fuel cells. Your company also reviews and finetunes the strategic plan periodically in line with the changing markets.

a. Electronic Manufacturing Services: (EMS)

The company's EMS business unit offers a wide range of manufacturing services to realize and deliver electronic products for customers in the high reliability segments. This includes full system integration, complex box builds, and Printed Circuit Board Assemblies based on customer designs. The marquee customer list is comprised of large global OEMS and consequently the major share of the revenue is generated from exports of products to sites in Europe, North America and other countries in Asia including Israel and China.

Over the past few years, the impetus towards Make in India driven by various government policies has created a large opportunity for Indian ESDM companies to work on import substitution of electronics products across sectors. In addition, India has also emerged as a front

[7]Medical Devices Industry in India

[8]India's EV Economy: The Future of Automotive Transportation

runner as global supply chains are being recalibrated to de-risk the reliance on China. This is especially true in the electronics industry where global OEMs see India as a capable and competitive alternate to China.

To capitalize on these macro trends, your company has put in place a focused strategy to identify and convert opportunities.

a) to augment the revenue contribution from the Indian market.

b) to add new customers and gain share from existing customers that are pursuing a China +1 strategy.

c) to prioritize medium to higher volume products to enable faster scaling of the business.

Your company's efforts to address these opportunities have begun to yield results in the past year with the ramp up of new customers in the E-mobility, clean tech and electrification segments resulting in revenue growth compared to the previous year. Choosing to focus specifically on these high growth industry sectors has also yielded great results in terms of significant increase in order book over the past year, paving the way for revenue growth and margin improvement going forward.

Centum has also established itself as a strategic partner to global Defence & Aerospace OEMS and is now well integrated into the global supply chain of these companies. Demand growth from these legacy defence customers as result of increased defence budgets in Europe and the conflict in Ukraine also contributed to order book growth.

A key challenge for execution over the past year has been the supply chain disruption, as a result of severe semiconductor shortage. The effects of this crisis have been especially protracted in the long-life cycle product segments we operate in, as the designs call for components manufactured on older technology nodes. Your company has taken and continues to take various measure to mitigate these supply chain risks and this remains the highest operational priority for the coming year. There does seem to be an easing in the severity of the issue and the expectation is for lead times to reduce to more manageable levels towards the end of the year.

Furthermore, a significant amount of time and effort is being spent on digitalization, automation of processes and implementation of industry 4.0 best practices to improve productivity and margins, product quality and ultimately customer satisfaction. Strengthening of teams at all levels is also being done in preparation for the expected growth in the business.

b. Engineering R&D Services:

Your Company's ER&D Business Unit provides advanced design and engineering services to help customers conceptualize and realize the next generation of products or re-engineer and add value for existing products. Our team of about 650 design engineers spread across the world, work hand in hand with our customers, which are large global OEMS. Your company has established a strong and differentiated reputation as a technology leader and specialist in safety critical electronics and embedded systems design for high reliability applications. With domain experts with 30+ years of design experience and teams of highly skilled engineers in critical disciplines of High-speed digital design, FPGA, Power Electronics, Embedded and Application Software, Cybersecurity among others, your company is involved in many leading-edge R&D programs. Engagement models range from consulting services to fixed-price projects and turnkey Build-To-Spec contracts.

This business unit also develops Public Address & Passenger Information Systems (PAPIS) for the rail transportation market with the goal of providing real-time information access and security to commuters. Centum has established a proven track-record of successfully deployed systems in the European, North American, and Asian transport markets.

Considering the strong and differentiated capabilities that exist in this business unit, it has not performed to expectation and therefore, certain key leadership and strategic changes were undertaken to ensure improved performance and better positioning to capitalize on the growth opportunities.

- A more critical risk assessment process has been put in place while bidding on new fixed price projects to ensure we cut down cost overruns which has been a major contributor for margin erosion in these past years.

- A more focused approach and process to improve the onshore-offshore mix has also been undertaken and has progressed well over the past year. The India design center has significantly ramped up. A dedicated test system development facility was inaugurated to support the transfer of this activity from France to India. For the PAPIS business, the transfer of the manufacturing and supply chain management from Canada to India was completed in the past year and a ramp up of the engineering capability for this activity in India was also done. Centum will be the first company to fully design and manufacture this critical system from India for the domestic and global market.

- Enhancing the value proposition to customers through a focused capability and capacity enhancement in critical areas of cybersecurity, IoT and connectivity solutions as well as improved competitiveness through global delivery centers has resulted in new business wins. Major new programs with the top aerospace and rail transport OEMs were won in the past year which also contributed to the order book growth.

  The steps taken have set this business on the right track and should result in sustainable revenue growth and margin improvement in the subsequent years.

c. Strategic Electronics:

Strategic Electronics Business Unit is focused on the development of products in the high reliability and high technology areas of Indian Defence, Space and Aerospace sectors. This division works on Indigenization of electronic systems and subsystems for customers in the strategic sector to enable self-reliance and the mode of engagement is "build to specification" starting from design to qualification and manufacturing. Ensuring products are designed for harsh environments and supporting them over a long lifecycle are important activities of this group. IP creation, many of which are a first in India, is a core value that this division brings both to Customers and to Centum.

With the increased focus on Make in India and Atmanirbhar Bharat policies of the Government, this division has tremendous opportunities in the domestic defence sectors. These policies provide access to many programs, which were otherwise generally imported or open only to DPSUs. The opening up of the space economy to private players in India has also presented an excellent opportunity for your company which is a recognized leader in the country with a credible history of delivering space systems.

A clear strategy has been put in place to capitalize on this opportunity. Investment in R&D has been ramped up to undertake larger new projects and enhance the product range in the segment. The recent indigenization efforts in addressing electronics in land systems such as Radars and Tanks are resulting in the initial production opportunities reaffirming the technical and commercial capability of the company. In the past year, your company delivered payloads for a major defence space program which again was a first for the country. This remains a major focus area for the government and larger opportunities in the same domain are in the bid stages.

Another key initiative being worked on is to move up the value chain from subsystems to systems and address opportunities directly with the Armed forces. Investment in sales & marketing and increased engagement with end users in defense sectors has brought significantly larger opportunities at the platform level which are expected to fructify in the coming 2-3 years. Where necessary, specific partnerships have been established with global OEMs in the form of MoUs and teaming agreements, as well as with very innovative startups to co-develop products and bridge internal technology gaps to address larger opportunities.

Your company continues to work towards mitigating the risks associated with the increased lead times of the semiconductor and electronics components and work innovatively to address the Indian defense, space, and aerospace requirements. The team is also working to leverage its vast design and other technical capabilities developed over the years to address some of the export requirements by leveraging the strong customer relationships that exist with other business units.

5. Risk Factors

In the Built to Spec (BTS) business, some customers in D&A segment, claim ownership of the design without paying for the same. Also, the additional risk is that the customer may use our design and attempt to procure subsequent supplies through public tender as Built to Print products. Thus Centum will not be able to capture the value over the life cycle of the project.

In the D&A segment, sometimes the projects that are awarded as Build To Print (BTP), may involve additional work since the designs may not be complete in all respects and Centum needs to spend additional efforts to complete the design. Due to this reason, the costs may increase and result in time delays.

Under the Govt of India procurement policy, generally the L1 bidder (least cost) is awarded the business. Although there are processes and procedures for Technical Evaluation to qualify the bidder, sometimes bidders who don't have the required capabilities are allowed to bid. Such bidders may bid low without knowing the difficulties and complexities of the project. This may impact the opportunities for your Company.

Since the products and services offered by the Company are hi-tech and complex, there may be inordinate delays in approvals and certification which can impact the timely deliveries and result in levy of Liquidated damages.

In the Engineering R&D services business, we undertake fixed price projects and sometimes due to change of specifications midway by the customer or underestimation of work involved, we could have project overruns that create profitability issues.

In the Transport business, there are long-term fixed-rate contract projects that may run for several years, the material cost may increase resulting in adverse impact on profitability.

BTP business was severely affected in the past couple of years due to shortage of electronic components. Though the situation improved in the later part of FY 23, the shortage of electronic components still poses some risk in this business.

Generally, in the BTP business the customer provides forecasts of demand (to facilitate material planning) and converts them to orders over a period. Materials are procured based on the forecast. If the forecast is not converted to customer purchase orders, we can get into excess and obsolete material issues. Although we have agreements and checks & balances with the customers on these issues, sometimes there is a possibility of these issues becoming contentious.

While we have a strong IT & Cyber security infrastructure and protocols and your company is also certified ISO 27001 (Information Security Management Systems), as the increasing cyber security threats may lead to data loss and operational disruptions.

The increased demand for skilled manpower poses the risk of talent retention to your Company. Several programs to attract, retain and develop talent are pursued on a continuous basis.

It may be noted that the Company has constituted a Risk Management Committee (as a subcommittee of the Board) to enhance the Risk Management capabilities with high focus and mitigate the risks mentioned above.

6. Human Resources

Your Company is committed and focused in building a strong organization by hiring, managing, developing, and retaining the most talented and experienced employees. Your company has some of the best talent coming from various domains. Special attention is given to training and upgrading of peoples' skills, providing excellent working conditions, benchmark with other large companies while rewarding the employees. Lot of emphasis is placed on ensuring a rewarding experience to the employees in your Company. As on March 31, 2023, the employee strength of the Company was 1724.

You company continues to strengthen its partnership with reputed academic institutes such as IISc (India Institute of Science) and Reva university in multiple ways. To develop talent, a joint program with REVA university was undertaken in the past year to create a curriculum around advanced digital design and train young engineers to better prepare them to work on critical projects. The first batch of graduates from this program has yielded excellent results.

Your company has institutionalized the Kaizen, 5S and Lean Six Sigma initiatives, which have continuously helped in improving operational excellence.

7. Internal control systems and their adequacy

Your Company has placed strong emphasis and effort on the internal control systems. The internal checks and balances are augmented by a formal system of Internal Audit by KPMG. The company also has an in-house internal auditor to check the controls and strengthen the systems and processes. Additionally, the Internal Financial Controls are checked by the management and validated by the Statutory auditors.

Financial condition

A. Consolidated

i. Share capital

The share capital of the Company stands at ₹ 129 million.

ii. Borrowings

The Loans have been reduced by ₹ 98 million from ₹ 2,726 million as on March 31, 2022 to ₹ 2,628 million as on March 31, 2023.

iii. Fixed Assets

The Capital expenditure in relation to Property, Plant & Equipment for 2022-23 is ₹ 122 million.

iv. Working Capital

Inventories has increased by ₹ 363 million from ₹ 2,248 million as on March 31, 2022 to ₹ 2,611 million as on March 31, 2023.

Receivables have increased by ₹ 1,329 million from ₹ 2,499 million as on March 31, 2022 to ₹ 3,828 million as on March 31, 2023.

Current liabilities have increased by ₹ 1,649 million from ₹ 5,792 million as on March 31, 2022 to ₹ 7,441 million as on March 31, 2023.

v. Cash flows

Particulars	₹ in Million
Operating activities	709
Financing activities	(740)
Investing activities	(112)

vi. Results of Operations

The business operations for 2022-23 resulted in the Company achieving total income of ₹ 9,288 million as against ₹ 7,880 million for 2021-22.

The Profit/(Loss) before tax before Exceptional items for the year 2022-23 is ₹ 121 million as against ₹ 82 million for the year 2021-22.

vii. Key financial parameters

Particulars	FY 23	FY 22
Debt /Equity [1]	1.25	1.34
Debtors Turnover Ratio(Days) [2]	136	137
Inventory Turnover Ratio(Days)[3]	214	253
Current Ratio [4]	1.00	1.01
Interest Coverage Ratio without exceptional items[5]	1.40	1.48
Operating Profit Margin [6]	4%	5%
PAT Margin[7*]	1%	-7%

[1] Non current borrowing + current borrowing / Equity attributable to equity holders of the parent

[2] Average receivables / revenue from operations x 365 days

[3] Average inventory/ (Cost of materials consumed + Decrease / (increase) in inventories of work-in-progress and finished goods) *365

[4] Current assets / current liabilities

[5] EBIT** / Finance cost

[6] EBIT** / total income

[7] PAT / total income

Reason for variation (>25%):

* FY'22 decreased on account of exceptional items.

** Excludes exceptional item & share of profit / loss from associate / discontinuing operations and including other income and finance income

B. Standalone

i. Share capital

The share capital of the Company stands at ₹ 129 million.

ii. Borrowings

The Loans have increased by ₹ 80 million from ₹ 979 million as on March 31, 2022 to ₹ 1,059 million as on March 31, 2023.

iii. Fixed Assets

The Capital expenditure in relation to Property, Plant & Equipment for 2022-23 is ₹ 100 million.

iv. Working Capital

Inventories has increased by ₹ 329 million from ₹ 1,987 million as on March 31, 2022 to ₹ 2,316 million as on March 31, 2023.

Receivables has increased by ₹ 1,197 million from ₹ 898 million as on March 31, 2022 to ₹ 2,095 million as on March 31, 2023.

Current liabilities has increased by ₹ 1,316 million from ₹ 2,653 million as on March 31, 2022 to ₹ 3,969 million as on March 31, 2023.

v. Cash flows

Particulars	₹ in Million
Operating activities	214
Financing activities	(93)
Investing activities	(133)

vi. Results of Operations

The business operations for 2022-23 resulted in the Company achieving total income of ₹ 5,052 million as against ₹ 3,538 million for 2021-22.

The Profit /(Loss) before exceptional item and before tax for the year 2022-23 is ₹ 264 million as against ₹ 172 million for the year 2021-22.

vii. Key financial parameters

Particulars	FY 23	FY 22
Debt /Equity [1]	0.37	0.37
Debtors Turnover Ratio(Days) [2]	109	99
Inventory Turnover Ratio(Days)[3*]	249	335
Current Ratio [4]	1.22	1.26
Interest Coverage Ratio without exceptional items[5]	2.68	2.18
Operating Profit Margin [6]	8%	9%
PAT Margin[7]	4%	3%

[1] Total Debt / Total Equity.

[2] Average receivables / revenue from operations x 365 days

[3] Average inventory / cost of goods sold x 365 days

[4] Current assets / current liabilities

[5] EBIT / Finance cost

[6] EBIT / total income

[7] PAT / total income

Reason for variation (>25):

* Reduction on account of increase in cost of material consumed on account of increase in operations/sales during the year.

By order of the Board
For **Centum Electronics Limited**

Place: Bengaluru
Date: May 27, 2023

Apparao V Mallavarapu
Chairman & Managing Director
DIN: 00286308

Nikhil Mallavarapu
Wholetime Director
DIN: 00288551

Board's Report

Dear Members,

We have pleasure in presenting the Thirtieth Annual Report on the Business and Operations of the Company together with the Audited Statement of Accounts for the Financial Year ended March 31, 2023.

1. Financial Highlights:

A summary of the Standalone and Consolidated Financial Performance of your Company, for the financial year ended March 31, 2023, is as under:

(₹ in Millions)

Particulars	Consolidated		Standalone	
	2022-23	2021-22	2022-23	2021-22
Total Income	9,288	7,880	5,052	3,538
Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA)*	762	742	537	425
Depreciation	438	432	162	165
Interest	273	263	157	146
Profit Before Tax**	109	127	264	172
Profit After Tax***	67	(535)	194	118

* Excludes other income and finance income and exceptional item

** Excludes exceptional item & share of profit/loss from associate

*** includes exceptional item & share of profit/loss from associates

The financials of the Company are prepared under Ind AS in pursuance of Section 133 of the Companies Act, 2013 and in compliance with the (Indian Accounting Standards) Rules, 2015.

2. Business Performance:

During the current year of operations, your Company has registered a consolidated total income of ₹ 9,288 million compared to previous financial year total income of ₹ 7,880 million. Your Company has earned a Profit Before Tax of ₹ 109 million.

At standalone level, total income was ₹ 5,052 million compared to previous financial year total income of ₹ 3,538 million. Further, your Company has earned a net profit before tax of ₹ 264 million.

3. Subsidiaries:

a. Centum Electronics UK Limited

During the year, Centum Electronics UK Limited, a wholly owned subsidiary company, has registered total income of ₹ 1.88 million and incurred a net loss after tax of ₹ 0.11 million.

b. Centum T&S Private Limited (Formerly, Centum Adeneo India Private Limited)

During the year, Centum T&S Private Limited, a wholly owned subsidiary company, has registered total income of ₹ 382 million and earned a net profit after tax of ₹ 18 million for the year.

c. Centum Adetel Group SA.

During the year, Centum Adetel Group SA. the subsidiary company has registered total income of ₹ 4,218 million and incurred a net loss of ₹ 97 million.

During the financial year, your Board of Directors had reviewed the affairs of the subsidiaries. The consolidated financial statements of your Company are prepared in accordance with Section 129(3) of the Companies Act, 2013; and forms part of this Annual Report.

A statement containing the salient features of the financial statements of the subsidiaries, in the prescribed format AOC-1, is appended as "**Annexure-1**" to the Board's Report.

The statement also provides the details of performance and financial position of each of the subsidiaries.

The separate audited financial statements in respect of the subsidiary companies are available on the website of your Company at www.centumelectronics.com

4. Consolidated Financial Statements:

The Consolidated Financial statements have been prepared by the Company in accordance with the applicable Indian Accounting Standards ('Ind AS') and the same together with the Auditor's Report thereon is provided in the Annual Report.

The Financial Statements of the subsidiaries and related detailed information will be kept at the Registered Office of the Company and will be available to investors seeking information on all working days during office hours.

The Company has adopted a Policy for determining Material Subsidiaries in terms of Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Policy, as approved by the Board, is available on the Investor page at Company's website www.centumelectronics.com.

5. Dividend:

Your Directors are pleased to recommend a Dividend of ₹ 4 per equity share (40%) having face value of ₹ 10 per equity share for the financial year ended March 31, 2023. The final dividend recommended is subject to approval of the Shareholders in the ensuing Annual General Meeting of the Company. The policy on Dividend Distribution is available on the Company's website at www.centumelectronics.com

The total dividend payout will be ₹ 51.54 million for the financial year 2022-23 for 1,28,84,781 number of fully paid up equity shares of ₹ 10 each.

6. Material changes and commitments, if any, affecting the financial position of the company, having occurred since the end of the Year and till the date of the Report:

There have been no material changes and commitments, which affect the financial position of the Company which have occurred between the end of the financial year to which the financial statements relate and the date of this Report.

7. Change in nature of Business, if any:

There has been no material change in the nature of business during the year under review.

8. Reserves & Surplus:

The Board of Directors have decided to retain the entire amount of profit under Retained Earnings. Accordingly, your Company has not transferred any amount to General Reserves for the year ended March 31, 2023.

9. Share Capital:

During the year, there was no change in the share capital of the Company. As on March 31, 2023 the Authorised Share Capital of the Company was ₹ 15,50,00,000/- divided into 1,55,00,000 equity shares of ₹10/- each and Paid-up equity share capital of the Company is ₹ 12,88,47,810/- divided into 1,28,84,781 equity shares of ₹ 10/- each.

10. Debentures: Issue of Shares or Other Convertible Securities:

During the year under review, the Company has not issued any Debentures or any other convertible securities. As on date, the Company does not have any outstanding Debentures.

11. Depository System:

Your Company's equity shares are tradable only in electronic form. As on March 31, 2023, 99.30% of the Company's total paid up equity share capital representing 1,27,94,412 shares are in dematerialised form.

12. Transfer to Investor Education and Protection Fund:

Pursuant to the applicable provisions of the Companies Act, 2013 ("the Act") read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("the Rules"), all unpaid or unclaimed dividends are required to be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government, after completion of seven years. Further, according to the Rules, the shares in respect of which dividend has not been paid or claimed by the Members for seven consecutive years or more shall also be transferred to the demat account created by the IEPF Authority.

The Company had sent individual notices and also advertised in the newspapers seeking action from the Members who have not claimed their dividends for earlier years mentioning the consequential impact for not claiming for seven consecutive years or more.

During the year, the Company transferred ₹ 4,47,756/- to IEPF, (the amount in unpaid Final Dividend Account opened in 2014-15 and the amount in unpaid 1st Interim Dividend Account opened in 2015-16) which was due & payable and remained unclaimed & unpaid for a period of seven years as provided under Section 124(5) of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Auditing, Transfer and Refund) Rules, 2016. The Company, pursuant to the circulars issued by the Ministry of Corporate Affairs under the aforesaid rules mandated the transfer of shares on which dividend has not been paid or claimed by the Shareholders for seven consecutive years or more to the demat account of the IEPF Authority. The Company has accordingly transferred 9,284 shares to the demat account of the IEPF Authority.

Members / claimants whose shares, unclaimed dividend, have been transferred to the IEPF Authority Demat Account as the case may be, may claim the shares or apply for refund by making an application to the IEPF Authority in Form IEPF-5 (available on http:www.iepf.gov.in) along with requisite fee as decided by IEPF Authority from time to time.

13. Internal Control Systems and their adequacy:

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The Company has appointed M/s. KPMG, Chartered Accountants, as its Internal Auditor. The Audit Committee defines the scope and areas of Internal Audit. The Internal Auditor audits the areas recommended by the Committee every year.

The Audit observations and corrective actions thereon are being presented to the Audit Committee of the Board. Based on the report of Internal auditor, process owners undertake corrective action in their respective areas and thereby strengthen the controls. During the year, the Internal Audit was done on the areas recommended and no material weakness was observed.

Additionally, the company, also has an in-house Internal Auditor to check the controls and strengthen the systems and processes.

14. Directors and Key Managerial Personnel:

The Board of Directors of the Company as on March 31, 2023 comprised of 8 Directors out of which 2 are Executive Directors, 1 Non - Executive Director and 5 are Non-Executive Independent Directors. The composition of the Board of Directors of the Company is in accordance with the provisions of Section 149 of the Companies Act, 2013 and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with an appropriate combination of Executive, Non-Executive and Independent Directors.

Pursuant to the provisions of Section 152 of the Companies Act, 2013 Mr. Nikhil Mallavarapu (DIN: 00288551) will retire by rotation at the Thirtieth (30th) Annual General Meeting and being eligible, has offered himself for re-appointment.

Dr. Swarnalatha Mallavarapu (DIN: 00288771), Non-Executive Non-Independent Director through a letter dated 27th May, 2023, submitted her resignation from the Directorship of the Company.

The Board noted and accepted the resignation of Dr. Swarnalatha Mallavarapu and thanked for her contribution to the Company and wished her the best for future endeavors.

The Board, based on the recommendations of the Nomination and Remuneration Committee Meeting held on 27th May, 2023, approved the appointment of Ms. Tanya Mallavarapu (DIN: 01728446) as Additional Director with immediate effect subject to the approval of shareholders of the Company.

Ms. Tanya Mallavarapu is the daughter of Mr. Apparao V Mallavarapu and Dr. Swarnalatha Mallavarapu. Ms. Tanya Mallavarapu is the sister of Mr. Nikhil Mallavarapu.

None of the Directors of the Company are disqualified under Section 164(2) of the Companies Act, 2013.

In compliance with Section 203 of the Companies Act, 2013, Mr. Apparao V Mallavarapu, Chairman & Managing Director, Mr. K S Desikan, Chief Financial Officer and Ms. Indu H S, Company Secretary & Compliance Officer are the Key Managerial Personnel in accordance with the provisions of Section 203 of the Companies Act, 2013.

a. Board Meetings:

The Board of Directors duly met four (4) times in respect of which proper notices were given and the proceedings were properly recorded and signed in accordance with the provisions of the Companies Act, 2013 and rules made thereunder.

The details of which are given in the Corporate Governance Report.

b. Declaration by Independent Directors:

The Company has received necessary declaration from each of the Independent Directors under Section 149(7) of the Companies Act, 2013, that they meet the criteria of independence as laid down under Section 149 (6) of the Companies Act, 2013 and Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Status on Independent Directors' proficiency test:

The Independent Directors on the Board of the Company have the integrity, expertise & experience and the said Directors have either cleared the proficiency self-assessment test conducted by the Institute of Corporate Affairs notified under sub-section (1) of section 150 of the Companies Act, 2013 or were exempted from appearing for the proficiency self-assessment test.

c. Remuneration Policy:

The Board has, upon recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior

Management and their remuneration as required under Section 178(3) of the Companies Act, 2013. The Policy is available on the Company's website https://www.centumelectronics.com/investor-relations/. There has been no change in the Policy since the last financial year.

d. Annual evaluation of Board, its Committees and Individual Directors:

The Board of Directors has carried out an annual evaluation of its own performance, its Committees and individual Directors pursuant to the requirements of Section 134(3)(p) of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Further, Independent Directors have reviewed the performance of the Board, its Chairman and Non-Executive Directors and other items as stipulated under Schedule IV of the Companies Act, 2013 and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 at their separate meeting held on 19 January, 2023.

e. Committees of the Board:

Details with respect to the Audit Committee, the Nomination and Remuneration Committee, the Stakeholders' Relationship Committee, Risk Management Committee and Corporate Social Responsibility Committee and meetings of the said Committees held during the year forms part of the Corporate Governance Report annexed to this Report.

f. Risk Management:

The Company follows well–established and detailed risk assessment and minimization procedures, which are periodically reviewed by the Board. The Company has in place a business risk management framework for identifying risks and opportunities that may have a bearing on the organization's objectives, assessing them in terms of likelihood and magnitude of impact and determining a response strategy. The details on composition and meetings of the Committee forms part of the Corporate Governance Report annexed to this report.

15. Directors' Responsibility Statement:

Pursuant to Section 134(3)(c) of the Companies Act, 2013, your Directors confirm:

i. that in the preparation of annual accounts for the year ended March 31, 2023, the applicable Accounting Standards have been followed along with the proper explanations relating to material departures;

ii. that such accounting policies as mentioned in Note 1 of the Notes to the Financial Statements have been adopted and applied consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2023 and of the profit of the Company for year ended on that date;

iii. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. that the annual financial statements have been prepared on a going concern basis;

v. that proper internal financial controls were in place and that the financial controls were adequate and operating effectively;

vi. that systems to ensure compliance with the provisions of all applicable laws were in place, were adequate and operating effectively.

Further, the Board of Directors confirm that the Company has complied with the Secretarial Standards on the Board and General Meetings issued by the Institute of Company Secretaries of India, as applicable to the Company, during the financial year ended March 31, 2023.

16. Particulars of Loans, Guarantees or Investments:

The particulars of loans given, investments made, securities provided and guarantees given as required under Section 186 of the Companies Act, 2013 are provided in note 5, 6 and 45(c)(i) forming part of the standalone financial statements.

17. Contracts and Arrangements with Related Parties:

All related party transactions that were entered into during the financial year were in the ordinary course of business and were at arm's length basis. There were no material significant related party transactions made by the Company during the year with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

All the related party transactions were placed before the Audit Committee and also the Board for approval. Prior omnibus approval of the Audit Committee is obtained for the transactions which are of foreseen and repetitive nature in terms of Regulation 23(3)(a) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

The Company has framed a policy on dealing with the related party transactions and the same is available on the

Company's website https://www.centumelectronics.com/investor-relations.

Your Directors draw attention of the members to Note no. 42 to standalone financial statements which sets out the related party disclosures.

18. Auditors:

a. Statutory Auditors

The Members at the Twenty Ninth Annual General Meeting of the Company held on August 12, 2022, approved the appointment of M/s. S.R Batliboi & Associates LLP, Chartered Accountants (Firm registration number: 101049W/E300004) for second term of five years as Statutory Auditors of the Company to hold office from the conclusion of 29th Annual General Meeting till the conclusion of the 34th Annual General Meeting.

The Report of the Statutory Auditors for the financial year 2022-23 does not contain any qualification on the financial statements of the Company.

The details of remuneration of the Statutory Auditors with break-up of fee paid as required by the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year 2022-23 is given as part of the Corporate Governance Report.

b. Secretarial Audit

In terms of Section 204(1) of the Companies Act, 2013, the Board had appointed Ms. Aarthi G Krishna, Practicing Company Secretary (CP No.5645), to conduct Secretarial Audit for the financial year 2022-23. The Secretarial Audit Report for the financial year ended March 31, 2023 is enclosed as "**Annexure-2**" to this Report.

The said Secretarial Audit Report does not contain any qualification, reservation or adverse remark or disclaimer made by the Secretarial Auditor.

c. Cost Auditors

As required under Section 148 of the Companies Act, 2013 the Board of Directors of the Company has appointed M/s. K.S. Kamalakara & Co., Cost Accountants (Firm Registration No. 000296) as Cost Auditors of the Company for the financial year 2023-24 at a fee of ₹1,00,000/- plus applicable taxes and out of pocket expenses. The ratification of remuneration payable to Cost Auditors is placed as an agenda item for approval of shareholders at the ensuing annual general meeting.

19. Corporate Governance:

Your Company believes in adopting best practices of Corporate Governance. A report on Corporate Governance as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is forming part of this Annual Report as "**Annexure – 6**".

A certificate from the Practicing Company Secretary of the Company regarding compliance of the conditions stipulated for Corporate Governance as required under Clause E of Schedule V read with Regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached to this report. The declaration by the Managing Director addressed to the Members of the Company pursuant to Clause D of Schedule V Read with Regulation 34 (3), Chapter IV of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding adherence to the Code of Conduct by the Members of the Board and by the Members of the Senior Management Personnel of the Company is also attached to this Report.

20. Conservation of Energy, Technology absorption, Research & Development and Foreign Exchange Earnings and Outgo:

The particulars prescribed under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, are enclosed as "**Annexure-3**" to this Report.

21. Corporate Social Responsibility:

As part of the Company's initiatives under "Corporate Social Responsibility (CSR)", the Company has funded several projects that aid and improve education, literacy and healthcare for children. It has also funded and participated in projects that support and aid children with disabilities.

The disclosures as required under Section 135 of the Companies Act, 2013 read with Rule 8(1) of the Companies (Corporate Social Responsibility Policy) Rules, 2014 is enclosed as "**Annexure-4**" to this Report.

22. Details of establishment of Vigil Mechanism:

In accordance with Section 177(9) and (10) of the Companies Act, 2013 and Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has established a Vigil Mechanism and has a Whistle Blower Policy. The Policy is available at the Company's website https://www.centumelectronics.com/investor-relations.

The Company did not receive any complaints during the year under review.

23. Particulars of Employees:

The information relating to remuneration and other details as required pursuant to Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, is enclosed as "**Annexure-5**" to this report.

Further, the details of employees who are in receipt of remuneration exceeding the limits prescribed under Section 134 of the Companies Act, 2013 read with Rule 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 will be provided upon request.

In terms of Section 136(1) of the Companies Act, 2013 and the Rules made thereunder, the Annual Report is being sent to the Shareholders and others entitled thereto excluding the information on employees' particulars. The same is available for inspection by the Shareholders at the Registered Office of the Company during business hours on working days of the Company up to the date of ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in this regard.

24. Prevention, Prohibition and Redressal of Sexual Harassment at workplace:

The Company has zero tolerance for sexual harassment at workplace and has formulated a Policy on Prevention, Prohibition and Redressal of Sexual Harassment at the Workplace, in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder. The Policy aims to provide protection to employees at the workplace and prevent and redress complaints of sexual harassment and for matters connected or incidental thereto, with the objective of providing a safe working environment, where employees feel secure.

The Company has also constituted an Internal Complaints Committee, to inquire into complaints of sexual harassment and recommend appropriate action. All the employees of the Company as a part of induction are sensitized about the provisions of the said Act.

The Company has not received any complaint of sexual harassment during the financial year 2022-23.

25. Annual Return:

In accordance with the Companies Act, 2013, the annual return in the prescribed format is available at https://www.centumelectronics.com/annual-return/.

26. Management Discussion and Analysis Report:

The Management Discussion and Analysis Report for the year under review, as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is forming part of the Annual Report.

27. Business Responsibility and Sustainability Report:

As required under Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Business Responsibility and Sustainability Report is provided in a separate section and forms part of the Annual Report as "**Annexure – 7**".

28. Employee Stock Option Plan:

As a measure of rewarding the employees, your Company had introduced an Employee Stock Option Plan (ESOP) during the year 2013.

Further, "Centum Electronics Limited - Restricted Stock Unit Plan 2021" scheme was approved by the Shareholders of the Company through the 'Postal Ballot' process on October 5, 2021. BSE Limited and the National Stock Exchange of India vide their letters dated October 28, 2021 and October 12, 2021 respectively have accorded their in-principle approval for listing up to a maximum of 1,75,000 Restricted Stock Units under the scheme.

The certificate from the Secretarial Auditor on the implementation of ESOP 2013 and RSU 2021 in accordance with the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 has been uploaded on the website of the Company at www.centumelectronics.com.

The particulars prescribed under Regulation 14 read with Part F of Schedule I of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 has been uploaded on the website of the Company at www.centumelectronics.com.

29. Awards and Recognitions:

The Company is proud recipient of :

- SEEM (Society of Energy Engineers & Managers') Silver Award for its energy conservation measures.
- 'Deliver Innovation Solutions' award from DANA.
- 'Localization Award' for Electronics Relay modules by ABB at their Supplier Meet - 2022.

30. General:

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions with regard to the following during the year under review:

a. Details relating to deposits covered under Chapter V of the Companies Act, 2013

b. Issue of equity shares with differential rights as to dividend, voting or otherwise.

c. Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except ESOP referred to in this report

d. There is no remuneration received by the Managing Director/Whole Time Director from the subsidiary company.

e. No significant or material orders were passed by the regulators or courts or tribunals which impact the going concern status and the Company's operations in future.

f. No application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016.

g. No frauds are reported by Auditors under sub-section (12) of Section 143.

31. Acknowledgements:

Your Directors thank the customers for their continued patronage and the investors, bankers and vendors for their continued support.

Your Directors acknowledge and thank the invaluable contributions of all the employees, who have demonstrated their skill, teamwork and commitment through their competence, hard work, cooperation and support.

Your Directors would also like to place on record the support received from, the Electronic Hardware Technology Park, the Customs and GST Departments, the Reserve Bank of India, the Department of Industries and Commerce, Karnataka, the Karnataka Udyog Mitra and all the other Central and State Governmental agencies.

By order of the Board
For **Centum Electronics Limited**

Place: Bengaluru
Date: May 27, 2023

Apparao V Mallavarapu
Chairman & Managing Director
DIN: 00286308

Nikhil Mallavarapu
Wholetime Director
DIN: 00288551

Annexure – 1

Form AOC - 1

Statement containing salient features of the financial statement of subsidiaries and associate company

[Pursuant to first proviso to sub-section (3) of section 129 of the Companies Act, 2013, read with rule 5 of the Companies (Accounts) Rules, 2014]

Part "A": Subsidiaries

(in ₹ million)

Sl No.	Name of the subsidiary	Currency	Equity Share capital	Other Equity	Total Assets*	Total Liabilities	Investment in associate	Total Income	Profit/ (Loss) before tax	Total tax expenses	Profit/ (Loss)	Proposed dividend	% of Shareholding by the company
1	Centum T&S Private Limited, India (formerly known as Centum Adeneo India Private Limited)	INR	1	18	410	391	-	387	25	7	18	-	100%
2	Centum Electonics UK Limited	EUR	746	105	993	142	-	2	-	-	-	-	100%
3	Centum Adetel Group SA (CAG)	EUR	407	734	3,259	2,205	87	315	(8)	-	(8)	-	77.77%
4	Centum T&S (Centum Technologies ET Solutions), France (formerly known as Centum Adeneo SAS)	EUR	47	851	3,924	3,026	-	3,492	144	-	144	-	held by CAG 100%
5	Centum R&D (Centum Recherche ET development), France (formerly known as Centum Adeneo CRD SAS)	EUR	0	(16)	184	200	-	472	7	-	7	-	held by CAG 100%
6	Centum Adetel Transportation System SAS, France (CATS)	EUR	753	(449)	931	627	-	163	(4)	-	(4)	-	held by CAG 100%
7	Centum T&S (Centum Technologies ET Solutions), Canada (formerly known as Centum Adetel Solution)	CAD	5	(31)	440	466	-	255	(155)	-	(155)	-	held by CATS 100%
8	Centum E&S (Centum Equipments ET Systemes), Canada (formerly known as Centum Adetel Equipment)	CAD	3	(204)	467	668	-	610	(102)	-	(102)	-	held by CATS 100%
9	Centum T&S (Technologies & Solutions) Belgium SRL (formerly known as Centum Adeneo Belgium)	EUR	1	14	68	53	-	155	8	-	8	-	held by CAG 100%

Part "B": Associate

(in ₹ million)

Sl No.	Name of the associate	Currency	Shares of Associate held by the Company on the year end			Networth attributable to parent Shareholding as per latest audited Balance Sheet	Profit/(Loss) for the year	OCI for the year
			Number in million	Amount of Investment in associate	Extent of holding %			
1	Ausar Energy SAS	EUR	1	-	held by CAG 30.45%	(60)	12	5

* excluding investment in associate

Annexure – 2

Form No. MR-3

SECRETARIAL AUDIT REPORT[1]

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2023

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

CIN L85110KA1993PLC013869
Authorised Capital ₹ 15.50 Crores

To
The Members,
Centum Electronics Limited
Bengaluru

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Centum Electronics Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Centum Electronics Limited books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2023 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Centum Electronics Limited ("the Company") for the financial year ended on 31st March, 2023 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018[2];

(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Regulations, 2021

(e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021[2];

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021[2]; and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018[2];

(vi) Other Laws as applicable to Electronic System Design and Manufacturing (ESDM) Company viz:-

1. EXIM Policy of India relating to Export Oriented Unit (EOU)
2. Semiconductor Integrated Circuits Layout Design Act, 2000
3. Environment (Protection) Act, 1986, Water (Prevention and Control of Pollution) Act,1974; Air (Prevention and Control of Pollution) Act,1981; e-waste & hazardous waste (Management and Handling Rules).

4. Micro Small and Medium Enterprises Development Act, 2006

I have also examined compliance with applicable clauses of the following:

(i) Secretarial Standards issued by the Institute of Company Secretaries of India;

(ii) The Listing Agreement entered into by the Company with the National Stock Exchange of India Limited and BSE Limited and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc, mentioned above subject to the following disclaimer:

My opinion is based on audit evidence, explanations and information given to me during the audit and the Management Representation Letter in support of compliances in respect of the Act, Rules, Regulations, Guidelines, Standards, etc, mentioned above.

I Further Report That

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I Further Report That there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I Further Report That during the audit period the company has:

(i) Re-appointed S R Batliboi & Associates LLP, Chartered Accountants as the Statutory Auditors of the Company for a Second Term of 5 consecutive years.

(ii) has granted 1,30,400 Stock Options to eligible employees of the Company and its Subsidiaries under the 'Centum Electronics Limited Restricted Stock Unit Plan ; 2021

Place : Bengaluru
Date : 27th May, 2023
UDIN: F005706E000394677

AARTHI GOPALAKRISHNA
FCS# 5706 CP# 5645
Peer Review Cert# 1110/2021

[1] To be read with the letter annexed hereto which forms an integral part of this report

[2] There were no actions necessitating compliance under these Regulations

ANNEXURE

To,
The Members,
Centum Electronics Limited
Bengaluru

My report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.

2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.

3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place : Bengaluru
Date : 27th May, 2023

AARTHI GOPALAKRISHNA
FCS# 5706 CP# 5645

Annexure – 3

INFORMATION PURSUANT TO SECTION 134(3)(m) OF THE COMPANIES ACT, 2013

1. CONSERVATION OF ENERGY:

The Company continues to accord priority to energy conservation. The company's 'Energy Saving Team' is committed to minimize the use of energy consumption and implement several energy-saving projects. Consistent efforts are being made to identify potential areas for energy saving.

Some of the measures the company has undertaken during the period under report in the high-priority area of Energy Conservation are:

- Water level-based purging in inter cooler and after cooler drain to reduce power consumption and moisture entry to compressed air.
- Installation of spare VFD for MIC Air handling unit.
- Centralized chiller integrated with process chiller for effective loading of the chiller.
- Installation of Auto RH controller system. Implementation of alternate solution for BMS cost effectiveness.
- Optimum utilization of resources by operating 99 TR chiller in place of 245 TR.
- Manage climate risk by staying committed to the UN's Sustainable Development Goals.
- The power factor is maintained at 0.99 by automatic power factor control panel.
- Regularly monitor the top power guzzlers like HVAC system, Process Chillers, air compressors etc. to control the consumption & cost.
- Energy Management is done with SCADA software. This software is used to monitor and control the power consumption every day on hourly basis.
- Consumption monitoring and control is done for Nitrogen gas on daily basis by implementing auto control valve in reflow ovens.
- Regular maintenance of HVAC & Air Compressor systems are undertaken for maximum efficiency.
- Switching off power & gas supply to machines which are not in production plan to reduce idle consumption.
- Air pressure optimization is monitored based on production machine requirement to reduce power consumption by compressor.
- Regular checking of leakage in gas and air pipelines and arresting leakages, if any. immediately
- 88% of our energy consumption is through renewable energy sources (Solar + Wind) to reduce carbon footage.
- Thermography study is done for all electrical panels and corrective action is taken as part of predictive maintenance program.
- All office area, AHUs are operated with automated timers on working days to control power consumption.
- Installation of timers for Production area, Air handling Units and exhausts to operate as per schedule.
- HVAC system is controlled through BMS automation to run efficiently as per production and process requirement.
- Regular descaling of condenser tubes and pipelines to improve the performance of Chillers.
- Installation of VFD for Cooling tower fans and Process Chiller pumps with closed loop feedback is implemented to reduce Power consumption.
- Installed RO system for HVAC to reduce the scaling of chiller condenser tubes for efficient operation
- Converted "Wrapped V belt" drives to "Raw edge belt" drive to increase the efficiency of AHU's.
- Operation of Heat Pump to generate hot water for maintaining shopfloor humidity, it operates through reverse recovery principle and 2 times energy efficient than conventional water heaters.
- With modification of Jigs, the loading capacity of walk in ESS chamber is increased, which reduces 40% of energy consumption per cycle.

2. TECHNOLOGY AND RESEARCH & DEVELOPMENT:

I. Technology Development:

- Indigenization of Tank Electronics
- Development of Fully hybridized multiple converter for space applications
- Miniaturized Isolated wide input voltage range Eighth brick 72W DC-DC Converter

- Bus Management Unit for space
- Hyperspectral Payload Electronics
- High speed data transfer with SERDES interface for space

II. New Processes Developed

The Process & NPI Team is constantly working on the development of various new processes. This has succeeded in the development of various new processes which has helped in enhancing the product performance and in getting new business opportunities.

- New Automated SMT Line Installation and a New Parallel Gap welder Equipment commissioning.
- Power Amplifier MMIC assembly
- GaN (Gallium Nitride) Die assembly on gold plated KOVAR based Ceramic Packages for RF applications.

III. Research & Development (R&D) and benefits derived thereon:

(i) Specific areas in which R&D is carried out by the Company or Under development

- Development of Hybridized Single and Dual output DC-DC Converter
- Indigenization of Power Unit (Electro block) for Tank Electronics
- HV Power Supply for AESA Radar Application
- AL Gyro Stabilizer for Tank Electronics
- Bus Management Unit for space application
- Power Supply for Missile
- Miniature Super Heat Receiver
- MEMS Gyro-Design and Engineering
- GaN Based X-Band Plank Unit
- True Time Delay Based X-Band Plank Unit
- Digitally Tuneable Filter
- Integrated power & pyro Relay unit
- High speed data transfer cables for Space

(ii) Benefits derived as a result of the above R&D

- Published 16 papers.
- Filed 1 Patent, 4 Patents have been Granted.

(iii) Future Plan of Action

- Digital Receiver and ELINT controller for Satellites
- Electronic Power Conditioner for Human Space Programs
- Power supplies for Solar Array Drive Assembly for Space

o Ku Band Receiver, C Band Receiver, CXS and SXC frequency converters for Space

(iv) Expenditure on R & D

₹ in Millions

For the year ended March 31	2022-23	2021-22
A. Capital	57.65	3.05
B. Recurring	130.31	87.20
C. Total	187.96	90.24
Total R&D expenditure as a % of total turnover	**3.76**	**2.55**

3. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Foreign Exchange Earnings was ₹ 2,381.80 Million and Outgo was ₹ 2,192.23 Million for the year ended March 31, 2023.

Annexure – 4

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. A brief outline of the Company's CSR policy:

In accordance with Section 135 of the Companies Act, 2013 and Corporate Social Responsibility (CSR) Rules, 2014 together with Schedule VII of the Companies Act, 2013 the Company has in place Corporate Social Responsibility Policy.

The Company's CSR initiatives are presented at the annual planning and budgeting meet of the Company and forms an integral part of the business plan annually. All projects are assessed under an agreed strategy and are monitored every quarter, measured against targets and budgets. Whenever necessary, midcourse corrections would be carried out. To measure the impact of the work done, a social satisfaction audit is carried out from time to time.

2. Composition of the CSR Committee:

The Composition of the CSR Committee is as follows:

Name	Designation	Position	No. of meetings held during the FY 22-23	No. of meeting attended during the FY 22-23
Mr. Thiruvengadam P	Independent Director	Chairman	1	1
Ms. Kavitha Dutt	Independent Director	Member	1	1
Dr. Swarnalatha Mallavarapu	Non – Executive Director	Member	1	1

3. The Company has formulated a CSR Policy and the web-link where the Composition of the Committee, CSR Policy and CSR Projects approved by the Board are disclosed and is available at Investor page on the Company website:

https://www.centumelectronics.com/wp-content/uploads/2022/04/CSR-COMMITTEE-COMPOSITION-PROJECTS-AND-POLICY.pdf

4. The details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014:

Not Applicable

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:

Sr No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
1	2020-21	1,14,408	-
2	2021-22	20,219	-
3	2022-23	898	-
	Total	**1,35,525**	**-**

6. Average net profits of the Company as per Section 135(5): ₹ 26,50,05,097/-

7. a. 2% of the average Net Profit of the Company as per section 135(5): ₹ 53,00,102/-

b. Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil

c. Amount required to be set off for the financial year: Nil

d. Total CSR obligation for the financial year (a+b-c) = ₹ 53,00,102/-

8. a. CSR Amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in ₹)	Amount unspent (in ₹)	
	Total Amount transferred to Unspent CSR account as per section 135(6)	Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)
₹ 53,01,000 /-	Nil	Nil

b. Details of CSR amount spent against ongoing projects for the financial year: Nil

c. Details of CSR amount spent against other than ongoing projects for the financial year

(Amount in ₹)

Sr. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local Area (Yes /No)	Location of the project		Amount spent for the project (in ₹)	Mode of Implementation –Direct (Yes/ No)	Details of Implementation Agency
				State	District			
1.	Promoting Education - Blind School	Education	Yes	Karnataka	Bangalore	801,000	No	Mathru Educational Trust - CSR00015120
2.	Health Care Programme for the weaker section & children	Health care	Yes	Karnataka	Bangalore	3,00,000	No	Narayana Hrudayalaya Charitable Trust - CSR00004596
3.	Meal Distribution	Eradicating Hunger	Yes	Karnataka	Bangalore	20,00,000	No	The Akshaya Patra Foundation - CSR00000286
4.	Healthcare – Distribution of wheel chairs	Healthcare	Yes	Karnataka	Bangalore	2,50,000	No	proVISION ASIA - CSR00009130
5.	Education	Promoting Education	No	Maharasthra	Mumbai	1,00,000	No	Vedanta Wisdom Trust - CSR00016793
6.	Meal Distribution	Meal Distribution	Yes	Karnataka	Bangalore	5,00,000	No	International Society for Krishna Consciousness - CSR00005587
7.	Education, Women Empowerment, Health Care and Social activities	Promoting Education and Health care	Yes	Karnataka	Bangalore	1,00,000	No	Shri Vishwanath Raghunath Rao Memorial Trust - CSR00010355.
8.	Art & Culture	Promotion and Development of art and culture	Yes	Karnataka	Bangalore	10,00,000	No	Art & Photography Foundation - CSR00000053
9.	Welfare measures for blind and disabled	Empowering women	Yes	Karnataka	Bangalore	2,50,000	No	Prerana Resource Centre - CSR00012205
	Total					**53,01,000**		

d. Amount spent in Administrative Overheads: Nil

e. Amount spent in Impact Assessment: Not Applicable

f. Total amount spent for the Financial Year: ₹ 53,01,000 /-

g. Excess amount for set off:

Sl. No.	Particulars	Amount (in ₹)
(i)	Two percent of average net profit of the Company as per section 135(5)	53,00,102
(ii)	Total amount spent for the Financial Year	53,01,000
(iii)	Excess amount spent for the financial year [(ii) -(i)]	898
(iv)	Surplus arising out of CSR projects or programmes or activities of the previous financial years, if any	-
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	898

9. a. Details of Unspent CSR amount for the preceding three financial years: Nil

b. Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): Not Applicable

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in financial year:

Not Applicable

11. Specify the reason(s) if the Company fails to spend the 2% of the average net profit as per Section 135(5):

Not Applicable.

Place: Bengaluru
Date: May 27, 2023

Apparao V Mallavarapu
Chairman and Managing Director
DIN: 00286308

Thiruvengadam P
Chairman of CSR Committee
DIN: 00016375

Annexure – 5

DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT,2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2022-23, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2022-23 are as under:

Sl. No.	Name of the Director/KMP and Designation	% increase in Remuneration in the Financial Year 2022-23	Ratio of remuneration of each Director/ to median remuneration of employees
1	Apparao V Mallavarapu	52	21.40
	Chairman and Managing Director		
2	Nikhil Mallavarapu	31	21.40
	Whole-time Director		
3	Manoj Nagrath	0	1.16
	Non-Executive Independent Director		
4	Rajiv C Mody	-10	0.83
	Non-Executive Independent Director		
5	Pranav Kumar N Patel	0	1.16
	Non-Executive Independent Director		
6	Swarnalatha Mallavarapu	-5	0.93
	Non-Executive Director		
7	Thiruvengadam P	-4	1.11
	Non-Executive Independent Director		
8	V Kavitha Dutt	0	0.97
	Non-Executive Independent Director		
9	K. S. Desikan	24	Not applicable
	Chief Financial Officer		
10	Indu H S*	-	Not applicable
	Company Secretary		

(i) *Ms. Indu H S was appointed as the Company Secretary w.e.f 24th May, 2022.

(ii) During the financial year, there was an increase of 16.31% in the median remuneration of employees.

(iii) On standalone basis, there were 1226 permanent employees on the rolls of Company as on March 31, 2023.

(iv) Average percentage increase in the salaries of employees other than the managerial personnel in the last financial year i.e., 2022-23 was 8.01% and increase in the managerial personnel for the same financial year was 31.36%.

(v) Affirmation that the remuneration is as per the Remuneration Policy of the Company.

It is affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other employees, adopted by the Company.

To The Members,

Declaration regarding Code of Conduct pursuant Part D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

I, Apparao V Mallavarapu, Managing Director of Centum Electronics Limited, to the best of my knowledge and belief, declare that all the members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended 31 March, 2023.

Place : Bangalore
Date : 27th May, 2023

Apparao V Mallavarapu
Chairman and Managing Director
DIN: 00286308

Annexure – 6

Corporate Governance Report

1) Company's Philosophy on Code of Governance

Centum's vision and continuing endeavor to create value by contributing to the success of our customers, has always been achieved and will continue to be achieved by adhering to its core values of Teamwork, Openness and Trust, Integrity, Customer Relationship, Excellence and Social Responsibility.

Centum Electronics Limited firmly believes that implementation of good Corporate Governance will help the Company to achieve Corporate goals and enhance stakeholders value. Your Company's philosophy on Corporate Governance envisages attainment of the highest level of transparency, accountability and integrity in all facets of its operation. The fundamental objective is enhancement of long-term Shareholder value, while at the same time protecting the interests of other stakeholders.

Your Company is in compliance with the conditions of corporate governance as required under the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 as amended from time to time ("SEBI Listing Regulations"), as applicable.

2) Board of Directors

a) Composition:

As on March 31, 2023, the Board of Directors of the Company comprises of 8 Directors out of which 5 are Independent Non-Executive Directors. The composition of Board is in due compliance of Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company has an active, experienced and a well-informed Board. The Board along with its committees undertakes its fiduciary duties keeping in mind the interests of all its stakeholders and the Company's Corporate Governance philosophy. The Nomination and Remuneration Committee of the Board ensures the right composition of the Board. The Board is primarily responsible for the overall management of the Company's business. The Directors on the Board are from varied fields with wide range of skills and expertise.

All Independent Directors possess the requisite qualifications and are very experienced in their own fields. These Independent Directors have the necessary experience and expertise. Necessary disclosures have been obtained from all the Directors regarding their Directorship and have been taken on record by the Board at its meeting held on May 27, 2023. The Board, thus, hereby confirms that in the opinion of the Board all the Independent Directors appointed by the Company fulfills the conditions specified in these regulations and are independent of the management.

The composition of the Board of Directors as at March 31, 2023 is as follows:

Name of the Director	Category	Designation	No. of shares held and percentage to paid up share capital	Number of other Directorships		Number of other Committees Membership/ Chairmanship		Name of other Listed entities & category of Directorships*
				Chairmanship	Membership	Chairmanship	Membership	
Mr. Apparao V Mallavarapu	Promoter - Executive and Non-Independent	Chairman & Managing Director	66,04,715 51.26	-	2	-	-	-
Mr. Nikhil Mallavarapu	Promoter - Executive and Non-Independent	Whole Time Director	5,89,929 4.58	-	-	-	-	-
Mr. Manoj Nagrath	Non-Executive and Independent	Director	-	-	-	-	-	-

Name of the Director	Category	Designation	No. of shares held and percentage to paid up share capital	Number of other Directorships		Number of other Committees Membership/ Chairmanship		Name of other Listed entities & category of Directorships*
				Chairmanship	Membership	Chairmanship	Membership	
Mr. Rajiv C Mody	Non-Executive and Independent	Director	-	1	1	-	1	1. Sasken Technologies Limited – CMD
Mr. Pranav Kumar N Patel	Non-Executive and Independent	Director	-	-	-	-	-	-
Dr. Swarnalatha Mallavarapu**	Promoter - Non-Executive and Non-Independent	Director	3,69,150 2.86	-	1	-	-	-
Mr. Thiruvengadam P	Non-Executive and Independent	Director	-	-	7	-	3	1. Fine Organic Industries Limited – ID 2. Western India Plywoods Limited – NED
Ms. V Kavitha Dutt	Non-Executive and Independent	Director	-	-	8	2	3	1. The K.C.P. Limited - JMD 2. DCM Shriram Industries Limited - ID 3. Apollo Hospitals Enterprise Limited – ID

* CMD – Chairman and Managing Director; ID – Independent Director; JMD – Joint Managing Director; NED - Non-Executive Director

** Resigned with effect from closing hours of 27th May, 2023

- The Directorships, held by the Directors as mentioned above, do not include Directorship(s) in Foreign Companies and Section 8 Companies under the Companies Act, 2013.
- Membership(s) / Chairmanship(s) of only Audit Committee and Stakeholders' Relationship Committee in all public limited companies have been considered.

The number of Directorships, Committee Membership(s), Chairmanship(s) of all the Directors are within the limits prescribed under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Dr. Swarnalatha Mallavarapu is the spouse of Mr. Apparao V Mallavarapu. Mr. Nikhil Mallavarapu is the son of Mr. Apparao V Mallavarapu and Dr. Swarnalatha Mallavarapu. None of the other Directors are related to any other Director on the Board.

None of the Independent Non-Executive Directors of the Company have any pecuniary relationships or transactions with the Company.

Dr. Swarnalatha Mallavarapu resigned from the Directorship of the Company with effect from closing hours of 27th May, 2023.

The Board, based on the recommendations of the Nomination and Remuneration Committee Meeting held on 27th May, 2023, approved the appointment of Ms. Tanya Mallavarapu (DIN: 01728446) as Additional Director with immediate effect subject to the approval of shareholders of the Company.

Ms. Tanya Mallavarapu is the daughter of Mr. Apparao V Mallavarapu and Dr. Swarnalatha Mallavarapu. Ms. Tanya Mallavarapu is the sister of Mr. Nikhil Mallavarapu.

The Board has identified the following skills / expertise / competencies fundamental for the effective functioning of the Company which are currently available with the Board:

The mapping of the same with each of the Directors are as below:

Name of the Director	Competencies
Mr. Apparao V Mallavarapu	Knowledge on key industry and technology trends, Global Business, Strategy and Planning, Risk Management, Financial Management, Governance, Statekholder Management, Performance Management and Evaluation.
Mr. Nikhil Mallavarapu	Knowledge on key industry and technology trends, Global Business, Strategy and Planning, Risk Management, Financial Management, Governance, Statekholder Management, Performance Management and Evaluation.
Dr. Swarnalatha Mallavarapu*	Risk Management, Financial Management, Governance, Statekholder Management, Performance Management and Evaluation.
Ms. Tanya Mallavarapu**	Risk Management, Financial Management, Governance, Statekholder Management, Performance Management and Evaluation.
Mr. Manoj Nagrath	Risk Management, Financial Management, Governance, Statekholder Management, Performance Management and Evaluation.
Mr. Rajiv C Mody	Knowledge on key industry and technology trends, Global Business, Strategy and Planning, Risk Management, Financial Management, Performance Management and Evaluation.
Mr. Pranav Kumar N Patel	Knowledge on key industry and technology trends, Global Business, Strategy and Planning, Risk Management, Financial Management, Performance Management and Evaluation.
Mr. Thiruvengadam P	Knowledge on key industry and technology trends, Global Business, Strategy and Planning, Risk Management, Financial Management, Governance, Performance Management and Evaluation.
Ms. V Kavitha Dutt	Strategy and Planning, Risk Management, Financial Management, Governance, Statekholder Management, Performance Management and Evaluation.

* Resigned with effect from closing hours of 27th May, 2023

** Appointed with effect from 27th May, 2023

The eligibility of a person to be appointed as a Director of the Company is dependent on whether the person possesses the requisite skill sets identified by the Board as above from time to time. The Board is satisfied that the current composition reflects an appropriate mix of knowledge, skills, experience, expertise, diversity and independence. The Board provides leadership, strategic guidance, an objective and independent view to the Company's management while discharging its fiduciary responsibilities, thereby ensuring that the management adheres to high standards of ethics, transparency and disclosure. The Board periodically evaluates the need for change in its composition and size.

b) Board Meetings:

The details of the Board Meetings held during the financial year 2022-23 are as follows:

Sl. No.	Day & Date
1	Tuesday, May 24, 2022
2	Friday, August 12, 2022
3	Wednesday, November 9, 2022
4	Tuesday, February 7, 2023

The necessary quorum was present in all the Board Meetings. The maximum gap between any two meetings was in compliance with the provisions of the Companies Act, 2013. The attendance of Directors in Board Meetings and previous Annual General Meeting (AGM) are as follows:

Name of the Director	Number of meetings attended	Attendance at the last AGM
Mr. Apparao V Mallavarapu	4	Yes
Mr. Nikhil Mallavarapu	4	Yes
Mr. Manoj Nagrath	4	Yes
Mr. Rajiv C Mody	1	Yes
Mr. Pranav Kumar N Patel	4	Yes
Dr. Swarnalatha Mallavarapu	3	Yes
Mr. Thiruvengadam P	4	Yes
Ms. V Kavitha Dutt	4	Yes

The board had accepted all recommendation of its committees of the board during the financial year.

c) Code of Conduct for Directors and Senior Management:

The Company has adopted the Code of Conduct for Directors and Senior Management and the Company received the annual affirmations with regard to the adherence to the Code of Conduct for the financial year 2022-23. The Code of Conduct is available on the Company's website (https://www.centumelectronics.com/investor-relations/policies/).

All the Independent Directors of the Company at the time of their first appointment to the Board and thereafter in the first meeting of the Board in each financial year give a declaration that they meet the criteria of independence as provided under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013. The Independent Directors fulfill the conditions specified in these regulations and are independent of the management.

d) Familiarisation Programmes for Board members:

At the time of appointing a Director, a formal letter of appointment is given to the Board Members, which inter alia explains the role, function, duties and responsibilities expected from them as a Director of the Company. The Director is also explained in detail the compliances required from him under the Companies Act, SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and other relevant regulations. The Board members are provided with necessary documents, reports and internal policies to enable them to familiarize with the Company's procedures and practices.

Quarterly updates on important changes in the regulatory environment is presented to the Board by the functional heads. Apart from this, the statutory auditors present to the Audit Committee/ Board on regular intervals on important regulatory changes.

The details of Familiarisation Programmes imparted to the Independent Directors is disclosed on its website https://www.centumelectronics.com/investor-relations/policies/

e) Separate Meeting of the Independent Directors:

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate meeting of the Independent Directors is being held every financial year. None of the non-independent directors, Members of the management or Key Managerial Personnel are present for this Meeting. During the financial year 2022-23 the Meeting of the Independent Directors was held on Thursday, January 19, 2023 to review the performance of the Non-Independent directors (including the Chairman & Managing Director) and the Board as a whole. Based on the guidance note issued by SEBI on January 05, 2017 on the Board Evaluation, Independent Directors also reviewed the quality, content and timelines of the flow of information between the management and the Board and its Committees which is necessary to perform and discharge their duties effectively and reasonably.

3) Board Committees

The Board of Directors has constituted the Committees, which are mandatory with appropriate delegation of powers. These Committees are functioning as required.

a) Audit Committee:

As a measure of good Corporate Governance and to provide assistance to the Board of Directors in overseeing the Board's responsibilities, an Audit Committee was formed as a sub-committee of the Board. The Committee is in line with the requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. The terms of reference of the Audit Committee covers all matters specified in Part C of Schedule II of Regulation 18 (3) of the SEBI (Listing Obligations & Disclosure Requirements)

Regulations, 2015 and also those specified in Section 177 of the Companies Act, 2013. The terms of reference broadly include the following:

Financial Reporting and Related Processes

- Oversight of the Company's financial reporting process and financial information submitted to the Stock Exchanges, regulatory authorities or the public.
- Reviewing with the Management the quarterly unaudited financial statements and the Auditors' Limited Review Report thereon/audited annual financial statements and Auditors' Report thereon before submission to the Board for approval. This would, inter alia, include reviewing changes in the accounting policies and reasons for the same, major accounting estimates based on exercise of judgment by the Management, significant adjustments made in the financial statements and / or recommendation, if any, made by the Statutory Auditors in this regard.
- Review the Management Discussion & Analysis of financial and operational performance.
- Discuss with the Statutory Auditors its judgment about the quality and appropriateness of the Company's accounting principles with reference to the Generally Accepted Accounting Principles in India.
- Review the investments made by the Company.

Internal Controls and Governance Processes

- Review the adequacy and effectiveness of the Company's system and internal controls.
- Review and discuss with the Management the Company's major financial risk exposures and steps taken by the Management to monitor and control such exposure.
- To oversee and review the functioning of a vigil mechanism and to review the findings of investigation into cases of material nature and the actions taken in respect thereof.

Audit

- Review the scope of the Statutory Auditors, the Annual Audit Plan and the Internal Audit Plan with a view to ensure adequate coverage.
- Review the significant audit findings from the Statutory and Internal audits carried out, the recommendations and Management response thereto.
- Review and recommend to the Board the appointment/ re-appointment of the Statutory Auditors considering their independence and effectiveness and their replacement and removal.
- Approve such additional services to be rendered by the Statutory Auditors except those enumerated in Section 144 of the Companies Act, 2013 and payment for such services.
- Recommend to the Board the remuneration of the Statutory Auditors.
- Discuss with the Statutory Auditors/ Internal Auditors any significant difficulties encountered during the course of the Audit.

Other Duties

- To approve the appointment, removal and terms of remuneration of the Internal Auditor.
- To grant omnibus approval for related party transactions which are in the ordinary course of business and on an arm's length pricing basis and to review and approve such transactions subject to the approval of the Board.
- The composition and attendance of the members for the Committee Meetings held during the year are as follows:

Sl. No.	Name	Position	Number of Meetings	
			Held	Attended
1.	Mr. Manoj Nagrath	Chairman	4	4
2.	Mr. Apparao V Mallavarapu	Member	4	3
3.	Mr. Pranav Kumar N Patel	Member	4	4
4.	Mr. Thiruvengadam P	Member	4	3

The Chairman of the Audit Committee is an Independent Director. The Company Secretary acts as the Secretary to the Committee.

During the year under review, Four Audit Committee Meetings were held and gap between two meetings did not exceed one hundred and twenty days. Audit Committee Meetings were held on May 24, 2022, August 11, 2022, November 8, 2022 and February 6, 2023. The Chairman of the Audit Committee was present at the Annual General Meeting of the Company held on August 12, 2022, to answer the shareholder queries.

Self-Assessment by the Audit Committee

The Audit Committee has set in place a process to measure and benchmark its performance each year. The assessment broadly covers composition, structure and committee meetings, overview of the financial reporting process, internal control systems and overview of internal and external audits.

b) Nomination and Remuneration Committee:

In compliance with Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Section 178 of the Companies Act, 2013, the Board has constituted the "Nomination and Remuneration Committee".

The composition of the Nomination & Remuneration Committee & attendance in the meetings for the financial year 2022-23 was as follows:

Sl. No.	Name	Position	Number of Meetings	
			Held	Attended
1.	Mr. Manoj Nagrath	Chairman	2	2
2.	Ms. V Kavitha Dutt	Member	2	2
3.	Mr. Rajiv C Mody	Member	2	-
4.	Mr. Apparao V Mallavarapu	Member	2	2

The Nomination & Remuneration Committee Meetings were held on May 24, 2022 and February 7, 2023. The Chairman of the Nomination and Remuneration Committee was present at the Annual General Meeting of the Company held on August 12, 2022 to answer the shareholder queries.

The quorum for a meeting of the Nomination and Remuneration committee shall be either two members or one third of the members of the committee, whichever is greater, including at least one independent director in attendance. This requirement was adhered to during the year under review.

The Company Secretary acts as the Secretary to the Committee.

The terms of reference of the Committee as stipulated under Schedule II Part (D) of the Regulation 19 (4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which inter alia includes the following:

- To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- To formulate criteria for evaluation of performance of independent directors and the Board;
- To devise a policy on Board diversity;
- To identify persons who are qualified to become directors and who may be appointed in the senior management in accordance with the criteria laid down and recommend to the board of directors their appointment and removal;
- To recommend the Board whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors;
- To carry out such other function as may be mandated by the Board from time to time;

The Nomination & Remuneration Committee has laid down the Performance Evaluation criteria of Independent Directors in terms of Regulation 19 read with Part D of the Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration.

Policy for selection and Appointment of Directors and their Remuneration

The Nomination and Remuneration Committee (NRC) has formulated a policy which, inter alia, deals with the manner of selection of the Board of Directors and the Senior Management. Link for the policy is https://www.centumelectronics.com/investor-relations/policies/

The details of remuneration paid to the Directors for the year ended March 31, 2023 are as follows:

(in ₹)

Name of the Director	Salary & Perquisites	Sitting Fees	Commission	Total
Mr. Apparao V Mallavarapu	1,36,25,667	-	-	1,36,25,667
Mr. Nikhil Mallavarapu	1,36,25,667	-	-	1,36,25,667
Mr. Manoj Nagrath	-	2,40,000	5,00,000	7,40,000
Mr. Rajiv C Mody	-	30,000	5,00,000	5,30,000
Mr. Pranav Kumar N Patel	-	2,40,000	5,00,000	7,40,000
Dr. Swarnalatha Mallavarapu*	-	90,000	5,00,000	5,90,000
Mr. Thiruvengadam P	-	2,10,000	5,00,000	7,10,000
Ms. V Kavitha Dutt	-	1,20,000	5,00,000	6,20,000

* resigned from the closing hours of 27th May, 2023

A sitting fee of ₹ 30,000 is paid to the Non-Executive Directors for attending each Meeting of the Board and the Audit Committee. The payment of Commission of ₹ 5,00,000 (Rupees Five Lakhs) to the Non – Executive Directors annually commencing from April 1, 2020 was approved by the Members of the Company at the Annual General Meeting held on September 18, 2020. The approval was based on the responsibilities and their contribution to the Company in their respective capacities.

c) Stakeholders' Relationship Committee (SRC):

In compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 20 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Board has constituted the "Stakeholders' Relationship Committee"

The Stakeholders' Relationship Committee has been formed for the effective redressal of the investors' complaints, reviewing the activities of the share transfer committee and reporting of the same to the Board periodically.

The Stakeholders' Relationship Committee meeting was held on May 24, 2022, during the year. The details of attendance of the Committee Members in the meeting are given below.

Name	Particulars	Number of Meetings	
		Held	Attended
Mr. Manoj Nagrath	Chairman	1	1
Mr. Nikhil Mallavarapu	Member	1	1
Dr. Swarnalatha Mallavarapu	Member	1	1

The Company Secretary & Compliance Officer acts as the Secretary to the Committee.

The Company has received complaints/requests during the year from the Shareholders. All the complaints have been redressed to the satisfaction of the Shareholders. An analysis of the complaints /requests are as follows:

Status of complaints from the stakeholders from 01.04.2022 to 31.03.2023

Sl.No.	Nature of Complaints	OpeningBalance	Received	Redressed	Pending
1.	Non receipt of securities	NIL	24	24	NIL
2.	Non receipt of Dividend Warrants	NIL	139	139	NIL
3	Non receipt of Annual reports	NIL	-	-	NIL
4.	General Enquiries	NIL	889	889	NIL
	Total	**NIL**	**1052**	**1052**	**NIL**

d) Corporate Social Responsibility (CSR) Committee:

In compliance with the provisions of Section 135 of the Companies Act, 2013, the Board has constituted Corporate Social Responsibility (CSR) Committee. The terms of the Committee broadly comprise the following:

- To review the CSR Policy and to make it more comprehensive so as to indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;
- To provide guidance on various CSR activities to be undertaken by the Company and to monitor its progress.

The Corporate Social Responsibility Committee was held on 24th May, 2022. The details of attendance of the Committee Members in the meeting are given below.

Name	Particulars	Number of Meetings	
		Held	Attended
Mr. Thiruvengadam P	Chairman	1	1
Dr. Swarnalatha Mallavarapu	Member	1	1
Ms. V Kavitha Dutt	Member	1	1

The CSR Committee meeting was held on May 24, 2022 during the year. The Chairman and all the Members attended the CSR Committee Meeting.

e) Risk Management Committee:

In compliance with Regulation 21 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Board has constituted "Risk Management Committee". The Committee has laid down the Policy on Risk Management and its mitigation. The Policy on Risk Management of the Company is available at https://www.centumelectronics.com/investor-relations/policies/

The Risk Management Committee meetings were held on August 5, 2022 and December 19, 2022. The details of attendance of the Committee Members in the meetings are given below.

Sl. No.	Name	Position	Number of Meetings	
			Held	Attended
1.	Mr. Pranav Kumar N Patel	Chairman	2	2
2.	Mr. Thiruvengadam P	Member	2	2
3.	Mr. Nikhil Mallavarapu	Member	2	2
4	Mr. K S Desikan	Member	2	2

4) Disclosures

a) Annual evaluation of Board, its Committees and Individual Directors

The Board of Directors has carried out an annual evaluation of its own performance, its Committees and individual Directors pursuant to the requirements of the Act and the Listing Regulations.

b) Subsidiary Companies

The Company has the following subsidiary companies:

1. Centum T&S Private Limited (Formerly known as Centum Adeneo India Private Limited), a wholly owned Indian Subsidiary company.

2. Centum Electronics UK Limited, UK based company.

Centum Adetel Group S.A., French based company, which is the subsidiary of Centum Electronics UK Limited.

The Audited Annual Financial Statements of Subsidiary Companies are tabled at the Audit Committee and Board Meetings of the Company.

Copies of the Minutes of the Audit Committee / Board Meetings of Subsidiary Companies are individually given to all the Directors and are tabled at the subsequent Board Meetings.

The Company has a policy on material subsidiaries and the weblink for the same is https://www.centumelectronics.com/investor-relations/policies/

Centum Electronics UK Limited is a Material Subsidiary of the Company. It was incorporated by Centum Electronics Limited in 2016. The Statutory Auditors of Centum Electronics UK Limited are Blick Rothenberg.

c) Whistle Blower Policy:

The Company promotes ethical behavior in all its business activities and has put in place a mechanism for reporting illegal or unethical behavior. The Company has a Vigil mechanism/Whistle blower policy under which the employees are free to report violations of applicable laws, regulations and the Code of Conduct. During the year under review, there are no such events to report. The copy of Whistle Blower Policy is available on the website of the Company https://www.centumelectronics.com/investor-relations/policies/

The Board hereby affirms that no personnel has been denied access to the Audit Committee.

d) Related Party Transactions

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, during the financial year were in the ordinary course of business and at an arm's length basis. There are no material significant related party transactions during the financial year i.e. transactions of the Company of material nature with its promoters, the Directors, the Management, their subsidiaries or the relatives etc., that may have potential conflict with the interests of the Company at large. However, the Company has taken approval of the Audit Committee and Board of Directors for all the related party transactions during the year.

Details of the significant related party transactions with the group companies are given in the appended financial statements under Note no. 42 of the notes to the accounts of the standalone financial statements.

Pursuant to the said regulations, the Company has framed a policy for dealing with the related party transactions, which has been uploaded on the Company's website. The weblink for the same is https://www.centumelectronics.com/investor-relations/policies/

e) There are no Loans and advances in the nature of loans to firms/companies in which directors are interested.

f) Fees Paid to Statutory Auditors:

During the year ended March 31, 2023 fees paid to Statutory Auditors are as follows:

(Amount in ₹)

Particulars	Fees (Excluding GST)
Audit and related services (excluding out of pocket expense)	52,00,000
Fees paid for Subsidiary	7,00,000
Total	**59,00,000**

g) Compliance with Statutory/legal requirements:

During the year, there are no non-compliances by the Company. There are no other penalties, strictures imposed on the Company by the Stock Exchange or SEBI or any other statutory authority, on any matter related to capital matters, during the last three years.

h) Compliance with Accounting Standards:

Your Company confirms that it has complied with all the applicable Accounting Standards issued by the Ministry of Corporate Affairs.

i) Internal Controls:

The Company has a formal system of internal control testing which examines both the design effectiveness and operational effectiveness to ensure reliability of financial and operational information and all statutory / regulatory compliances. The Company's business processes are on LN -ERP and has a strong monitoring and reporting process resulting in financial discipline and accountability.

j) CMD/CFO Certification:

The CMD and the CFO have issued certificate pursuant to the provisions of Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, certifying that the financial statements do not contain any untrue statement and these statements represent a true and fair view of the Company's affairs. The said certificate is annexed and forms part of the Annual Report.

k) Outstanding GDRs / ADRs:

The Company has not issued any Global Depository Receipt / American Depository Receipt / Warrant or any convertible instruments which is likely to have an impact on Company's equity.

l) Certification from Company Secretary in Practice:

None of the Directors of the Company have been debarred or disqualified from being appointed or continuing as director of company by the Securities and Exchange Board of India or the Ministry of Corporate Affairs or any such Statutory Authority. A Certificate to this effect, issued by the Practicing Company Secretary is annexed to this Report.

m) Disclosures under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

The Company has formulated a Policy in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder. A reference disclosure on the same is also made in the Board's Report forming part of the Annual Report.

The Company has not received any complaint of sexual harassment during the financial year 2022-23.

n) Compliance of mandatory requirements:

The Company is pleased to inform that your Company has complied with all the mandatory requirements of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 including Regulation 17 to 27 read with Schedule V and Regulation 46 as applicable and amended from time to time.

5) General Body Meetings:

a) Date and venue of the last three AGMs are given below:

Year	Date	Venue	Time	Number of special resolutions
2019-20	September 18, 2020	Meeting held through Video Conference from the Registered Office: No.44, KHB Industrial Area Yelahanka New Town Bengaluru – 560 106	4.00 P.M	4
2020-21	August 12, 2021	Meeting held through Video Conference from the Registered Office: No.44, KHB Industrial Area Yelahanka New Town Bengaluru – 560 106	4.00 P.M	1
2021-22	August 12, 2022	Meeting held through Video Conference from the Registered Office: No.44, KHB Industrial Area Yelahanka New Town Bengaluru – 560 106	4.30 P.M	-

b) Means of Communication:

The Company has its own website viz. www.centumelectronics.com. The quarterly, half- yearly and annual results are posted on the Company's website for the information of the Shareholders.

The results are also published in Business Standard – All editions, Economic Times – Bangalore & Mumbai editions and Vijayavani/ Prajavani – Bangalore edition.

All the material information is promptly sent to the Stock Exchanges where the Shares of the Company are listed. The Management Discussion and Analysis Report forms part of the Annual Report.

Ministry of Corporate Affairs ("MCA") has vide its circular dated December 28, 2022 read with circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 (collectively referred to as "MCA Circulars") permitted the holding of AGM through VC / OAVM, without the physical presence of Members. In compliance therewith, AGM of the Company is being held through VC / OAVM. Also, in compliance with MCA Circulars and SEBI Circular dated January 05, 2023 read with circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2022-23 is being sent only through electronic mode to those Members whose email addresses are registered with the Company / Depositories. Members may note that the Notice and Annual Report 2022-23 will also be available on the Company's website viz. https://www.centumelectronics.com/investor-relations/, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively.

6) General Shareholder Information

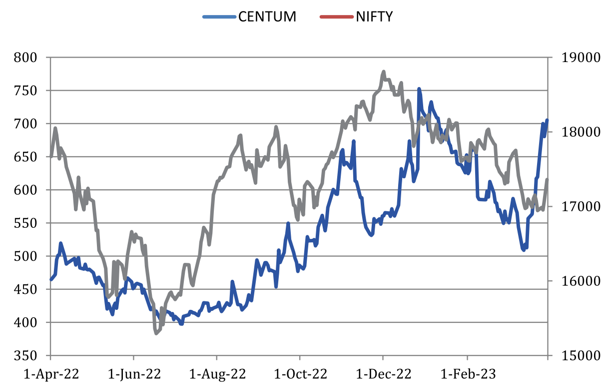
1	Registration Details	Company is registered in the State of Karnataka and the Corporate Identity Number allotted by Ministry of Corporate Affairs (MCA) is L85110KA1993PLC013869	
2	Registered Office	No.44, KHB Industrial Area, Yelahanka New Town, Bengaluru – 560 106	
3	Compliance Officer	Ms. Indu H S	
4	Date, time & venue of the 30th AGM	Friday, August 11, 2023 at 04:30 p.m. IST	
		The Company is conducting meeting through Video Conferencing/ Other Audio Visual Means pursuant to the MCA Circulars and as such there is no requirement to have a venue for the AGM. For details please refer to the Notice of this AGM.	
5	Financial Year	2022-2023	
6	Record Date for Dividend	August 2, 2023	
7	Dividend	The Board of Directors of the Company have recommended a dividend of ₹ 4/- (40%) per equity share. Dividend, if approved in the ensuing Annual General Meeting will be paid to those Shareholders, whose name appear in the Register of Members as on August 2, 2023.	
8	Listing in Stock Exchanges	The Equity Shares of the Company are listed in the following Stock Exchanges:	
		• The National Stock Exchange of India Limited	
		• BSE Limited	
9	Stock Code	• National Stock Exchange of India Limited – CENTUM	
		• BSE Limited – 517544	
10	Listing Fees	Listing Fees as prescribed has been paid fully to the Stock Exchanges where the shares of the Company are listed.	
11	Details of Credit Ratings	Total Bank Loan Facilities Rated	₹ 355.70 Crores (Rupees Three Hundred Fifty-Five Crore and Seventy Lakhs Only)
		Long Term Bank Facilities	CARE BBB; Stable (Triple B; Outlook: Stable)
		Long Term / Short Term Bank Facilities	CARE BBB; Stable / CARE A3+ (Triple B ; Outlook: Stable/ A Three Plus)

7) Stock Performance

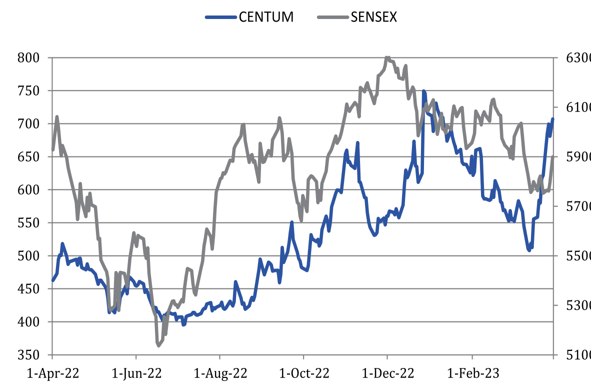
Month	National Stock Exchange of India Limited (NSE)			BSE Limited (BSE)		
	High	Low	Total Turnover (₹ in Lakhs)	High	Low	Total Turnover (₹ in Lakhs)
April	535.00	455.25	1,621.80	535.45	456.00	121.82
May	483.05	392.00	906.56	489.80	393.40	49.34
June	466.00	395.05	641.85	468.00	395.60	33.04
July	440.01	393.55	471.97	438.90	393.15	18.17
August	504.90	406.10	1,561.03	505.00	408.00	139.19
September	559.00	450.50	2,096.65	557.95	450.00	303.39
October	671.40	472.30	3,788.31	670.00	473.00	280.92
November	692.80	523.95	4,166.69	692.50	525.25	327.27
December	791.10	558.25	11,352.60	790.00	553.95	526.73
January	747.45	618.05	4,323.82	747.40	617.15	379.44
February	669.80	545.00	1,813.10	674.00	546.60	93.67
March	729.70	496.85	6,700.97	728.35	497.00	227.25

The performance of the stock in National Stock Exchange of India Limited and BSE Limited for the period from April 1, 2022, to March 31, 2023, was as follows:

Exchange: NSE; Date:01-04-2022 End Date: 31-03-2023



Exchange: BSE; Date:01-04-2022 End Date: 31-03-2023



8) Dematerialisation of shares

The ISIN for the Equity Shares of the Company is INE320B01020. A total of 1,27,94,412 Equity Shares aggregating to 99.30% of the total shares of the Company are in dematerialised form as on March 31, 2023.

9) Registrars and Share Transfer Agents

For Share related matters, Members are requested to correspond with the Company's Registrar and Transfer Agent – KFin Technologies Limited (formerly KFin Technologies Private Limited) quoting their Folio No./ DP ID & Client ID at the following Address:

KFin Technologies Limited
(Formerly KFin Technologies Private Limited)
Selenium Tower B, Plot Nos.31 & 32, Financial District
Nanakramguda, Serilingampally Mandal, Hyderabad – 500032
Ph No.: +91 40 6716 2222, Fax No.: +91 040 23001153
Toll Free No. 1800 3454 001
Email: einward.ris@kfintech.com

10) Share Transfer System

The composition of the Share Transfer Committee is as follows:

Sl. No.	Name	Designation
1.	Mr. Apparao V Mallavarapu	Chairman & Managing Director
2.	Mr. K S Desikan	Chief Financial Officer
4.	Ms. Indu H S	Company Secretary

The Share Transfer Committee meets as and when required. The Committee reports periodically to the Stakeholders' Relationship Committee on receipt of the Investors' complaints, if any.

In terms of Regulation 40(1) of the Listing Regulations, securities can be transferred only in dematerialized form with effect from April 1, 2019.

In case of shares held in electronic form, the transfers are processed by National Securities Depository Limited ('NSDL') and Central Depository Services (India) Limited ('CDSL') through respective Depository Participants.

The Company obtains a certificate from Practicing Company Secretary as required under Regulation 40(9) of the Listing Regulations and the same is filed with the Stock Exchanges.

Suspense Escrow Demat Account:

There were no instances during the financial year where shares were liable to be transferred to the Suspense Escrow Demat Account on account of non-receipt of demat request from the investor within 120 days of issuance of the Letter of Confirmation by RTA.

The Company has delegated the power of share transfers to KFin Technologies Limited, the Company's Registrar and Share Transfer Agent ('RTA'). They process the share transfers and the same are approved by the Share Transfer Committee periodically. The share transfers are effected within 15 days from the date of receipt. The Shareholders can send their share transfer/demat requests either to the RTA directly or to the Company.

11) Distribution of Shareholding

The distribution of the Shareholding as on March 31, 2023 is as follows:

Category (Shares)	No. of Shareholders	%	No. of Shares	%
1-5000	9,597	93.64	6,50,790	5.05
5001- 10000	303	2.96	2,38,795	1.85
10001- 20000	139	1.36	2,01,589	1.56
20001- 30000	45	0.44	1,11,778	0.87
30001- 40000	25	0.24	89,001	0.69
40001- 50000	25	0.24	1,17,506	0.91
50001- 100000	53	0.52	3,78,195	2.94
100001 & Above	24	0.23	3,42,967	2.66
200001 & above	38	0.37	1,07,54,160	83.47
Total	**10,249**	**100.00**	**1,28,84,781**	**100.00**

12) Shareholding Pattern

Categories of Shareholders as on March 31, 2023 is as follows:

Category	No. of Shares	% to Total Shares
Promoters & Promoter Group	75,76,478	58.80
Employees	1,64,278	1.27
Mutual Funds	6,67,637	5.18
Financial Institutions / Banks	1,83,286	1.42
Non-Resident Indians	21,542	0.17
Non-Resident Indian Non Repatriable	37,412	0.29
Foreign Portfolio- CORP	10,600	0.08
Indian Public	32,68,437	25.37
Clearing Members	5,397	0.04
Bodies Corporate	7,07,077	5.49
IEPF	93,741	0.73
HUF	1,48,896	1.16
Total	**1,28,84,781**	**100.00**

Promoters / Promoter group haven't pledged any equity shares of the Company held by them in the Company during the financial year 2022-23.

13) Transfer of Unclaimed/Unpaid Dividend

Pursuant to applicable provisions of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (Rules), all unpaid or unclaimed dividends are required to be transferred by the Company to the IEPF established by the Central Government, after completion of 7 (seven) years. Further, according to the Rules, shares in respect of which dividend has not been paid or claimed by the Shareholders for 7 (seven) consecutive years or more shall also be transferred to the Demat account created by the IEPF Authority.

The Shares Transferred to the IEPF can be claimed by the concerned members from the IEPF Authority after complying with the procedure prescribed under the IEPF Rules. The details of the unclaimed dividends are available on the Company's Website at https://www.centumelectronics.com/unclaimed-dividends/

During the year under review, the Company has transferred ₹ 4,47,756/- to Investor Education and Protection Fund Account which was pertaining to Unpaid Final Dividend Account - Centum Electronics Limited 2014-15 and Unpaid 1st Interim Dividend Account - Centum Electronics Limited 2015-16 and remained as unclaimed for a period of 7 years from the date of transfer to Unpaid Dividend account.

The Company will be transferring the unclaimed/unpaid dividends as mentioned hereunder to the Investors Education and Protection Fund established by the Central Government, in terms of the provisions of Section 124 and 125 of the Companies Act, 2013:

Sl No.	Dividend Year	AGM/ Board Meeting Date at which the Dividend declared	Dividend per Share (in ₹)	Due date for transfer of unclaimed Dividend to IEPF
1	2016-17 - Interim	14-02-2017	2.00	26-02-2024
2	2016-17 - Final	11-07-2017	3.00	19-07-2024
3	2017-18 - Interim	13-02-2018	1.00	25-02-2025
4	2018-19 - Interim	06-02-2019	1.00	10-03-2026
5	2018-19 - Final	13-08-2019	4.00	19-09-2026
6	2019-20- Final	18-09-2020	2.50	24-10-2027
7	2020-21 - Interim	10-02-2021	2.00	18-03-2028
8	2020-21- Final	12-08-2021	2.00	10-09-2028
9	2021-22 - Final	12-08-2022	2.50	25-08-2029

14) Transfer of the 'Shares' to Investor Education and Protection Fund (IEPF) (in cases where dividend has not been paid or claimed for seven consecutive years or more)

In terms of Section 124(6) of the Act read with Investor Education & Protection Fund (IEPF) Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended and Notifications issued by the Ministry of Corporate Affairs from time to time, the Company is required to transfer the shares in respect of which dividends have remained unpaid/ unclaimed for a period of seven consecutive years or more to the IEPF Account established by the Central Government. As required under the said Rules, the Company has transferred the required number of shares to the IEPF. The Company has accordingly transferred 9,284 shares to the Demat Account of the IEPF Authority.

15) Disclosureswith respect to the Demat Suspense Account / Unclaimed Suspense Account:

There are no equity shares lying in the Demat suspense account

16) Financials Release Dates for 2023-24

Quarter	Release Date (tentative & subject to change)
1st Quarter ending June 30, 2023	Second week of August 2023
2nd Quarter ending September 30, 2023	Second week of November 2023
3rd Quarter ending December 31, 2023	Second week of February 2024
4th Quarter ending March 31, 2024	Last week of May 2024

Internet access: www.centumelectronics.com

The website of the Company contains all relevant information about the Company. The Annual Reports, Shareholding pattern, un-audited quarterly results and all other material information are hosted in this site.

Email Id for Investor Grievances:

Company has a dedicated e-mail id (investors@centumelectronics.com) for redressal of grievances of investors. Investors can also write to the Company on the below address:

Company Secretary,
Centum Electronics Limited,
No. 44, KHB Industrial Area,
Yelahanka New Town,
Bengaluru – 560 106
Telephone: +91 80 41436000
Fax : +91 80 41436005

17) Registered Office & Plant Address /Phone and Fax Numbers

Location I	Location II
Centum Electronics Limited No. 44, KHB Industrial Area, Yelahanka New Town, Bengaluru – 560 106. Telephone: +91 80 41436000 Fax: +91 80 41436005	Centum Electronics Limited Avansa Plot-58P, Survey No.8, KIADB, Bangalore Aerospace Park, Industrial Area, Jala Hobli, Budigere Post, Bengaluru – 562 129. Telephone: +91 80 71214000 Fax: +91 80 71214005

18) Compliance with discretionary requirements:

All mandatory requirements of the SEBI Listing Regulations have been complied with by the Company. The status of compliance with the discretionary requirements, as stated under Part E of Schedule II to the SEBI Listing Regulations are as under:

1. The quarterly financial results are published in the leading English and Kannada newspapers and not sent to individual Shareholders. Significant events are published as news items/advertisements in newspapers. Further, the financial results are available on the Company's website and also communicated to the Stock Exchanges where the shares of the Company are listed i.e., BSE Ltd and National Stock Exchange of India Limited.

2. The Auditors' Opinion on the Financial Statements is unmodified.

3. M/s KPMG, Assurance & Consulting Services, LLP were the Internal Auditors of the Company during the year. The Internal Auditors report directly to the Audit Committee on a quarterly basis on their findings and corrective actions taken.

By order of the Board
For **Centum Electronics Limited**

Place: Bengaluru
Date: 27th May, 2023

Apparao V Mallavarapu
Chairman & Managing Director
DIN: 00286308

Nikhil Mallavarapu
Wholetime Director
DIN: 00288551

Corporate Governance Compliance Certificate

To
The Members of
Centum Electronics Limited

I have examined all the relevant records of Centum Electronics Limited ('the Company') for the purpose of certifying compliance of conditions of Corporate Governance as stipulated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') for the period from 1st April, 2022 to 31st March, 2023. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purposes of certification.

The compliance of conditions of Corporate Governance is the responsibility of the Management of the Company. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance with conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in ;

- Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E Schedule V of the Listing Regulations.
- Paragraphs C and E of Discretionary requirements specified in Part E of Schedule II of the Listing Regulations.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Bengaluru
Date : 18th May, 2023
UDIN: F004078E000330448

RAJSHEKAR
Practicing Company Secretary
FCS 4078, CP No 2468

Certificate of Non-Disqualification of Directors

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members of
Centum Electronics Limited

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Centum Electronics Limited having CIN L85110KA1993PLC013869 and having registered office at 44, KHB Industrial Area, Yelahanka Bangalore. 560064 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2023 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sl. No	Name of Director	Director Identification Number (DIN)	Date of original appointment in Company
	Executive Directors		
1	Mr. Apparao Venkata Mallavarapu	00286308	08.01.1993
2	Mr. Nikhil Mallavarapu	00288551	13.02.2020
	Non-Executive Directors		
3	Mr. Manoj Nagrath	01974412	05.01.2010
4	Mr. Rajiv Chandrakanth Mody	00092037	07.08.2010
5	Mr. Pranavkumar Nalinkumar Patel	06784801	28.01.2014
6	Ms. Swarnalatha Mallavarapu	00288771	26.03.2015
7	Mr. Thiruvengadam Parthasarathi	00016375	08.02.2016
8	Ms. V Kavitha Dutt	00139274	25.03.2020

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Bengaluru
Date : 18th May, 2023
UDIN: F004078E000330470

RAJSHEKAR
Practicing Company Secretary
FCS 4078, CP No 2468

Annexure – 7

Business Responsibility & Sustainability Reporting – FY 2022-23

SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity

1	Corporate Identity Number (CIN) of the Listed Entity	L85110KA1993PLC013869
2	Name of the Listed Entity	Centum Electronics Limited
3	Year of incorporation	08-01-1993
4	Registered office address	No. 44, KHB Industrial Area, Yelahanka New Town, Bengaluru – 560 106
5	Corporate address	No. 44, KHB Industrial Area, Yelahanka New Town, Bengaluru – 560 106
6	E-mail	investors@centumelectronics.com
7	Telephone	080 4143 6000
8	Website	www.centumelectronics.com
9	Financial year for which reporting is being done	2022-23
10	Name of the Stock Exchange(s) where shares are listed	BSE Limited and National Stock Exchange of India Limited
11	Paid-up Capital	₹ 129 million
12	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Ms. Indu H S Telephone: 080 4143 6000 and email id : investors@centumelectronics.com
13	Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together)	Standalone

II. Products/services

14. Details of business activities (accounting for 90% of the turnover):

Description of Main Activity	Description of Business Activity	% of Turnover of the entity
Electronic System Design and Manufacturing	Design services, Manufacture of systems and subsystems, Contract manufacturing	100

15. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

S.No.	Product/Service	NIC Code	% of total turnover contributed
1	Systems and Subsystems	26109	29
2	Contract Manufacturing	26104	71

III. Operations

16. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	2	2	4
International	-	-	-

17. Markets served by the entity:

a. Number of locations

Location	Number
National (No. of States)	10
International (No. of Countries)	12

b. What is the contribution of exports as a percentage of the total turnover of the entity?

54%

c. A brief on types of customers :

The company offers a broad range of products and services across different industry segments. It has domain expertise in Electronics Design & Manufacturing Solutions and offers entire spectrum of design services and manufacturing of systems, subsystems for mission critical products in Defence, Space, Aerospace, Industrial & Energy, Transportation & Automotive and Healthcare sectors. The company has been helping customers turn their ideas into products.

IV. Employees

18. Details as at the end of Financial Year:

a. Employees and workers

Sl. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
	EMPLOYEES					
1	Permanent (D)	451	350	77.61	101	22.39
2	Other than Permanent (E)	-	-	-	-	-
3	**Total employees (D + E)**	451	350	77.61	101	22.39
	WORKERS					
4	Permanent (F)	775	560	72.26	215	27.74
5	Other than Permanent (G)	-	-	-	-	-
6	**Total workers (F + G)**	775	560	72.26	215	27.74

b. Differently abled Employees and Workers: None

19. Participation/Inclusion/Representation of women

Particulars	Total (A)	No. and percentage of Females	
		No. (B)	% (B/A)
Board of Directors	8	2	25
Key Management Personnel	4	1	25

20. Turnover rate for permanent employees and workers

Particulars	2022-23			2021-22			2020-21		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	34.72	25.56	32.79	31.16	40.25	32.95	21.00	25.31	21.85
Permanent Workers	45.62	20.28	32.66	36.80	29.61	34.52	47.49	36.60	44.07

V. Holding, Subsidiary and Associate Companies (including joint ventures)

21. Names of holding / subsidiary / associate companies / joint ventures

Sl. No.	Name of the Holding / Subsidiary / Associate Companies / Joint Ventures (A)	Indicate whether holding / Subsidiary / Associate / Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	Centum T&S Private Limited (Formerly known as Centum Adeneo India Private Limited)	Subsidiary	100	No
2	Centum Electronics UK Limited	Subsidiary	100	No

VI. CSR Details

22. (i) Whether CSR is applicable as per section 135 of the Companies Act, 2013: (Yes/No): Yes

(ii) Turnover (in ₹) – FY 21-22 : ₹3,480 million

(iii) Net worth (in ₹) – FY 21-22 : ₹2,645 million

VII. Transparency and Disclosures Compliances

23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)*	FY 2022-23			FY 2021-22		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes	-	-	-	-	-	-
Investors (other than shareholders)	Yes	-	-	-	-	-	-
Shareholders	Yes	163	-	-	140	-	At the end of the year there were no investor complaints pending resolution.

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)*	FY 2022-23			FY 2021-22		
Employees and workers	Yes	-	-	-	-	-	-
Customers	Yes	-	-	-	-	-	-
Value Chain Partners	Yes	-	-	-	-	-	-

*The Company's grievance redressal mechanism is available at https://www.centumelectronics.com/investor-relations/policies/

24. Overview of the entity's material responsible business conduct issues

The company's risk management committee periodically evaluates significant risk exposures and assess the mitigation measures covering environmental, social and governance aspects. The risk management framework of the Company has the requisite processes and systems for identifying and reporting risks. Corrective actions are implemented to address the risks identified.

Sl No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Material Lead Times	R	Long material lead times impact the manufacturing operations due to lack of required components	Efficient inventory management and plan for alternate component manufacturers	Negative
2	CSR	O	CSR projects create a positive impact and improve community relations		Positive
3	Employee Engagement	O	Ensuring an employee-friendly environment at the workplace		Positive
4	Supply Chain Management	R	Some external events lead to difficulty in sourcing and transport of materials	The materials are procured from reputed manufacturers to ensure delivery timelines	Negative
5	Talent Management	R	Significant consequences of loss of top talent, inability to meet business goals	Attracting and retaining talent	Negative

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

Particulars	P1	P2	P3	P4	P5	P 6	P7	P8	P9
	Ethics & Transparency	Product Responsibility	Human Resources	Responsiveness to Stakeholders	Respect for Human Rights	Environment restoration	Public Policy Advocacy	Inclusive Growth	Customer Engagement
	Policy and management processes								
1. a. Whether your entity's policy/ policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Y	Y	Y	Y	Y	Y	N	Y	Y
b. Has the policy been approved by the Board? (Yes/No)	All policies are not required to be approved by the Board of Directors. The approval of the Board has been taken on mandatory policies. However, all the policies are approved by the Chairman & Managing Director of the Company.								
c. Web Link of the Policies, if available	www.centumelectronics.com								
2. Whether the entity has translated the policy into procedures. (Yes / No)	Yes, the Company has translated the policies into procedures wherever applicable. The same are assimilated in the procedures and practices in all areas of activity that the Company undertakes. Formal communication is sent to internal stakeholders and the external stakeholders are communicated to the extent as may be applicable. The Company has a HR Information System (HRIS) Potal for the benefit of employees. It is an employee self-service portal. We upload all the HR policies in HRIS system with access controls.								
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	Due diligence is carried on in the process of dealing with the various value chain partners.								
4. Name of the national and international codes/ certifications/labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	• ISO Certificate for Quality Management System (ISO 9001:2015) • ISO Certificate for Occupational Health and Safety Management System (ISO 45001:2018) • ISO Certificate for Environment Management System (ISO 14001:2015) • ISO Certificate for Information Security Management System (ISO/IEC 27001:2013) • ISO Certificate for Medical Standard (ISO 13485:2003) • ISO Certificate for Automotive Standard (ISO 16949:2009) • ESD association 20-20 certified • IRIS Railway certification • IPC certified for IPC-A-610 Class III & II application specialist • IPC certified for J-STD-001 certified trainer								

5. Specific commitments, goals and targets set by the entity with defined timelines, if any.

The Company has identified key parameters and has placed an effective mechanism to continuously monitor. Necessary assessments are carried out periodically by third party independent service providers and certified.

6. Performance of the entity against the specific commitments, goals and targets along with reasons in case the same are not met.

P1	Ethics & Transparency	• Code of Conduct for Board of Directors and Senior Management
		• Policy for Determination of materiality of events for disclosure to Stock Exchanges
		• Code of Practices and Procedures for Fair Disclosure of UPSI
		• Whistle Blower Policy
		• Company's core values

	Centum adheres to fair and transparent conduct of the affairs by adopting the best practices, standards of ethical behavior.	
P2	Product Responsibility	• Quality Policy • Information Security Policy
	Proper mechanisms are in place to carry on Life cycle assessment of the products. Product labelling is done by complying with all regulatory requirements and as per customer requirements.	
P3	Human Resources	• Code of Conduct • HR Policies (including Prevention of Sexual Harassment Policy) • HR Handbook
	Employees are provided opportunities to demonstrate their skills and capabilities. The Company's code of conduct is applicable to all the employees to establish and uphold high ethical conduct with utmost transparency and accountability. The Company has a policy for addressing sexual harassment in the workplace and applies to all stakeholders of the Company.	
P4	Responsiveness to Stakeholders	• Corporate Social Responsibility Policy • Code of Conduct
	The Company regularly engages with the Stakeholders and discuss the matters including environmental, social and governance issues.	
P5	Respect for Human Rights	• Code of conduct • Whistle Blower Policy • HR Policies • Prevention of Sexual Harassment Policy
	The Human resource department of the Company communicates the labor laws and other policies to all the employees.	
P6	Environment Restoration	• Environment Policy • Quality Policy
	All steps are taken towards sustainable manufacturing.	
P7	Public Policy Advocacy	Considering the business activities of the Company and the nature of its business, the Board has not felt the need to formulate certain policies.
P8	Inclusive Growth	• Corporate Social Responsibility Policy • HR Policies
	The Company's CSR policy is formulated keeping in view the holistic development of the community and the environment. The CSR initiatives of the Company are manifested to uplift and support the underprivileged.	
P9	Customer Engagement	• Code of Conduct • Quality policy • Information Security Policy
	There is regular interaction with key customers of the Company. Customer Satisfaction surveys are conducted annually.	

Governance, leadership and oversight	
7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements	Centum Electronics Limited is committed to instilling environmental, social and governance priorities into its businesses. The Company judiciously make use of energy and energy saving assets. Centum Electronics Limited has partnered with agencies to implement CSR activities. One of the Company's core value is Social Responsibility. As a responsible corporate citizen Centum endeavors to have a positive impact on the greater society that it serves. Social responsibility is intertwined in company's self-belief and work ethics. Corporate Governance is given utmost importance and is followed in letter and spirit.
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	Mr. Apparao V Mallavarapu, Chairman & Managing Director
9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No).	No director has been specifically nominated. The Corporate Social Responsibility (CSR) Committee of the Board drive the social responsibility initiatives. Further, the relevant policies are administered by the Departmental Heads who report to the Management of the Company.

10. Details of Review of NGRBCs by the Company:									
Subject for Review	**Indicate whether review was undertaken by Director / Committee of the Board / Any other Committee**								
	P1	**P2**	**P3**	**P4**	**P5**	**P6**	**P7**	**P8**	**P9**
Performance against above policies and follow up action Indicate whether review was undertaken by Director / Committee of the Board / Any other Committee	Each of the Policies and performance against the same are being reviewed by the Board as required under the relevant regulations. Periodic review of the charters, policies is done internally by the Senior Management and Board Committees. External assessment is done on need basis.								
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee	Details of External assessment: Policies and procedures of the organization are subject to audits/ reviews during ISO 9001, ISO 14001, OHSAS 18001, ISO 27001 Audits								
Subject for Review	**Frequency (Annually/ Half yearly/ Quarterly/ Any other - please specify)**								
Performance against above policies and follow up action	The Company views business responsibility as a part and parcel of its business.								
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances	Lot of time, efforts and investments are continuously being made in this area especially in and around the products that we manufacture. Quarterly/ Annual review as and when required, is being done by the Board of Directors of the Company.								
11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.	The Company's policies and procedures are subject to internal scrutiny by the management, However, there has not been any specific review or assessment or evaluation by an external agency.								

12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:

Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
The entity does not consider the Principles material to its business (Yes/No)	No								
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)									
The entity does not have the financial or/human and technical resources available for the task (Yes/No)									
It is planned to be done in the next financial year (Yes/No)									
Any other reason (please specify)	Note on P7: Centum Electronics Limited participates in various industry forums where views / opinions on relevant topics are discussed. The Company does work for public good on its own and along with trade bodies and industry colleagues from time to time. It is felt that there is no need to have a specific policy for this purpose.								

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

PRINCIPLE 1 Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

Essential Indicators

1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics / principles covered under the training and its impact	% of persons in respective category covered by the awareness programmes
Board of Directors Key Managerial Personnel	4	Board of Directors are periodically updated about the matters relating to business, statute, governance etc., Strategic presentations are made to the Directors, regularly on Company strategy, performance and growth plans. Updates on performance review, strategy and key regulatory developments are presented at the quarterly Board Meetings and annual Board strategy meeting.	100
Employees other than BOD and KMPs	6	Interviewing skills, Email Etiquettes, POSH, Emotional Intelligence, MS Excel, First Time Manager	100
Workers	6	Kaizen, ESD, POSH, 5S, EHS and QMS	100

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions: No penalties or fines were reported.

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed : Nil.

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

The Centum Code of Conduct covers employees of the Company.

The Company has a well-defined Code of Conduct for its employees. Under "gifts and corporate hospitality policy", employees are not authorised to give or receive the gifts from any suppliers, vendors or partners. Gifts received by employees if any by not in person, will be handed over to HR department. HR department will distribute the gifts through dip system in employee monthly meetings.

The Code of Conduct is available at the Company's website at www.centumelectronics.com

5. **Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:** Nil

6. **Details of complaints with regard to conflict of interest:**

   The Directors disclose their interest at the beginning of the year. In case of change in the disclosure made, the same is taken note by the Board. The Board of Directors and senior management are subject to the provisions of code of conduct.

7. **Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.**

   Nil

Leadership Indicators

1. **Awareness programmes conducted for value chain partners on any of the Principles during the financial year:**

   Centum carries out awareness / training programmes for its value chain partners depending on the business needs, stakeholder feedback and regulatory requirements covering various topics.

2. **Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same.**

   The Company has a Code of Conduct for its Board Members and Senior Management which defines Conflict of Interest and entails the process for avoiding the same.

   The Code of Conduct is available on the website of the Company.

PRINCIPLE 2 Businesses should provide goods and services in a manner that is sustainable and safe

Essential Indicators

1. **Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.**

   Centum is proudly engaged in design & development of subsystems and systems and indigenization of various products for Defence, Space and Aerospace segments. These subsystems and systems are being used by various defense & space agencies to serve the Nation. This is in line with the Make in India and Atmanirbhar Bharat policies of Government of India.

2. a. **Does the entity have procedures in place for sustainable sourcing? (Yes/No)**

   b. **If yes, what percentage of inputs were sourced sustainably?**

   Yes, the Company has well established procedures for sustainable sourcing. About 80% of our inputs was sourced sustainably.

   The sourcing is carried out in a systematic manner. In the first stage, the compatibility of the sources with respect to the requirements is carefully evaluated.

   After this stage, the source is evaluated thoroughly with the assistance of supplier evaluation criteria which includes the policies like Conflict of Minerals Policy.

   Thereafter, considering the scores obtained in the supplier evaluation rating, the decision will be made to engage with the particular source. The initial samples from the new source are taken up for evaluation after which the supplier is added to Approved Vendor List (AVL). The supplies from the newly qualified vendor is ramped up in a phased manner.

   Centum is committed to maintaining a socially responsible supply chain with a strong focus on Conflict of Minerals.

3. **Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.**

Centum Electronics Limited has a Life Cycle Assessment (LCA) process in place for its products.

Centum has a well-established waste management system for collection, segregation, storage & disposal of hazardous & non-hazardous waste. The waste generated are either reused, recycled or disposed through authorized vendor/ recyclers. Waste water is recycled through treatment plants & reused for internal operations.

There are proper mechanisms and procedures followed as per State Government guidelines to collect, store and dispose hazardous and non-hazardous waste generated during the process.

(a) Plastics (including packaging) – Disposed through approved Plastics Recycler.

(b) E-waste – Disposed through approved E–waste recycler.

(c) Hazardous waste – Disposed through approved hazardous waste incinerators.

(d) Other waste – Disposed through authorized vendor

4. **Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.**

No

Leadership Indicators

1. **Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?**

NIC Code	Name of Product / Service	% of Total turnover contributed	Boundary for which the Life Cycle Perspective / Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No) If yes, provide the web-link
26109, 26104	Manufacture, Design, Supply of Electronic Modules, Sub Systems, Printed Circuit Board Assembly (PCBA) Integration, Box build and repairs, Screening of Electronic Components and module for Space, Avionics and Defence applications, Plastic moulded components and assemblies	100%	Gate to Gate	No	No

2. **If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same. :** None of our products cause significant social or environmental concerns.

3. **Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).**

Indicate Input Material	Recycled or re-used input material to total material	
	2022-23	2021-22
Solder Dross	45	40

4. **Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:** Not Applicable

5. **Reclaimed products and their packaging materials (as percentage of products sold) for each product category:** Not Applicable

PRINCIPLE 3 Businesses should respect and promote the well-being of all employees, including those in their value chains

Essential Indicators

1. a. **Details of measures for the well-being of employees:**

Category	Total (A)	% of employees covered by									
		Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care facilities	
		Number (B)	(B/A)	Number (C)	(C/A)	Number (D)	(D/A)	Number (E)	(E/A)	Number (F)	(F/A)
	Permanent Employees										
Male	350	350	100	350	100	N.A.	N.A.	-	-	-	-
Female	101	101	100	101	100	101	100	N.A.	N.A	-	-
Total	**451**	**451**	**100**	**451**	**100**	**101**	**100**	**-**	**-**	**-**	**-**
	Other Permanent Employees										
Male	-										
Female											
Total											

b. **Details of measures for the well-being of workers:**

Category	Total (A)	% of workers covered by									
		Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care facilities	
		Number (B)	(B/A)	Number (C)	(C/A)	Number (D)	(D/A)	Number (E)	(E/A)	Number (F)	(F/A)
	Permanent workers										
Male	560	109	19.46	560	100	N.A.	N.A.	-	-	-	-
Female	215	64	29.77	215	100	215	100	N.A	N.A	-	-
Total	**775**	**173**	**22.32**	**775**	**100**	**215**	**100**	**-**	**-**	**-**	**-**
	Other Permanent workers										
Male	-										
Female											
Total											

2. **Details of retirement benefits, for Current Financial Year and Previous Financial Year.**

Benefits	2022-23			2021-22		
	No. of employees covered as a% of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a% of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100	100	YES	100	100	YES
Gratuity	100	100	YES	100	100	YES
ESI	0.4	72.8	YES	5.2	89.2	YES
Others – please specify	-	-	-	-	-	-

3. **Accessibility of workplaces**

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Most of the premises / offices are well equipped for accessibility to differently abled persons. There are currently no differently abled employees and workers.

4. **Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.**

Yes, the Company's policy on hiring does not discriminate against persons with disabilities.

5. **Return to work and Retention rates of permanent employees and workers that took parental leave.**

Particulars	Permanent Employees		Permanent Workers	
Gender	**Return to work rate**	**Retention rate**	**Return to work rate**	**Retention rate**
Male	N.A.	N.A	N.A.	N.A.
Female	86	86	100	100

6. **Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.**

Particulars	Yes/No (If yes, give the details of mechanism in brief)
Permanent Workers	Yes
Other than Permanent Workers	Yes
Permanent Employees	Yes
Other than Permanent Employees	Yes

Human Resource Manager is a single point of contact to address all types of grievances related to employees / workers.

Pursuant to Section 177 (9) and Regulation 22 of SEBI LODR, company has a vigil mechanism for directors and employees to report concerns, if any. This Policy is available on the Company's website at www.centumelectronics.com.

The Company has formulated a Policy on Prevention of Sexual Harassment at Workplace for prevention, prohibition and redressal of sexual harassment at workplace and Internal Complaints Committee has also been set up to redress any such complaints received. The Company sensitizes employees across the organization on the Policy and the provisions of the Sexual Harassment of Women at work place (Prevention, Prohibition and Redressal) Act, 2013.

7. **Membership of employees and worker in association(s) or Unions recognised by the listed entity:** None

8. **Details of training given to employees and workers:**

Category	FY 2022-23					FY 2021-22				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
Employees										
Male	350	350	100	140	40	323	323	100	129	39.94
Female	101	101	100	40	39.60	79	79	100	32	40.51
Total	**451**	**451**	**100**	**180**	**39.91**	**402**	**402**	**100**	**161**	**40.05**
Workers										
Male	560	560	100	560	100	539	539	100	539	100
Female	215	215	100	215	100	230	230	100	230	100
Total	**775**	**775**	**100**	**775**	**100**	**769**	**769**	**100**	**769**	**100**

9. Details of performance and career development reviews of employees and worker:

Category	FY 2022-23			FY 2021-22		
	Total (A)	No. (B)	% (B / A)	Total (C)	No. (D)	% (D / C)
Employees						
Male	350	350	100	323	323	100
Female	101	101	100	79	79	100
Total	**451**	**451**	**100**	**402**	**402**	**100**
Workers						
Male	560	560	100	539	539	100
Female	215	215	100	230	230	100
Total	**775**	**775**	**100**	**769**	**769**	**100**

10. Health and safety management system:

a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage of such system?

Yes – Centum Electronics Limited is ISO 45001:2018 certified for Health and Safety Management system.

Centum Electronics Limited has implemented and maintained the Occupational Health and Safety Management System. All the activities, products and services are in line with OHSMS 45001:2018 standards. It provides a mechanism for managing Occupational Health Safety and Environmental Management System by formulating EOHS policy and objectives, complying with applicable legal & other requirements, and managing unacceptable risk.

The scope of Occupational Health Safety and Environmental Management System is clearly defined and followed at all locations as per ISO/OHSMS 45001:2018 Standard.

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

Centum Electronics has an established risk assessment process namely, Hazard Identification and Risk Assessment (HIRA). Regular safety walk are conducted at the company's plants. These processes help identify and contain incidents that may cause injury to people or property. The assessment is followed up with documentation of risks and hazards, their causes, associated consequences and containment recommendations.

The company has developed participative and consultative approach for consideration of all its stakeholders including employees, associate and contract workmen.

The participation of all stakeholders helps in understanding the process thoroughly and identifying the hazard at workplace. This leads to preventing the risk related to injury, protect asset and ensure sustainability in all the activities and organization processes.

c. Whether you have processes for workers to report the work related hazards and to remove themselves from such risks. (Y/N)

Yes, Centum Electronics has Shop Floor Management (SFM) tool to promote safety culture within company. SFM online portal is designed to help employees to report health or safety hazard/risk incidents that may lead to unsafe conditions.

d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)

Yes. Employees and workers have access to non-occupational medical and healthcare services. The Company has tied up with well-established hospitals to deal with any kind of incident, accident or medical emergency. Employees are required to undergo an annual health check-up and healthcare advice is provided. Medical insurance facilities are provided to employees.

11. Details of safety related incidents, in the following format:

Safety Incident/ Number	Category	FY 2022-23	FY 2021-22
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	-	6
	Workers	-	-
Total recordable work-related injuries	Employees	-	1
	Workers	-	-

Safety Incident/ Number	Category	FY 2022-23	FY 2021-22
No. of fatalities	Employees	-	-
	Workers	-	-
High consequence work-related injury or ill-health (excluding fatalities)	Employees	-	-
	Workers	-	-

12. Describe the measures taken by the entity to ensure a safe and healthy work place.

Centum Electronics is committed to provide healthy and safe working conditions.

- Health and safety committee ensures establishment, implementation, maintenance and continual improvement of processes needed for the elimination of hazards and minimization of risks.
- Safety walk through audit program in line with EOHS policy to ensure safe and healthy working conditions.
- EHS awareness through training and communication.
- Trained Emergency Response Team (ERT), Fire Fighters & First Aid team availability during all the shifts.
- Conducting evacuation mock drills as per schedules to create awareness in case of emergency.
- Has an online portal (SFM) for incident management process in place for hazard identification at work /plant area. It enables employees to identify and contain incidents that may cause an injury to the people or property.

13. Number of Complaints on the following made by employees and workers:

No complaints were received from employees and workers for FY 22-23 and FY 21-22 regarding Working Conditions and Health & Safety. Centum Electronics has always prioritized the health, safety and well-being of employees through establishment, implementation, maintenance and continual improvements of processes and practices that provides a healthy and safe working environment for employees.

14. Assessments for the year:

Particulars	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100% of plant area are assessed internally by internal EHS auditors on the health and safety practices. Centum Electronics is annually assessed on ISO 45001:2018 standard for EOHS management system by external certifying bodies.
Working Conditions	

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

Centum Electronics has processes in place for taking corrective actions by implementing Engineering controls, Automation, Safety guards etc., if necessary, to eliminate the causes of actual and potential non conformities or incidents and enforce corrective actions.

Centum Electronics implements and records changes in the documented procedure and the steps are standardized in the relevant operational procedure to ensure prevention of incident again.

Safety systems at work include:

1. Safety sensors interlock cutting / Trimming machines.
2. Online monitoring & SMS alert of Temperature for chemical storage room.
3. Automatic changeover of chemical in cleaning machine.
4. Permit to Work.
5. Hazard identification and risk assessment.
6. Aspect and impact identification.
7. Process Safety Information.
8. Pre-Start up Safety Review.

With a significant onsite workforce, safe and well-organized building evacuation is a priority. The emergency management system includes bi-annual mock drills for organization.

All incidents are investigated thoroughly as per company safety guidelines on incident reporting, investigations and communicated through all process departments to ensure non-occurrence of similar incidents. It is also encouraged to employees and workers to report maximum number of unsafe acts and conditions to eliminate such incidents.

Leadership Indicators

1. **Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).**

   Not applicable as there were no such instances.

2. **Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.**

   The Company engages with only those suppliers and value chain partners who comply with the Statutory requirements. Periodic due diligence is undertaken to ensure that applicable statutory dues are deducted and deposited by value chain partners.

3. **Provide the number of employees / workers having suffered high consequence workrelated injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:**

   Nil

4. **Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)**

   Not applicable, as there were no instances of injury /ill health / fatalities.

5. **Details on assessment of value chain partners:**

   The Company engages with only those value chain partners who comply with the Statutory Requirements under various statutes including Health and safety practices and safe working conditions.

6. **Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.**

   All incidents are investigated thoroughly as per company safety guidelines on incident reporting, investigating and communicated through all process departments to ensure non-occurrence of similar incidents.

PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders

Essential Indicators

1. **Describe the processes for identifying key stakeholder groups of the entity.**

   The Company has identified internal and external stakeholder groups. The major ones being employees, suppliers, contractors, customers, investors, lending institutions, regulatory and statutory authorities.

   There are well established grievance redressal mechanisms for the stakeholder groups.

2. **List stakeholder groups identified as key and the frequency of engagement with each stakeholder group.**

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/ No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others - please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Customers	N	Email, Other	O	• Addressing Customer feedback • Addressing Customer grievances • Providing information regarding products and services
Investors/Shareholders	N	Email, Newspaper, Website and Other	O	• Business update • Financial Performance • Statutory Communications
Employees	N	Email, Notice Board and Other	O	• Employee Productivity • Talent management • Learning and development
Regulatory and Statutory Authorities	N	Email, Other	O	Regulatory compliance
Suppliers	N	Email, Other	O	Keep track of orders placed
Communities	Y	Community Meetings	O	Community Engagement Meetings

Leadership Indicators

1. **Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.**

   It is a continuous process wherein leadership team engages with various stakeholders on different platforms and outcome of these interactions are presented to the Board. The CSR activities, their implementation schedule and their impact is presented to the Board.

2. **Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.**

   Yes

   The Company consults its stakeholders while identifying its CSR programs. During the year, based on consultation with the authorities and local communities, the Company partnered with Akshaya Patra and Narayana Hrudayalaya. The Company also has a Memorandum of Understanding with the Art and Photography Foundation for promotion of art.

3. **Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.**

   The Company through its CSR initiatives, provide necessary support to the vulnerable / marginalized community.

   Through its CSR initiatives it has supported specially abled group, successfully diagnosed and treated patients from economically challenged groups.

PRINCIPLE 5 Businesses should respect and promote human rights

Essential Indicators

1. **Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:**

Category	FY 2022-23			FY 2021-22		
	Total (A)	No. of employees/ workers covered (B)	% (B / A)	Total (C)	No. of employees/ workers covered (D)	% (D / C)
Employees						
Permanent	451	451	100	404	404	100
Other than permanent	-	-	-	-	-	-
Total Employees	451	451	100	404	404	100
Workers						
Permanent	775	775	100	767	767	100
Other than permanent	-	-	-	-	-	-
Total Workers	775	775	100	767	767	100

2. **Details of minimum wages paid to employees and workers, in the following format:**

Category	FY 2022-23					FY 2021-22				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
Permanent Employees										
Male	350	-	-	350	100	325	-	-	325	100
Female	101	-	-	101	100	79	-	-	79	100
Others	-	-	-	-	-	-	-	-	-	-

Category	FY 2022-23					FY 2021-22				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
Other than permanent										
Male	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-
Permanent Workers										
Male	560	-	-	560	100	537	278	51.77	259	48.23
Female	215	-	-	215	100	230	96	41.74	134	58.26
Others	-	-	-	-	-	-	-	-	-	-
Other than permanent										
Male	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-

3. Details of remuneration/salary/wages, in the following format:

Median remuneration in ₹

Particulars	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD)	6	7,40,000	2	6,05,000
Key Managerial Personnel	3	1,36,25,667	1	10,81,721
Employees other than BoD and KMP	347	7,83,432	100	5,40,558
Workers	560	2,04,708	215	2,49,324

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes, Complaints pertaining to human rights issues are taken care by the Human Resource Department or Head of the respective departments and appropriate actions are taken as per the policies of the Company. The Head of Human Resource department (HR) of the Company is the authorized personnel responsible for implementing human right functions in the Company.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

The Company is committed to providing an enabling working environment for its employees and workers. The Company's policy and practices relating to protection of human rights viz. non-engagement of child labour, personal hygiene, safety and welfare measures of workers etc., are applicable to the Company and includes contractors.

6. Number of Complaints on the following made by employees and workers:

There were no complaints made by employees and workers during FY 22-23 and FY 21-22 under human rights related issues.

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

Concerns on discrimination and harassment, if any, will be dealt with confidentially. The Company ensures that principles of natural justice are followed in the entire process of investigation and decision making.

8. **Do human rights requirements form part of your business agreements and contracts?**

   (Yes/No)

   Yes, It is ensured that all agreements between Centum and the stakeholders, contain clauses on human rights viz non-engagement of child labour, personal hygiene, safety and welfare measures of workers etc.

9. **Assessments for the year:**

Particulars	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	100%
Forced/involuntary labour	
Sexual harassment	
Discrimination at workplace	
Wages	
Others - please specify	

10. **Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.** No corrective action was necessitated.

Leadership Indicators

1. **Details of a business process being modified / introduced as a result of addressing human rights grievances/ complaints.**

   The Company has not received any grievance / complaints with respect to human rights.

2. **Details of the scope and coverage of any Human rights due-diligence conducted.**

   The Company has not conducted any human rights due-diligence during FY 2022-23. However, the human rights diligence is conducted as part of other audits.

3. **Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?**

   Yes

4. **Details on assessment of value chain partners:**

   The Company engages with those value chain partners who comply with the Statutory Requirements under all applicable statutes.

5. **Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.**

   No corrective actions were required to be taken during FY 2022-23.

PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment

Essential Indicators

1. **Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:**

Parameter	Unit	FY 2022-23	FY 2021-22
Total electricity consumption (A)	KWH	8,19,774	5,37,626
Total fuel consumption (B)	KWH	1,30,501	1,28,295
Energy consumption through other sources (C)	KWH	70,44,718	68,40,710
Total energy consumption (A+B+C)	KWH	79,94,993	75,06,631
Energy intensity per rupee of turnover (Total energy consumption/ turnover in rupees)	KWH/₹	0.0037	0.0043
Energy intensity (optional) - the relevant metric may be selected by the entity	KWH/Sq.ft/Annum	77.55	72.41

Independent assessment/ evaluation/assurance has been carried out by KPMG.

2. **Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any:**

   No

3. **Provide details of the following disclosures related to water, in the following format:**

Parameter	FY 2022-23	FY 2021-22
Water withdrawal by source (in kilolitres)		
(i) Surface water	-	-
(ii) Groundwater	46,513	27,511
(iii) Third party water	1,592	1,419
(iv) Seawater / desalinated water	-	-
(v) Others	-	-
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	48,105	28,930
Total volume of water consumption (in kilolitres)	48,105	28,930
Water intensity per rupee of turnover (Water consumed / turnover)	0.0094	0.0087
Water intensity (optional) - the relevant metric may be selected by the entity - KL/Per Employee	27.56	20.57

Independent assessment/ evaluation/assurance has been carried out by an external agency? No

4. **Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.**

   Centum Electronics understands the importance of water and has a Sewage Treatment Plant (STP) and re-circulation plant where re-treated water is used for maintenance of in-house landscape. This helps to reduce our freshwater consumption requirement and intake.

5. **Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:**

Parameter	Please specify unit	FY 2022-23	FY 2021-22
NOx	Mg/nm3	637.9	503.2
SOx	Mg/nm3	105.5	77.2
Particulate matter (PM)	Mg/nm3	439.3	502.8
Persistent organic pollutants (POP)	-	-	-
Volatile organic compounds (VOC)	PPM	VOC monitoring values are within defined limit	VOC monitoring values are within defined limit
Hazardous air pollutants (HAP)	-	-	-

In order to conduct a monthly assessment of the source emissions, National Accreditation Board for testing and calibration laboratories (NABL) and Ministry of Environment and Forests (MOEF) external laboratories approved by are engaged.

National Analytical Laboratories & Research Center, Bengaluru has carried on the assessment.

6. **Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:**

Parameter	Unit	FY 2022-23	FY 2021-22
Total Scope 1 emissions (Break-up of the GHG into CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, if available)	Ton CO_2 emission	1,262	1,255
Total Scope 2 emissions (Break-up of the GHG into CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, if available)	Ton CO_2 emission	790	517
Total Scope 1 and Scope 2 emissions per rupee of turnover	Ton CO_2 emission	0.000001235	0.000000832
Total Scope 1 and Scope 2 emission intensity (optional) - the relevant metric may be selected by the entity	Ton CO_2 emission / Sq.ft	0.0213	0.0174

Independent assessment/ evaluation/assurance has been carried out by an external agency? No

7. **Does the entity have any project related to reducing Green House Gas emission? If yes, then provide details.**

Yes, Centum has implemented various projects to reduce GHG emissions.

- Company's green (wind + solar) energy consumption was around 90% of its overall consumption in FY 2022-23.
- Installation of Energy Savers control for all Split Air Conditioners to reduce power consumption.
- As part of reducing Scope-1 emissions sensor-based automatic on/off operation implemented for nitrogen gas consumption in machines.
- Recovery of process solder waste and re-using it in wave machines.
- Installation of VFD, timer, and Automatic control system to reduce power consumption and Co_2 emissions.
- As part of reducing Scope-1 emissions, continuously monitoring to arrest the leakage of nitrogen and Helium gas, if any.

8. **Provide details related to waste management by the entity, in the following format:**

Parameter	2022-23	2021-22
Total Waste generated (in metric tonnes)		
Plastic waste (A)	6.157	0.603
E-waste (B)	1.889	2.911
Bio-medical waste (C)	-	-
Construction and demolition waste (D)	-	-
Battery waste (E)	1.636	-
Radioactive waste (F)	NA	NA
Other Hazardous waste. Please specify, if any (G) (Spent solvents, lead bearing residues, contaminated cotton rags, oil soaked cotton waste, empty barrels, waste residues containing oil)	11.132	15.122
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector) Corrugated cotton box, Paper, Metal waste, Aluminium etc.	39.963	9.106
Total (A+B + C + D + E + F + G + H)	**60.777**	**27.742**
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		

Parameter	2022-23	2021-22
Category of waste		
(i) Recycled	3.364	0.904
(ii) Re-used	10.619	5.904
(iii) Other recovery operations	0.269	0.450
Total	**14.252**	**7.258**
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration	10.042	13.156
(ii) Landfilling	-	-
(iii) Other disposal operations	-	-
Total	**10.042**	**13.156**

Independent assessment/ evaluation/assurance has been carried out by an external agency? No

9. **Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.**

Centum Electronics is arduously working towards generating less waste by focusing on the behavioral aspects of waste generation. We ensure that all waste we generate from our activities adopt 3R (Reduce, Recovery, Reuse) method to reduce the generation of hazardous waste. Final unrecovered waste is collected, segregated, and disposed to authorized recyclers & vendors.

The company has defined processes for managing waste at each departments.

The hazardous waste are segregated, stored and transported in accordance with applicable regulatory requirements and best industry practices. The hazardous waste is disposed of in an environmentally sound manner through authorized vendor for recycling as required by regulations.

Other non-hazardous wastes include paper waste, carton, scrap metal, e-waste. Our strategic intent is to eliminate or reduce the generation of waste to divert waste from disposal through reuse and recycling wherever possible.

10. **If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:**

None of the Company's operations/offices are in/around ecologically sensitive areas.

11. **Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:**

There was no new construction of office building & hence no environmental assessment of projects undertaken by us.

12. **Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder If not, provide details of all such non-compliances, (Y/N).**

Yes – Centum Electronics is compliant with the applicable environmental law/ regulations/ guidelines in India.

Leadership Indicators

1. **Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:**

(In KWH)

Parameter	FY 2022-23	FY 2021-22
From renewable sources		
Total electricity consumption (A)	70,44,718	68,40,710
Total fuel consumption (B)	-	-
Energy consumption through other sources (C)	-	-
Total energy consumed from renewable sources (A+B+C)	70,44,718	68,40,710
From non-renewable sources		
Total electricity consumption (D)	8,19,774	5,37,626
Total fuel consumption (E)	1,30,501	1,28,295
Energy consumption through other sources (F)	-	-
Total energy consumed from non-renewable sources (D+E+F)	9,50,275	6,65,921

Independent assessment/ evaluation/assurance has been carried out by an external agency? No

2. **Provide the following details related to water discharged:**

Parameter	FY 2022-23	FY 2021-22
Water discharge by destination and level of treatment (in kilolitres)		
(i) To Surface water	11,354.70	7,926.30
- No treatment	-	-
- With treatment - please specify level of treatment	11,354.70	7,926.30
(ii) To Groundwater	-	-
- No treatment	-	-
- With treatment - please specify level of treatment	-	-
(iii) To Seawater	-	-
- No treatment	-	-
- With treatment - please specify level of treatment	-	-
(iv) Sent to third-parties	54	84
- No treatment	54	84
- With treatment - please specify level of treatment	-	-
(v) Others	-	-
- No treatment	-	-
- With treatment - please specify level of treatment	-	-
Total water discharged (in kilolitres)	**11,408.70**	**8,010.3**

Independent assessment/ evaluation/assurance has been carried out by an external agency? No

3. **Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):** None of Company's facility / plant is located in areas of water stress.

For each facility / plant located in areas of water stress, provide the following information: Not Applicable

(i) Name of the area

(ii) Nature of operations

(iii) Water withdrawal, consumption and discharge in the following format: Not Applicable

4. **Please provide details of total Scope 3 emissions & its intensity, in the following format:**

Parameter	Unit	FY 2022-23	FY 2021-22
Total Scope 3 emissions (Break-up of the GHG into CO 2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	1.30165	1.642665
Total Scope 3 emissions per rupee of turnover	Metric tons of Co2 emission	0.00000000078	0.00000000103

Independent assessment/ evaluation/assurance has been carried out by an external agency? No

5. **With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.**

Centum electronics does not have operations in/around the ecologically sensitive areas where environmental approvals / clearances are required.

6. **If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:**

S. No.	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
1	Purchase of renewable energy	Purchase of open access power from solar & wind energy through third party	90% of Overall Energy consumption comes from Renewable sources. Reduction of CO2 emission from 7,979 ton in 2017-18 to 692 ton of CO2 emission in 2022-23.
2	VFD operation of HVAC pumps/process chiller pumps	Installation of VFD for Cooling tower fans and Process Chiller pumps with closed loop feedback is implemented to reduce power consumption	Saved 80,887 KWH units electricity consumption. Reduction of 78 ton of Co2 emission
3	Installation of RO system for HVAC plant	Installed RO system for HVAC to reduce the scaling of chiller condenser tubes for efficient operation	Saved 1,56,000 KWH units electricity consumption. Reduction of 150 ton of Co2 emission
4	Product Jig modification	With Jig modification increased the loading capacity of walk in ESS chamber, which reduces 40% of energy consumption per cycle.	Saved 180 KWH units/Cycle electricity consumption
5	Recirculation & Sewage treatment plant	recycled & sewage treated water in STP is used for landscaping, this has helped to reduce freshwater requirement	Recycled & re-used 11,355 KL of wastewater through sewage treatment plants.
6	Recycling of waste	Recycling of waste generated at process & re-use as raw material	45% of solder waste Recycled & reused as raw materials. 10% of Recycled Plastic runners used as raw material. 10% in reduction of chemical consumption in cleaning machines by chemical filtration process.
7	Installation of timer for Package units and Exhaust Motor	Installed timer system for 11TR package units and Exhaust system which is operation Manual	Saved 39,360 KWH units electricity consumption. Reduction of 38 ton of CO2 emission

S. No.	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
8	Conversion of all fluorescent bulbs and halogen bulbs to LED-Office and Shopfloor	Replaced all fluorescent lamp to LED light with street light timer control	Saved 69,216 KWH units electricity consumption. Reduction of 67 ton of CO2 emission
9	Automatic Control of heater banks in AHU through controller and room sensor	Installled the Automatic Control system to control the Temp & RH and reduced the power consumption	Saved 32,880 KWH units electricity consumption. Reduction of 67 ton of CO2 emission
10	Changed 300 CFM compressor Cut in & Cut off pressure from 7.4 kg to 7 kg	Changed 300 CFM compressor Cut in & Cut off pressure from 7.4 kg to 7 kg	Saved 32,880 KWH units electricity consumption. Reduction of 32 ton of CO2 emission
11	Installed high efficiency water sprinklers and Spray aerators	Installed the Automatic timer-based system for water sprinklers to garden and spray aerators for washbasins in canteen & restrooms	Saved 406 KL /Year -13 % - on over all consumption

7. Does the entity have a business continuity and disaster management plan?

Centum has a business continuity plan for assessment of potential risks to the business that can cause by disaster situations. It is imperative to consider all the possible incidents and the impact it may have on the organization's ability to continue to deliver its normal business services. The BCP process help to examine the possibility of serious situations disrupting the business operations and the potential impact of such events. The Business continuity team consists of the General Manager's from all Business Units along with the IT, Finance, IE, EHS and all Functional Managers. Centum BCP covers a mechanism to assess the criticality of all the organization's business processes and determine the impact and consequences of loss of service or a reduction in normal service levels.

The site Business Continuity Plan contain information on the threats to normal service levels and the impact on profitability and continued viability.

8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.

There are no significant adverse impact to the environment, arising from the value chain.

9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

Centum engages with such value chain partners who comply with all the statutes applicable to them.

PRINCIPLE 7 Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

Essential Indicators

1. a. **Number of affiliations with trade and industry chambers/ associations : 12**

Centum is a member of several industries and trade bodies and participates in industry events and stakeholder consultation leading to policy formulation by various regulatory bodies.

b. **List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to:**

S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1	Confederation of Indian Industry (CII)	National
2	Electronic Industries Association of India (ELCINA)	National
3	Indo-French Chamber of Commerce and Industry	National
4	Indo-American Chamber of Commerce	National
5	India Electronics and Semiconductor Association (IESA)	National
6	Bangalore Chamber of Commerce	State
7	Software Technology Parks of India (STPI)	National
8	Federation of Karnataka Chambers of Commerce and Industry	State
9	Society of Indian Defence Manufacturer	National
10	Indian Space Association (ISPA)	National
11	Karnataka Employer Association	State
12	Electronic & Computer Software Export Promotion Council	National

2. **Provide details of corrective action taken or underway on any issues related to anti- competitive conduct by the entity, based on adverse orders from regulatory authorities:** None

Leadership Indicators

Details of public policy positions advocated by the entity: Centum Electronics Limited participates in various industry forums where views / opinions on relevant topics are discussed. The Company does work for public good on its own and along with trade bodies and industry colleagues from time to time. Details of the Company's participation on various public platforms and industry body discussion forums are available on https://www.linkedin.com/company/centumelectronics/posts/?feedView=all

PRINCIPLE 8 Businesses should promote inclusive growth and equitable development

Essential Indicators

1. **Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.**

The Company has not undertaken any social impact assessments as it is not applicable to the Company. However, the same would be undertaken whenever required.

2. **Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity:**

No projects have been undertaken which require Rehabilitation and Resettlement (R&R)

3. **Describe the mechanisms to receive and redress grievances of the community.**

The Company is committed to sustainable and inclusive development of the community. It engages with the community on regular basis either directly or through implementing agencies. The grievances received informally or formally through such forums are further discussed and a resolution is provided.

The Company's CSR projects are aimed at addressing concerns and challenges that affect the surrounding communities including underprivileged groups within the community.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

Particulars	FY 2022-23	FY 2021-22
Directly sourced from MSMEs/ small producers	13	11.5
Sourced directly from within the district and neighbouring districts*	17.5	21

* districts within the state only are considered.

Leadership Indicators

1. **Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):**

   The Company has not undertaken any social impact assessments as it is not applicable to the Company. However, the same would be undertaken whenever required.

2. **Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:**

   No CSR projects are undertaken in aspirational districts as identified by Government bodies.

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No)

Centum does not have any preferential procurement policy wherein purchase from suppliers comprising marginalized / vulnerable groups is given preference.

The Company sources products from local and small producers by evaluating them with the necessary requirements. The Company actively engages with the different Vendors to develop and improve their capabilities and capacities from time to time. Constant feedbacks are given to the local suppliers to upgrade their performance both in terms of quality performance and capacity enhancement.

(b) From which marginalized /vulnerable groups do you procure?

Not Applicable

(c) What percentage of total procurement (by value) does it constitute?

Not Applicable

4. **Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:**

   For the FY 2022-2023, 1 Patent is Filed, 4 Patents have been Granted. 16 technical papers have been published. No commercial benefits for current & previous FY.

5. **Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved:** None

6. **Details of beneficiaries of CSR Projects:**

S. No.	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
1	Promoting Education - Blind School - Mathru Educational Trust	187	100
2	Health Care Programme for the weaker section & children - Narayana Hrudayalaya Charitable Trust	110	100
3	Meal Distribution – The Akshaya Patra Foundation	1333	60

S. No.	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
4	proVISION ASIA	21	100
5	Vedanta Wisdom Trust	Not Applicable	Not Applicable
6	International Society for Krishna Consciousness	Not Applicable	Not Applicable
7	Shri Vishwanath Raghunath Rao Memorial Trust	Not Applicable	Not Applicable
8	Art & Photography Foundation	Not Applicable	Not Applicable
9	Prerana Resource Centre	95	100

PRINCIPLE 9 Businesses should engage with and provide value to their consumers in a responsible manner

Essential Indicators

1. **Describe the mechanisms in place to receive and respond to consumer complaints and feedback.**

   Centum has a well-established process & procedure to receive any kind of enquiry / grievance /customer compliant / feedback from an external stakeholder.

   The customers directly contact the respective Program Manager, Quality Leads or Sales Team.

   Centum addresses the customer compliant with RCCA (root cause and corrective actions) within a stipulated timeline depending on the type of Complaint or feedback received.

   Company has a complaint redressal mechanism, through which consumers can contact and lodge their respective grievances.

   Further, our sales teams engage with customers on a regular basis through emails, formal meetings. In case of any complaints, customers can raise the complaint with the Company SPOC or send their complaints by mail to the company.

2. **Turnover of products and / services as a percentage of turnover from all products/service that carry information about:**

Particulars	As a percentage to total turnover
Environmental and social parameters relevant to the product	100%
Safe and responsible usage	
Recycling and/or safe disposal	

3. **Number of consumer complaints in respect of the following:**

Particulars	2022-23		Remarks	2021-22		Remarks
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	-			-	-	-
Advertising						
Cyber-security						
Delivery of essential services						
Restrictive Trade Practices						
Unfair Trade Practices						
Other						

4. **Details of instances of product recalls on account of safety issues:**

Particulars	Number	Reasons for recall
Voluntary recalls	None	
Forced recalls		

5. Does the entity have a framework / policy on cyber security and risks related to data privacy? (Yes/No)

Yes. Centum has implemented Information Security Management System in accordance with ISO/IEC 27001:2013 for the scope of Design, Manufacturing, Integration and Screening of PCB Assembly and Electronic Modules. The Company has layered security defined for People, Process and Technology. The method of protect, detect and respond is adopted in the IT security process.

The Company has various controls established within the IT security. There are perimeter controls, internal controls and access controls. Additionally, the Company carries on cyber security assessments wherein Annual Vulnerability Assessment and Penetration Test is carried out by 3rd party cyber security partners. There are other internal ISMS audits conducted once in every 6 months, annual ISMS surveillance audits conducted by certification agency, annual ITGC audit conducted by statutory financial audit team and customer audit on Information Security Management System.

The policy is available at the company's website www.centumelectronics.com

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

The Company keeps strengthening and upgrading its infrastructure and implementing various monitoring tools in line with the cyber security and data privacy requirements of individuals and customers.

Leadership Indicators

1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).

The Company provides information about the product and services through its Website www.centumelectronics.com. The Company also participates in Trade Fairs and Exhibitions related to Electronics Manufacturing.

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

The Company manufactures and supply the products as per customer's specification. There is continuous interaction with the customers during the execution phase of a project. The end user are educated accordingly.

Information regarding usage of product and end use applications will be provided in the respective Product catalogue, Instruction Manuals, Installation Manual and user guides.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

Centum Electronics Limited is not involved in directly providing essential services (as per essential service definition given in The Essential Services Maintenance Act, 1981). However, Centum Electronics Limited maintains continuous connect with its customers to ensure smooth running of its operations.

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not applicable)

The Company manufactures and supply the products as per customer's specification. Display of product information on the products covers all relevant information mandated as per local laws and as per the Customer's instructions from time to time.

Company's products which are exported display product information in line with requirement of respective laws of land.

Bar code of the product carrying all information is displayed as well.

Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

Yes.

Centum is a customer centric organization, customer satisfaction is given utmost importance. Customer feedback is taken right from the design and manufacturing stage till the customer gets delivery of our products.

Customer satisfaction is ensured by having continuous engagement with customers by providing continuous support. Customer satisfaction surveys are carried on to seek feedback from customers on an annual basis. The feedback is taken on various parameters viz. Sales, Project Execution, Delivery, Documentation, Quality, Health and Safety and Information Security Management Systems. Customer periodically provides scorecards covering the information towards service satisfaction.

5. **Provide the following information relating to data breaches:**

   a. **Number of instances of data breaches along-with impact**

      There were no instances of data breaches reported so far. Centum is committed to establish, implement, maintain and continually improve information security management system involved in the activities of its electronic products design and manufacturing by ensuring confidentiality, integrity and availability of information supported through measurable objectives and to comply with applicable legal, statutory, regulatory and contractual requirements.

   b. **Percentage of data breaches involving personally identifiable information of customers.**

      There are no data breaches reported so far.

Independent Auditor's Report

To the Members of Centum Electronics Limited

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of Centum Electronics Limited ("the Company"), which comprise the Balance sheet as at March 31 2023, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("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, 2023, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as 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 Ind AS 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 together with the ethical requirements that are relevant to our audit of the standalone Ind AS financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2023. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Allowance for inventory obsolescence (as described in note 2.3(k), note 11 and note 41 of the standalone Ind AS financial statements)</td></tr>
<tr><td>The Company held an inventory balance of ₹ 2,315.71 million as at March 31, 2023, as disclosed in Note 11 and is a material balance for the Company. Inventory obsolescence allowance is determined using policies/methodologies that the Company deems appropriate to the business. Significant judgement is exercised by the management in identifying the slow-moving and obsolete inventories and in assessing whether provision for obsolescence for slow moving, excess or obsolete inventory items should be recognized considering the production plan, forecast inventory usage, committed and expected orders, alternative usage, etc. Considering that the aforesaid assessment process is complex and involves significant estimates and judgements and the balance of inventory is material, we have identified this as a key audit matter.</td><td>Our procedures in relation to evaluate the allowance of inventories included:
• We obtained an understanding of how the management identifies the slow-moving and obsolete inventories and assesses the amount of allowance for inventories;
• We assessed and tested the design and operating effectiveness of the Company's internal financial controls over the allowance for inventory obsolescence;
• We observed the inventory count performed by management and assessed the physical condition of the inventories;
• We also assessed the allowance policy based on historical sales performance of the products in their life cycle and comparing the actual loss to historical allowance recognized, on a sample basis;
• We further tested the ageing of the inventories and the computation of the obsolescence level on a sample basis;
• We have tested a sample of inventory items for significant components to assess the cost and tested the basis of determination of net realisable value of inventory, on a sample basis;
• We also assessed the Company's disclosures concerning this in Note 41 on significant accounting estimates and judgements and Note 11 on Inventories to the standalone Ind AS financial statements.</td></tr>
<tr><td colspan="2">Impairment testing of investments in a subsidiary (as described in note 2.3(l), note 5 and note 41 of the standalone Ind AS financial statements)</td></tr>
<tr><td>As at March 31, 2023, the carrying amount of investment in Centum Electronics UK Limited, a subsidiary of the Company is ₹ 748.72 million which has underlying investment in Adetel Group SA ('Adetel'). Adetel has been incurring losses leading to erosion of net worth whereby the carrying value of the investment in Adetel as at March 31, 2023, is higher than Adetel's net worth. The determination of recoverable amounts of the Company's investments in Centum Electronics UK Limited relies on management's estimates of future cash flows and their judgment with respect to the Adetel's performance. Significant judgements are required to determine the key assumptions used in the discounted cash flow models, such as revenue growth, price, terminal value and discount rates. Due to the uncertainty of forecasting and discounting future cash flows, being inherently subjective, the level of management's judgement involved and the significance of the Company's investment as at March 31, 2023, we have considered this as a key audit matter.

The basis of impairment of investment in subsidiary is presented in the accounting policies in Note 2.3(l) to the standalone Ind AS financial statements.</td><td>Our procedures in relation to evaluate the impairment of investment included:
• We assessed whether the Company's accounting policy with respect to impairment is in accordance with Ind AS 36 "Impairment of assets.
• We have carried out assessment of forecasts of future cash flows prepared by the management, evaluating the assumptions and comparing the estimates to externally available industry, economic and financial data;
• We have also assessed the valuation methodology and the key assumptions adopted in the cash flow forecasts with the support of our in-house valuation experts;
• We also assessed the recoverable value headroom by performing sensitivity testing of key assumptions used.
• We discussed potential changes in key drivers as compared to previous year / actual performance with management to evaluate whether the inputs and assumptions used in the cash flow forecasts were appropriate.
• We discussed with senior management personnel, the justification for the key assumptions underlying the cashflow projections and performed sensitivity analysis on the same to assess their reasonableness;
• We tested the arithmetical accuracy of the financial projection model;
• We assessed the Company's disclosures concerning this in Note 41 on significant accounting estimates and judgements and Note 5 pertaining to the disclosures of investment in subsidiary to the standalone Ind AS financial statements.</td></tr>
</table>

Information Other than the Standalone Ind AS 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 Annual report, but does not include the standalone Ind AS financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone Ind AS 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 Ind AS financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether such other information is materially inconsistent with the standalone Ind AS financial statements or our knowledge obtained in the 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.

Responsibilities of Management for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes 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 accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 presentation of the standalone Ind AS 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 Ind AS 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 Responsibilities for the Audit of the Standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to standalone Ind AS financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended March 31, 2023 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("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 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. 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;

   (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) With respect to the adequacy of the internal financial controls with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   (g) In our opinion, the managerial remuneration for the year ended March 31, 2023 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

   (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 Auditors) Rules, 2014, as amended 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 standalone Ind AS financial statements – Refer Note 45 (c) to the standalone Ind AS financial /statements;

      ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 27 to the standalone financial statements.;

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

      iv. a) The management has represented that, to the best of its knowledge and belief other than as disclosed in the note 56(v) to the standalone Ind AS financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The management has represented that, to the best of its knowledge and belief, and as disclosed in the note 56 (vi) to the standalone Ind AS financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on such audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v. As stated in note 19 to the standalone Ind AS financial statements, the final dividend paid by the Company during the year in respect of the same declared for the previous year and the final dividend proposed by the Board of Directors for the year which is subject to the approval of the members at the ensuing Annual General Meeting is in accordance with section 123 of the Act to the extent it applies to payment / declaration of dividend.

vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only w.e.f. April 1, 2023, reporting under this clause is not applicable.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Sandeep Karnani
Partner
Membership Number: 061207
UDIN: 23061207BGYKVE8344

Place of Signature: Bengaluru
Date: May 27, 2023

Annexure 1

referred to in clause 1 of paragraph on the 'Report on Other Legal and Regulatory Requirements' of our report of even date

Re: Centum Electronics Limited ('the Company')

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(a) (B) The Company has maintained proper records showing full particulars of intangible assets.

(b) All property, plant and equipment have not been physically verified by the management of the Company during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) The title deeds of immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), disclosed in note 3 to the standalone Ind AS financial statements included in property, plant and equipment are held in the name of the Company. Certain immovable properties are pledged with banks and their title deeds are not available with the Company. The same has been independently confirmed by the bank.

(d) The Company has not revalued its property, plant and equipment (including right of use assets) or intangible asset during the year ended March 31, 2023.

(e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The management has conducted physical verification of inventory excluding inventory lying with third parties and goods in transit at reasonable intervals during the year. In our opinion the coverage and the procedure of such verification by the management is appropriate. Inventories lying with third parties have been confirmed by them as at March 31, 2023. Discrepancies of 10% or more in aggregate for each class of inventory were not noticed on such physical verification and confirmation.

(b) As disclosed in note 22 to the standalone Ind AS financial statements, the Company has been sanctioned working capital limits in excess of ₹ five crores in aggregate from banks and/or financial institutions during the year on the basis of security of current assets of the Company. Based on the records examined by us in the normal course of audit of the standalone Ind AS financial statements, the quarterly returns/statements filed by the Company with such banks and financial institutions are in agreement with the books of accounts of the Company.

(iii) (a) During the year the Company has not provided loans, advances in the nature of loans, stood guarantee or provided security to companies, firms, Limited Liability Partnerships or any other parties.. However, the Company has an outstanding loan of ₹ 20 million as at March 31, 2023 to Centum T&S Private Limited ('CTNSI'), a subsidiary company.

(b) During the year the Company has not made investments, provided guarantees, provided security and granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. However the Company has an outstanding loan of ₹ 20.00 million to CTNSI, a subsidiary company and investment of ₹1.00 million in CTNSI, a subsidiary company as at March 31, 2023.

(c) In respect of loan granted to subsidiary company, the schedule of repayment of principal and payment of interest has been stipulated and the receipts are regular.

(d) There are no amounts of loans and advances in the nature of loans granted to companies, firms, limited liability partnerships or any other parties which are overdue for more than ninety days.

(e) There were no loans or advance in the nature of loan granted to companies, firms, Limited Liability Partnerships or any other parties which had fallen due during the year.

(f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.

(iv) Loans, investments, guarantees and security in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 ('the Act') are applicable have been complied with by the Company..

(v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company and hence not commented upon.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act related to the products manufactured by the Company, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) Undisputed statutory dues including goods and services tax, professional tax, provident fund, employees' state insurance, income-tax, custom duty, cess and other material statutory dues, as applicable to the Company have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us and based on audit procedures performed by us, undisputed dues in respect of goods and services tax, provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other statutory dues as applicable to the Company which were outstanding, at the year end, for a period of more than six months from the date they became payable, are as follows:

Statement of arrears of statutory dues outstanding for more than six months

Name of the Statute	Nature of the Dues	Amount (in ₹ million)	Period to which the amount relates	Due Date	Date of Payment
The Employees Provident Funds and Miscellaneous Provisions Act, 1952	Provident fund	3.33	February 2019 – April 2019	Various dates	Not paid
Bruhat Bengaluru Mahanagara Palike	Property Tax	8.22	April 01– 2017 to March 31, 2023	Various dates	Not paid

(b) The dues of goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess, and other statutory dues which have not been deposited on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount (in ₹ million)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Disallowance of exemptions	46.44	Financial year 2016-2017	Commissioner of Income Tax (Appeals) - Bangalore
Central Excise Act, 1944	Non-payment of service tax	89.25 (3.54)*	Financial year 2009-2010 to 2017-2018	Customs, Excise and Service Tax Appellate Tribunal ('CESTAT'), Bangalore
Central Excise Act, 1944	Disallowance of CENVAT Credit availed	9.99	Financial year 2004-2005 to 2005-2006	Commissioner of Central Excise, Bangalore
Central Excise Act, 1944	Disallowance of CENVAT Credit availed	22.26	Financial year 2010-2011 to 2012-2013	CESTAT, Bangalore
The Karnataka Stamp Act, 1957	Stamp duty	16.28	Financial year 2007-08	The District Registrar, Gandhinagar Registration District
The Goods and Service Tax Act	Recovery of erroneous refund sanctioned	2.72 (0.44)*	Financial year 2017-2018	Additional Commissioner Central tax (Appeals)
Bruhat Bengaluru Mahanagara Palike	Property tax	2.70	FY 2020-2021	Bruhat Bengaluru Mahanagara Palike

* Amount in parenthesis represents the payment made under protest.

(viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

(ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or other government or any government authority.

(c) The Company did not take any new term loans during the year and hence, the requirement to report on clause (ix)(c) of the Order is not applicable to the Company.

(d) On an overall examination of the standalone Ind AS financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) On an overall examination of the standalone Ind AS financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries or associates during the year.

(f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries or associate companies. The Company does not have any joint venture. Hence, the requirement to report on clause (ix)(f) of the Order is not applicable to the Company.

(x) (a) The Company has not raised any money during the year by way of initial public offer/ further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) No fraud by the Company or no fraud / material fraud on the Company has been noticed or reported during the year.

(b) During the year, no report under sub-section (12) of section 143 of the Act has been filed by cost auditor, secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As represented to us by the management of the Company, there are no whistle blower complaints received by the Company during the year.

(xii) The Company is not a Nidhi Company as per the provisions of the Act. Therefore, the requirement to report on clause 3(xii)(a) to (c) of the Order is not applicable to the Company.

(xiii) Transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the standalone Ind AS financial statements, as required by the applicable accounting standards.

(xiv) (a) The Company has an internal audit system commensurate with the size and nature of its business.

(b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.

(xv) The Company has not entered into any non-cash transactions with directors or persons connected with the directors as referred to in section 192 of the Act and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.

(xvi) (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.

(b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause (xvi)(b) of the Order is not applicable to the Company.

(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi)(c) of the Order is not applicable to the Company.

(d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi)(d) of the Order is not applicable to the Company.

(xvii) The Company has not incurred cash losses in the current financial year or the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on clause 3(xviii) of the Order is not applicable to the Company.

(xix) On the basis of the financial ratios disclosed in Note 49 to the standalone Ind AS financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the standalone Ind AS financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.

We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Act, in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in note 53 to the standalone Ind AS financial statements.

(b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of the Act. This matter has been disclosed in note 53 to the standalone Ind AS financial statements.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Sandeep Karnani
Partner
Membership Number: 061207
UDIN: 23061207BGYKVE8344

Place of Signature: Bengaluru
Date: May 27, 2023

Annexure 2

to the Independent Auditor's Report of even date on the Standalone Ind AS Financial Statements of Centum Electronics Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to standalone Ind AS financial statements of Centum Electronics Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's 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 ("Guidance Note") 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 the 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 with reference to these standalone Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. 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 with reference to these standalone Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these standalone Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone Ind AS financial statements included obtaining an understanding of internal financial controls with reference to these standalone Ind AS financial statements, 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 procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone Ind AS 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 with reference to these standalone Ind AS financial statements.

Meaning of Internal Financial Controls with Reference to these Standalone Ind AS Financial Statements

A company's internal financial controls with reference to standalone Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone Ind AS financial statements 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; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone Ind AS financial statements.

Inherent Limitations of Internal Financial Controls with Reference to these Standalone Ind AS Financial Statements

Because of the inherent limitations of internal financial controls with reference to standalone Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone Ind AS financial statements to future periods are subject to the risk that the internal financial control with reference to standalone Ind AS financial statements 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, the Company has, in all material respects, adequate internal financial controls with reference to standalone Ind AS financial statements and such internal financial controls with reference to standalone Ind AS financial statements were operating effectively as at March 31, 2023, 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 issued by the ICAI.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Sandeep Karnani
Partner
Membership Number: 061207
UDIN: : 23061207BGYKVE8344

Place of Signature: Bengaluru
Date: May 27, 2023

Standalone Balance Sheet as at March 31, 2023

(CIN): L85110KA1993PLC013869

(₹ in million)

Particulars	Notes	March 31, 2023	March 31, 2022
ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	3	992.56	1,033.13
(b) Capital work-in-progress	3a	54.09	0.09
(c) Goodwill	4	36.35	36.35
(d) Other intangible assets	4	29.11	42.17
(e) Right-of-use assets	45a	35.42	29.07
(f) Financial assets			
(i) Investments	5	762.98	627.85
(ii) Loans	6	10.00	20.00
(iii) Other financial assets	7	205.25	248.49
(g) Deferred tax assets (net)	8	62.11	25.34
(h) Non-current tax assets (net)	9	9.59	48.89
(i) Other assets	10	21.46	9.00
Total non - current assets		**2,218.92**	**2,120.38**
(2) Current assets			
(a) Inventories	11	2,315.71	1,986.57
(b) Financial assets			
(i) Trade receivables	12	2,094.87	897.57
(ii) Cash and cash equivalents	13	137.59	149.19
(iii) Bank balances other than cash and cash equivalents	13	69.25	93.67
(iv) Loans	14	10.00	–
(v) Other financial assets	15	5.99	51.61
(c) Other assets	16	202.04	160.98
Total current assets		**4,835.45**	**3,339.59**
Total assets (1+2)		**7,054.37**	**5,459.97**
EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity share capital	17	128.85	128.85
(b) Other equity	18	2,697.58	2,516.38
Total equity		**2,826.43**	**2,645.23**
Liabilities			
(2) Non-current liabilities			
(a) Financial liabilities			
(i) Lease liabilities	45a	7.56	1.55
(b) Government grants	20	24.43	26.57
(c) Net employee defined benefit liabilities	21	59.48	56.39
(d) Other liabilities	25	167.39	77.30
Total non-current liabilities		**258.86**	**161.81**
(3) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	22	1,059.22	979.45
(ii) Lease liabilities	45a	6.48	11.80
(iii) Trade payables	23		
Total outstanding dues of micro enterprises and small enterprises		69.84	67.00
Total outstanding dues of creditors other than micro enterprises and small enterprises		1,455.01	659.23
(iv) Other financial liabilities	24	166.98	84.48
(b) Government grants	20	8.16	7.87
(c) Other liabilities	25	1,024.76	781.34
(d) Net employee defined benefit liabilities	26	7.08	6.48
(e) Provisions	27	62.10	25.26
(f) Liabilities for current tax (net)	28	109.45	30.02
Total current liabilities		**3,969.08**	**2,652.93**
Total equity and liabilities (1+2+3)		**7,054.37**	**5,459.97**

Summary of significant accounting policies 2.3

The accompanying notes are an integral part of the standalone Ind AS financial statements.

As per our report of even date
For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

per Sandeep Karnani
Partner
Membership number: 061207

Place : Bengaluru, India
Date : May 27, 2023

For and on behalf of Board of Directors of **Centum Electronics Limited**

Apparao V Mallavarapu
Chairman and Managing Director
DIN: 00286308

Nikhil Mallavarapu
Whole Time Director
DIN: 00288551

Indu H S
Company Secretary
Membership number: F12285

K.S. Desikan
Chief Financial Officer

Place : Bengaluru, India
Date : May 27, 2023

Standalone Statement of Profit & Loss for the year ended March 31, 2023

(₹ in million)

Particulars	Notes	March 31, 2023	March 31, 2022
I Income			
Revenue from operations	29	5,005.54	3,480.11
Other income	30	31.42	30.30
Finance income	31	15.34	27.76
Total income		**5,052.30**	**3,538.17**
II Expenses			
Cost of materials consumed	32	3,157.25	2,063.34
(Increase) / decrease in inventories of work-in-progress and finished goods	33	(1.15)	(30.59)
Employee benefits expense	34	818.08	681.67
Finance costs	35	157.46	146.09
Depreciation and amortisation expenses	36	162.34	164.88
Other expenses	37	494.54	340.66
Total expenses		**4,788.52**	**3,366.05**
III Profit / (loss) before exceptional items and tax (I - II)		**263.78**	**172.12**
IV Exceptional items (net)	38	–	(18.36)
V Profit/ (loss) before tax (III + IV)		**263.78**	**153.76**
VI Tax expenses			
(a) Current tax	39	118.74	55.00
(b) Adjustment of tax relating to earlier period	39	(10.32)	(9.38)
(c) Deferred tax (credit) /expense	39	(38.63)	(9.52)
Total tax expenses		**69.79**	**36.10**
VII Profit / (loss) for the year (V - VI)		**193.99**	**117.66**
VIII Other comprehensive income			
(A) Other comprehensive income not to be reclassified to profit or loss in subsequent periods :			
(i) Re-measurement gains / (losses) on defined benefit plans	42b(ii)	7.35	9.11
(ii) Income tax effect on above	39	(1.85)	(2.63)
(B) Other comprehensive income to be reclassified to profit or loss in subsequent periods :			
(i) Net movement on effective portion of cash flow hedge		0.02	–
(ii) Income tax effect on above		(0.01)	–
Total other comprehensive income for the year (net of tax)		**5.51**	**6.48**
IX Total comprehensive income for the year (VII + VIII)		**199.50**	**124.14**
X Earnings per equity share (EPS) (nominal value of ₹ 10 each)	40		
Basic (₹)		15.06	9.13
Diluted (₹)		14.91	9.12

Summary of significant accounting policies 2.3

The accompanying notes are an integral part of the standalone Ind AS financial statements.

As per our report of even date
For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

per Sandeep Karnani
Partner
Membership number: 061207

Place : Bengaluru, India
Date : May 27, 2023

For and on behalf of Board of Directors of **Centum Electronics Limited**

Apparao V Mallavarapu
Chairman and Managing Director
DIN: 00286308

Nikhil Mallavarapu
Whole Time Director
DIN: 00288551

Indu H S
Company Secretary
Membership number: F12285

K.S. Desikan
Chief Financial Officer

Place : Bengaluru, India
Date : May 27, 2023

Standalone Ind AS Statement of Cash Flows

for the year ended March 31, 2023

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (loss) before tax	263.78	153.76
Non-cash adjustments to reconcile profit / (loss) before tax to net cash flows:		
Depreciation and amortization expenses	162.34	164.88
Provisions no longer required, written back	(12.86)	(4.02)
Fair value (gain) / loss on financial instruments	(0.02)	(0.15)
Net foreign exchange differences (unrealised)	(3.19)	6.34
(Gain)/ loss on sale/discard of property, plant and equipment	(0.58)	0.92
Provision for expected credit loss / bad debts written off	27.31	5.08
Provision for inventory obsolescence	95.11	–
Provision for onerous contract	15.41	–
Government grants	(10.50)	(7.87)
Employee share based compensation cost	13.91	0.16
Finance income	(15.34)	(27.76)
Finance costs	130.66	112.18
Operating profit before working capital changes	**666.03**	**403.52**
Working capital adjustments:		
(Increase) / decrease in inventories	(424.25)	(241.08)
(Increase)/decrease in trade receivables	(1,213.38)	101.61
(Increase)/ decrease / in non current/ current financial assets and other assets	(6.50)	(17.11)
Increase / (decrease) in trade payables, non current/ current provisions, financial liabilities and other liabilities	1,189.00	531.18
Cash generated from / (used in) operations	**210.90**	**778.12**
Direct taxes paid (net of refunds)	3.03	(98.20)
Net cash flow from / (used in) operating activities	**213.93**	**679.92**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment, including intangible assets and capital advances	(99.28)	(95.60)
Proceeds from sale of property, plant and equipment	0.63	3.56
Purchase of non-current investments	(135.13)	–
Proceeds from sale of non-current investments	–	9.32
Investment in bank deposits (having original maturity of more than three months) and other bank balances	68.80	6.75
Interest income received	23.19	17.53
Government grant received	8.65	–
Net cash flow (used in) / from investing activities	**(133.16)**	**(58.44)**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term borrowings	–	(195.21)
Payment of principal portion of lease liabilities	(13.45)	(20.05)
Payment of interest portion of lease liabilities	(1.78)	(2.75)
Proceeds / repayment of short term borrowings (net)	74.58	(223.50)
Finance costs paid	(119.63)	(110.35)
Dividend paid (including amount transferred to Investor Education & Protection Fund)	(32.49)	(25.53)
Net cash flow (used in) / from financing activities	**(92.77)**	**(577.39)**
Net (decrease)/ increase in cash and cash equivalents (A+B+C)	(12.00)	44.09
Cash and cash equivalents at the beginning of the year	149.19	104.53
Effect of exchange differences on cash and cash equivalents held in foreign currency	0.40	0.57
Cash and cash equivalents at the end of the year	**137.59**	**149.19**
Total cash and cash equivalents (Note 13)	**137.59**	**149.19**

Standalone Ind AS Statement of Cash Flows

for the year ended March 31, 2023

Explanatory notes to statement of cash flows
Changes in liabilities arising from financing activities:-

(₹ in million)

Particulars	Liabilities arising from financing activities				
	Unpaid dividend on equity shares (refer note 24)	Long term borrowings (including current maturities of long term borrowings) (refer note 22)	Short term borrowings (excluding current maturities of long term borrowings) (refer note 22)	Lease liabilities (including current portion of lease liabilities) (refer note 45a)	Derivatives not designated as hedges - Interest rate swap (refer note 51)
As at April 01, 2022	**2.89**	**–**	**979.45**	**13.35**	**–**
Cash flows	(32.49)	–	74.58	(15.23)	–
Non-cash changes					
Foreign exchange fluctuations loss /(gain)	–	–	2.55	–	–
Interest payable	–	–	2.64	–	–
Accretion of interest	–	–	–	1.78	–
Recognition of lease liabilities	–	–	–	14.14	–
Dividend declared during the year	32.21	–	–	–	–
As at March 31, 2023	**2.61**	**–**	**1,059.22**	**14.04**	**–**
As at April 01, 2021	**2.65**	**195.21**	**1,201.79**	**32.30**	**0.15**
Cash flows	(25.53)	(195.21)	(223.50)	(22.80)	–
Non-cash changes					
Foreign exchange fluctuations loss /(gain)	–	–	4.21	–	–
Changes in fair values	–	–	–	–	(0.15)
Interest payable	–	–	(3.05)	–	–
Accretion of interest	–	–	–	2.75	–
Recognition of lease liabilities	–	–	–	1.10	–
Dividend declared during the year	25.77	–	–	–	–
As at March 31, 2022	**2.89**	**–**	**979.45**	**13.35**	**–**

Summary of significant accounting policies 2.3

The accompanying notes are an integral part of the standalone Ind AS financial statements.

As per our report of even date

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

per Sandeep Karnani
Partner
Membership number: 061207

Place : Bengaluru, India
Date : May 27, 2023

For and on behalf of Board of Directors of **Centum Electronics Limited**

Apparao V Mallavarapu
Chairman and Managing Director
DIN: 00286308

Nikhil Mallavarapu
Whole Time Director
DIN: 00288551

Indu H S
Company Secretary
Membership number: F12285

K.S. Desikan
Chief Financial Officer

Place : Bengaluru, India
Date : May 27, 2023

Standalone Changes in Equity for the year ended March 31, 2023

(a) Equity share capital

Equity shares of ₹ 10 each issued, subscribed and fully paid

Particulars	Number	(₹ in million)
At April 01, 2021	**1,28,84,841**	**128.85**
Issue of share capital (refer note 17)	–	–
At March 31, 2022	**1,28,84,841**	**128.85**
Issue of share capital (refer note 17)	–	–
At March 31, 2023	**1,28,84,841**	**128.85**

(b) Other equity

(₹ in million)

Particulars	Attributable to equity shareholders						Total equity
	Reserves and surplus						
	Securities premium (refer note 18)	General reserve (refer note 18)	Retained earnings (refer note 18)	Effective portion of cash flow hedge (refer note 18)	Share based payments reserve (refer note 18)	Capital reserve (refer note 18)	
For the year ended March 31, 2023							
As at April 01, 2022	28.07	440.26	2,044.30	–	0.32	3.43	**2,516.38**
Profit / (loss) for the year	–	–	193.99	–	–	–	**193.99**
Cash dividends (refer note 19)	–	–	(32.21)	–	–	–	**(32.21)**
Compensation for options granted (refer note 46)	–	–	–	–	13.91	–	**13.91**
Other comprehensive income/(loss) for the year (net of taxes)*	–	–	5.50	0.01	–	–	**5.51**
As at March 31, 2023	**28.07**	**440.26**	**2,211.58**	**0.01**	**14.23**	**3.43**	**2,697.58**
For the year ended March 31, 2022							
As at April 01, 2021	28.07	440.26	1,945.93	–	2.11	1.48	**2,417.85**
Profit / (loss) for the year	–	–	117.66	–	–	–	**117.66**
Cash dividends (refer note 19)	–	–	(25.77)	–	–	–	**(25.77)**
Compensation for options granted (refer note 46)	–	–	–	–	0.16	–	**0.16**
Less: Transferred to capital reserve on forfeiture of stock options	–	–	–	–	(1.95)	1.95	**–**
Other comprehensive income/(loss) for the year (net of taxes)*	–	–	6.48	–	–	–	**6.48**
As at March 31, 2022	**28.07**	**440.26**	**2,044.30**	**–**	**0.32**	**3.43**	**2,516.38**

*As required under Ind AS compliant Schedule III, the Company has recognised remeasurement gains / (losses) of defined benefit plans as part of retained earnings.

Summary of significant accounting policies 2.3

The accompanying notes are an integral part of the standalone Ind AS financial statements.

As per our report of even date

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

per Sandeep Karnani
Partner
Membership number: 061207

Place : Bengaluru, India
Date : May 27, 2023

For and on behalf of Board of Directors of **Centum Electronics Limited**

Apparao V Mallavarapu
Chairman and Managing Director
DIN: 00286308

Nikhil Mallavarapu
Whole Time Director
DIN: 00288551

Indu H S
Company Secretary
Membership number: F12285

K.S. Desikan
Chief Financial Officer

Place : Bengaluru, India
Date : May 27, 2023

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

1. Corporate information

Centum Electronics Limited ("Centum" or "the Company") is a public limited company domiciled in India. The registered office of the Company is located at Bangalore, India. Its equity shares are listed on National Stock Exchange and Bombay Stock Exchange in India.

Centum designs, manufactures and also exports electronic products. It also provides design services to its customers. These include systems, subsystems and modules.

Information on related party relationships of the Company is provided in Note 42.

The standalone Ind AS financial statements were approved by the Board of Directors and authorised for issue in accordance with a resolution of the directors on May 27, 2023.

In the current year, the Company has been registered under the provisions of Micro, Small and Medium Enterprise Development Act ("MSMED") Act, 2006 and has obtained the Udyam registration number ("URN") UDYAM - KR– 03-0005545 on August 12, 2020

2. Significant accounting policies

The significant accounting policies applied by the Company in the preparation of its standalone Ind AS financial statements are listed below. Such accounting policies have been applied consistently to all the periods presented in these standalone Ind AS financial statements, unless otherwise indicated.

2.1. Basis of Preparation

The standalone Ind AS financial statements of the Company, have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable.

The standalone Ind AS financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities (refer accounting policy regarding financial instruments) which have been measured at fair value.

The functional and presentation currency of the Company is Indian Rupee ("₹") which is the currency of the primary economic environment in which the Company operates and all values are rounded to the nearest million (₹ 000,000), except when otherwise indicated.

2.2. Change in accounting policies and disclosures:

New Standards and amendments :

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 April 2022.

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standard) Amendment Rules 2022 dated March 23, 2022, to amend the following Ind AS which are effective from April 01, 2022.

(i) Onerous Contracts – Costs of Fulfilling a Contract – Amendments to Ind AS 37

An onerous contract is a contract under which the unavoidable of meeting the obligations under the contract costs (i.e., the costs that the Company cannot avoid because it has the contract) exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract and costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The Company applied the amendments to the contracts for which it had not fulfilled all of its obligations at the beginning of the reporting period.

Prior to the application of the amendments, the Company had not identified any contracts as being onerous as the unavoidable costs under the contracts, which were the costs of fulfilling them, comprised only incremental costs directly related to the contracts. As a result of the amendments, the Company assessed whether certain other directly related costs are required to be included in determining the costs of fulfilling the contracts.

In accordance with the transitional provisions, the Company applies the amendments to contracts for which it has not yet fulfilled all of its obligations, at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application) and has not restated its comparative information.

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

These amendments had no significant impact on the standalone Ind AS financial statements of the Company.

(ii) Reference to the Conceptual Framework – Amendments to Ind AS 103

The amendments replaced the reference to the ICAI's "Framework for the Preparation and Presentation of Financial Statements under Indian Accounting Standards" with the reference to the "Conceptual Framework for Financial Reporting under Indian Accounting Standard" without significantly changing its requirements.

The amendments also added an exception to the recognition principle of Ind AS 103 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets or Appendix C, Levies, of Ind AS 37, if incurred separately. The exception requires entities to apply the criteria in Ind AS 37 or Appendix C, Levies, of Ind AS 37, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

In accordance with the transitional provisions, the Company applies the amendments prospectively, i.e., to business combinations occurring after the beginning of the annual reporting period in which it first applies the amendments (the date of initial application).

These amendments had no impact on the standalone Ind AS financial statements of the Company.

(iii) Property, Plant and Equipment: Proceeds before Intended Use – Amendments to Ind AS 16

The amendments modified paragraph 17(e) of Ind AS 16 to clarify that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment.

The amendments are effective for annual reporting periods beginning on or after 1 April 2022. These amendments had no impact on the standalone Ind AS financial statements of the Company.

(iv) Ind AS 101 First-time Adoption of Indian Accounting Standards – Subsidiary as a first-time adopter

The amendment permits a subsidiary that elects to apply the exemption in paragraph D16(a) of Ind AS 101 to measure cumulative translation differences for all foreign operations in its financial statements using the amounts reported by the parent, based on the parent's date of transition to Ind AS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also available to an associate or joint venture that uses exemption in paragraph D16(a) of Ind AS 101.

The amendments are effective for annual reporting periods beginning on or after 1 April 2022 but do not apply to the Company as it is not a first-time adopter.

(v) Ind AS 109 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

In accordance with the transitional provisions, the Company applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment (the date of initial application). These amendments had no impact on the standalone Ind AS financial statements of the Company.

(vi) Ind AS 41 Agriculture – Taxation in fair value measurements

The amendment removes the requirement in paragraph 22 of Ind AS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of Ind AS 41.

The amendments are effective for annual reporting periods beginning on or after 1 April 2022. The amendments had no impact on the standalone Ind AS financial statements of the Company.

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

2.3 Summary of significant accounting policies

a. Current versus non-current classification

The Company presents assets and liabilities in the standalone Ind AS balance sheet based on current/ non-current classification. An asset is treated as current when it is:

i. Expected to be realised or intended to be sold or consumed in normal operating cycle,

ii. Held primarily for the purpose of trading,

iii. Expected to be realised within twelve months after the reporting period, or

iv. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

i. It is expected to be settled in normal operating cycle,

ii. It is held primarily for the purpose of trading,

iii. It is due to be settled within twelve months after the reporting period, or

iv. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Advance tax paid is classified as non-current assets.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

b. Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

a) In the principal market for the asset or liability, or

b) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the standalone Ind AS financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the standalone Ind AS financial statements on a recurring

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for valuation methods, significant estimates and assumptions
- Quantitative disclosures of fair value measurement hierarchy
- Investment in unquoted equity shares
- Financial instruments (including those carried at amortised cost)

c. Revenue Recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The specific recognition criteria described below must also be met before revenue is recognised.

Sale of products and services

Revenue from sale of products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products. Revenue from sale of services is recognized as the service is performed and there are no unfulfilled obligations.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated if any. In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various discounts and schemes offered by the Company as part of the contract. This variable consideration is estimated based on the expected value of outflow. Revenue (net of variable consideration) is recognized only to the extent that it is highly probable that the amount will not be subject to significant reversal when uncertainty relating to its recognition is resolved.

Scrip Sales

Export entitlements in the form of Merchandise Export from India (MEIS) are recognized in the standalone Ind AS statement of profit and loss when the right to receive credit as per the terms of the scheme is established in respect of exports made and when there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

Management fees income

Income from management fees is recognised as per the terms of the agreement on the basis of services rendered.

Interest income

For all financial instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

Rental income

Rental income from lease of premises under operating lease is recognized in the income statement on a straight line basis over the term of the lease.

Commission income

Commission income is recognised at the time when services are rendered in accordance with the rates as per the agreements entered into with the parties.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are transferred to receivables when the rights become unconditional and contract liabilities are recognized as and when the performance obligation is satisfied.

Contract assets are subject to impairment assessment. Refer to accounting policies on impairment of financial assets in section (o) Financial instruments below.

Trade receivables

A receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (o) Financial instruments below.

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

d. Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

e. Taxes on income

Current income tax

Tax expense for the year comprises current and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of profit and loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The Company's liability for current tax is calculated using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying values of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit and is accounted for using the balance sheet liability model. Deferred tax liabilities are generally recognised for all the taxable temporary differences. In contrast, deferred tax assets are only recognised to the extent that is probable that future taxable profits will be available against which the temporary differences can be utilised.

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

f. Non-current assets held for sale

The Company classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded met only when the assets or disposal group is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets, its sale is highly probable; and it will genuinely be sold, not abandoned. The Company treats sale of the asset to be highly probable when:

a) The appropriate level of management is committed to a plan to sell the asset,

b) An active programme to locate a buyer and complete the plan has been initiated,

c) The asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value,

d) The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and

e) Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets held for sale are measured at the lower of their carrying amount and the fair value less costs to sell. Assets and liabilities classified as held for sale are presented separately in the standalone Ind AS balance sheet.

g. Property, plant and equipment ('PPE')

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at March 31, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment as on April 1, 2016.

Capital work in progress includes cost of property, plant and equipment under installation / under development, net of accumulated impairment loss, if any, as at the balance sheet date. Plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in profit or loss as incurred.

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate assets are derecognised when replaced. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

The Company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset having useful life that is materially different from that of the remaining asset. These components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Category of asset*	Estimated useful life
Plant and equipment (including the related intellectual property)	8 years*
Office equipment	5 years
Furniture and fixtures	10 years
Electrical installations	10 years
Computers	3 years
Buildings	30 years
Vehicles	4 years

* The Company, based on technical assessment made by the technical expert and management estimate, depreciates certain items of plant and equipment (including the related intellectual property) over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013.

Land is carried at historical cost and is not depreciated. Leasehold improvements are depreciated over the period of lease or estimated useful life, whichever is lower, on straight line basis

The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

Machinery spares are depreciated on a systematic basis over the period of the remaining useful life of the fixed assets for which they are utilised.

h. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period with the affect of any change in the estimate being accounted for on a prospective basis. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

A summary of the policies applied to the Company's intangible assets is, as follows:

Intangible assets	Useful lives	Amortisation method used	Internally generated or acquired
Goodwill	Indefinite	No amortisation	Acquired
Computer software	Definite (5 years)	Straight-line basis	Acquired
Intellectual property rights	Definite (8 years)	Straight-line basis	Acquired

i. Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset until such time as the assets are substantially ready for the intended use or sale. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

j. Leases

The Company has lease contracts for office spaces, various items of plant and machinery and other equipment. The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets:

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (l) Impairment of non-financial assets.

ii) Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset is classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

k. Inventories

Inventories are valued at lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

a) Raw materials and stores and spares: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

b) Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.

Cost of raw materials, stores and spares, work-in-progress and finished goods is determined on a weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

l. Impairment of non-financial assets and investments in subsidiaries and associates

As at the end of each accounting year, the Company reviews the carrying amounts of its PPE, intangible assets, including goodwill and investments in subsidiary and associates to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the said assets are tested for impairment so as to determine the impairment loss, if any. Goodwill and the intangible assets with indefinite life are tested for impairment each year.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is determined:

(i) in the case of an individual asset, at the higher of the fair value less costs of disposal and the value in use; and

(ii) in the case of a cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of the cash generating unit's net fair value less costs of disposal and the value in use.

(The amount of value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life. For this purpose, the discount rate

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

(pre-tax) is determined based on the weighted average cost of capital of the company suitably adjusted for risks specified to the estimated cash flows of the asset).

For this purpose, a cash generating unit is ascertained as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

If recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, such deficit is recognised immediately in the Statement of Profit and Loss as impairment loss and the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country in which the Company operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss is recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit and loss

m. Provisions and contingent liabilities

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

If the Company has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Company recognises any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Company cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the standalone Ind AS financial statements.

Provisions and contingent liability are reviewed at each balance sheet.

Decommissioning liability

Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the statement of profit and loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

n. Retirement and other employee benefits

Retirement benefit in the form of provident fund and pension fund are defined contribution scheme. The Company has no obligation, other than the contribution payable. The Company recognizes contribution payable to provident fund and pension fund as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company recognizes expected cost of short-term employee benefit as an expense, when an employee renders the related service.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the reporting date. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer the settlement for at least twelve months after the reporting date.

The Company presents the leave as a current liability in the standalone Ind AS balance sheet, to the extent it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method using actuarial valuation to be carried out at each balance sheet date.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the standalone Ind AS balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

a) The date of the plan amendment or curtailment, and

b) The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

a) Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and

b) Net interest expense or income.

o. Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contract embodying the related financial instruments. All financial assets, financial liabilities and financial guarantee contracts are initially measured at transaction cost and where such values are different from the fair value, at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognised in the statement of profit and loss.

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price as disclosed in section 2.3.(c) Revenue recognition.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

Investment in equity instruments issued by subsidiaries, associates are measured at cost less impairment.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

(i) Financial assets

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at fair value

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial asset not measured at amortised cost or at fair value through other comprehensive income is carried at fair value through the statement of profit and loss.

For financial assets maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Impairment of financial assets excluding investments in subsidiaries and associates

Loss allowance for expected credit losses is recognised for financial assets measured at amortised cost and fair value through the statement of profit and loss.

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

The Company recognises impairment loss on trade receivables using expected credit loss model, which involves use of provision matrix constructed on the basis of historical credit loss experience as permitted under Ind AS 109 – Financial Instruments.

For financial assets whose credit risk has not significantly increased since initial recognition, loss allowance equal to twelve months expected credit losses is recognised. Loss allowance equal to the lifetime expected credit losses is recognised if the credit risk on the financial instruments has significantly increased since initial recognition.

For financial assets maturing within one year from the balance sheet date, the carrying amounts approximates fair value due to the short maturity of these instruments.

De-recognition of financial assets

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset and the transfer qualifies for de-recognition under Ind AS 109.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the assets and an associated liability for amounts it may have to pay.

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the carrying amount measured at the date of de-recognition and the consideration received is recognised in statement of profit or loss.

(ii) Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial Liabilities

Financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method where the time value of money is significant. Interest bearing bank loans, overdrafts and issued debt are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the statement of profit and loss.

For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

a) Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

b) De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Off-setting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the standalone Ind AS balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

p. Derivative financial instruments

The Company uses derivative financial instruments, such as interest rate swaps to hedge its interest fluctuation risks, etc. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value through statement of profit and loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Refer to note 51 for more details.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

q. Cash and cash equivalents

Cash and cash equivalent in the standalone Ind AS balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, as they are considered an integral part of the Company's cash management.

r. Share-based payments

Certain employees of the Company and its subsidiaries are entitled to share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in statement of profit and loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

s. Cash dividend

The Company recognises a liability to pay dividend to equity holders of the parent when the distribution is authorised, and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

t. Foreign currencies

The standalone Ind AS financial statements are presented in INR, which is also the Company's functional currency.

Transactions in foreign currencies are initially recorded at functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Company uses average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Exchange differences arising on the retranslation or settlement of other monetary items are included in the statement of profit and loss for the period.

u. Research and development expenditure

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the Company can demonstrate all the following:

i. The technical feasibility of completing the intangible asset so that it will be available for use or sale

ii. Its intention to complete the asset

iii. Its ability to use or sell the asset

iv. How the asset will generate future economic benefits

v. The availability of adequate resources to complete the development and to use or sell the asset

vi. The ability to measure reliably the expenditure attributable to the intangible asset during development.

Following the initial recognition of the development expenditure as an asset. The cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized on a straight line basis over the period of expected future benefit from the related project. Amortization is recognized in the standalone statement of profit and loss. During the period of development, the asset is tested for impairment annually.

v. Corporate social responsibility ('CSR') expenditure

The Company charges its CSR expenditure during the year to the statement of profit and loss.

w. Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss attributable to equity holder of the Company by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders of the parent company and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2.4 Standard notified but not yet effective

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standards) Amendment Rules 2023 dated March 31, 2023 to amend the following Ind AS which are effective from April 01, 2023.

i) Definition of Accounting Estimates - Amendments to Ind AS 8

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. It has also been clarified how entities use measurement techniques and inputs to develop accounting estimates.

Notes to the Standalone Financial Statements

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The amendments are effective for annual reporting periods beginning on or after 1 April 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period.

The amendments are not expected to have a material impact on the Company's standalone Ind AS financial statements.

ii) Disclosure of Accounting Policies - Amendments to Ind AS 1

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to Ind AS 1 are applicable for annual periods beginning on or after 1 April 2023. Consequential amendments have been made in Ind AS 107.

The Company is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

iii) Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to Ind AS 12

The amendments narrow the scope of the initial recognition exception under Ind AS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations. Consequential amendments have been made in Ind AS 101. The amendments to Ind AS 12 are applicable for annual periods beginning on or after 1 April 2023.

The amendments are not expected to have a material impact on the Company's standalone Ind AS financial statements.

Notes to the Standalone Financial Statements for the year ended March 31, 2023

3. Property, plant and equipment

(₹ in million)

Particulars	Freehold land	Building	Plant and equipments	Electrical installations	Computers	Office equipments	Furniture and fixtures	Vehicles	Leasehold land	Total
Gross block (at cost/deemed cost)										
As at April 1, 2021	**4.41**	**500.58**	**755.10**	**93.85**	**25.88**	**38.83**	**54.52**	**15.85**	**114.61**	**1,603.63**
Additions	–	3.81	74.24	–	1.86	0.18	0.95	22.38	–	103.42
Disposal/discard during the year	–	–	(4.96)	–	–	–	–	–	–	(4.96)
As at March 31, 2022	**4.41**	**504.39**	**824.38**	**93.85**	**27.74**	**39.01**	**55.47**	**38.23**	**114.61**	**1,702.09**
Additions	–	1.13	83.26	0.60	8.21	0.84	5.91	–	–	99.95
Disposal/discard during the year	–	–	(3.01)	–	–	–	–	–	–	(3.01)
As at March 31, 2023	**4.41**	**505.52**	**904.63**	**94.45**	**35.95**	**39.85**	**61.38**	**38.23**	**114.61**	**1799.03**
Accumulated depreciation										
As at April 1, 2021	–	68.44	341.49	38.58	22.00	31.79	18.70	7.40	–	528.40
Charge for the year	–	18.01	95.76	8.98	2.47	5.91	5.24	4.66	–	141.03
Disposal/discard during the year	–	–	(0.47)	–	–	–	–	–	–	(0.47)
As at March 31, 2022	**–**	**86.45**	**436.78**	**47.56**	**24.47**	**37.70**	**23.94**	**12.06**	**–**	**668.96**
Charge for the year	–	17.68	96.13	8.97	3.58	0.73	5.36	8.07	–	140.52
Disposal/discard during the year	–	–	(3.01)	–	–	–	–	–	–	(3.01)
As at March 31, 2023	**–**	**104.13**	**529.90**	**56.53**	**28.05**	**38.43**	**29.30**	**20.13**	**–**	**806.47**
Net block										
As at March 31, 2023	**4.41**	**401.39**	**374.73**	**37.92**	**7.90**	**1.42**	**32.08**	**18.10**	**114.61**	**992.56**
As at March 31, 2022	**4.41**	**417.94**	**387.60**	**46.29**	**3.27**	**1.31**	**31.53**	**26.17**	**114.61**	**1,033.13**

Notes:

(a) Karnataka Industrial Area Development (KIADB) has allotted land to the Company on a lease cum sale basis i.e. 24,280.60 sq. mts at Plot No. 58-P Bengaluru Aerospace Park, Industrial Area for a period of 10 years w.e.f., December 18, 2013. The aggregate capitalized cost of the land at the end of the year is ₹114.61 million (March 31, 2022: ₹114.61 million). The agreement gives a right to the Company to acquire land at the end of the lease term at an additional consideration, if any fixed by KIADB, after reducing the amount already paid.

(b) Property, plant and equipments and other intangible assets of the Company have been pledged / mortgaged as securities against borrowings. Refer note 22 for details of borrowings.

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

3a. Capital work-in-progress

(₹ in million)

Particulars	Capital work-in-progress
As at April 1, 2021	**22.77**
Additions	80.74
Capitalised during the year	(103.42)
As at March 31, 2022	**0.09**
Additions	153.95
Capitalised during the year	(99.95)
As at March 31, 2023	**54.09**

Capital work-in-progress ageing schedule

(₹ in million)

As at March 31, 2023	Amount in capital work-in-progress for a period of				
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Projects in progress	54.09	–	–	–	54.09
Projects temporarily suspended	–	–	–	–	–
Total	**54.09**	**–**	**–**	**–**	**54.09**

(₹ in million)

As at March 31, 2022	Amount in capital work-in-progress for a period of				
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Projects in progress	0.09	–	–	–	0.09
Projects temporarily suspended	–	–	–	–	–
Total	**0.09**	**–**	**–**	**–**	**0.09**

The Company does not have any projects temporarily suspended or any CWIP which is overdue or has exceeded its cost compared to its original plan/ revised approved plan.

4. Other intangible assets and goodwill

(₹ in million)

Particulars	Goodwill (A) (refer note b)	Other intangible assets			Total (A+D)
		Computer software (B)	Intellectual property rights (C)	Subtotal (D=B+C)	
Gross block					
At cost / deemed cost					
As at April 1, 2021	**36.35**	**100.08**	**9.51**	**109.59**	**145.94**
Additions	–	2.52	–	2.52	2.52
Disposals	–	–	–	–	–
As at March 31, 2022	**36.35**	**102.60**	**9.51**	**112.11**	**148.46**
Additions	–	0.97	–	0.97	0.97
Disposals	–	–	–	–	–
As at March 31, 2023	**36.35**	**103.57**	**9.51**	**113.08**	**149.43**

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

4. Other intangible assets and goodwill (Contd..)

(₹ in million)

Particulars		Other intangible assets			
	Goodwill (A) (refer note b)	Computer software (B)	Intellectual property rights (C)	Subtotal (D=B+C)	Total (A+D)
Accumulated amortization					
As at April 1, 2021	**–**	**47.65**	**7.40**	**55.05**	**55.05**
Charge for the year	–	13.66	1.23	14.89	14.89
Disposals	–	–	–	–	–
As at March 31, 2022	**–**	**61.31**	**8.63**	**69.94**	**69.94**
Charge for the year	–	13.36	0.67	14.03	14.03
Disposals	–	–	–	–	–
As at March 31, 2023	**–**	**74.67**	**9.30**	**83.97**	**83.97**
Net block					
As at March 31, 2023	**36.35**	**28.90**	**0.21**	**29.11**	**65.46**
As at March 31, 2022	**36.35**	**41.29**	**0.88**	**42.17**	**78.52**

(a) Also, refer note 3(b).

(b) The Company had entered into a business transfer agreement with Centum Industries Private Limited, an enterprises where key managerial personnel or their relatives exercise significant influence during the year ended March 31, 2016 for the purchase of business on slump sale. As per the terms of agreement, the Company had purchased the net assets pertaining to plastic and defence and space of Centum Industries Private Limited for an aggregate consideration ₹ 57.00 million, which was arrived at based on the business valuation done by an independent professional firm. The valuation ascribed to assets taken over by an independent professional valuer resulted in the aforesaid goodwill.

The aforementioned goodwill is tested for impairment annually. As at March 31, 2023 and March 31, 2022, the goodwill is not impaired.

5 Non - current financial assets: Investments

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Investment carried at cost		
– Unquoted equity shares		
i. Subsidiary Company Centum Electronics UK Limited[1] (refer note 42) 8,018,900 equity shares (March 31, 2022: 6,630,900) equity shares of GBP 1 each, fully paid up.	748.72	613.59
Centum T&S Private Limited (formerly known as Centum Adeneo India Private Limited) 100,000 (March 31, 2022: 100,000) equity shares of ₹10 each, fully paid up.	1.00	1.00
Investment carried at fair value through statement of profit and loss account		
ii. Others		
Unquoted equity shares		
Qulsar Inc.[2] 74,184 equity share (March 31, 2022: 74,184) equity shares of USD 0.01 each, fully paid up.	13.26	13.26
Total investments (i+ii)	**762.98**	**627.85**
Aggregate value of unquoted investments	762.98	627.85

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

5 Non - current financial assets: Investments (Contd..)

1. a) The Company has investments in Centum Electronics UK Limited, which in turn has made investment in Centum Adetel Group SA. Centum Adetel Group SA and its underlying subsidiaries have incurred losses.

   During the year ended March 31, 2023, the Board of Directors of Company further acquired 13.11% stake of Centum Adetel Group SA through Centum Electronics UK Limited from other shareholders of Centum Adetel Group SA. The carrying value of the aforesaid investment continues to be higher than the net worth of Centum Adetel Group SA.

   However, based on internal assessment performed as at March 31, 2023 with regard to future operations and external valuation by an expert during the year ended March 31, 2022, the management of the Company is of the view that the carrying value of the Company's investment in Centum Electronics UK Limited is appropriate.

2. The Company has investments in Qulsar Inc. Based on internal assessment performed with regard to future operations, the management of the Company is of the view that the carrying value of the Company's investment in Qulsar Inc. approximates the fair value as on the reporting dates.

6 Non-current loans

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Loans (secured considered good unless otherwise stated)[1]		
Loan to related party (refer note 42)	10.00	20.00
Total loan	**10.00**	**20.00**

1. Loan are non-derivative financial instruments which generate a fixed interest income for the Company. The carrying value may be affected by the changes in the credit risk of the counter parties.

7 Other non-current financial assets

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Unsecured, considered good unless otherwise stated		
Carried at amortised cost		
Security deposits - others (refer note 42)	21.98	20.84
Non-current bank balance (refer note 13)	183.27	227.65
Total other non-current financial assets	**205.25**	**248.49**

8 Deferred tax assets (net)

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Deferred tax liability		
Property, plant and equipments: Impact of difference between tax depreciation and depreciation / amortization charged for the financial reporting	(28.20)	(35.17)
Leases	(5.38)	(3.96)
(A)	**(33.58)**	**(39.13)**
Deferred tax assets		
Impact of expenditure charged to the statement of profit and loss but allowed for tax purposes on payment basis	26.72	30.96
Impact of deferred revenue	24.61	16.83
Impact of provision for expected credit losses	12.79	10.06

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

8 Deferred tax assets (net) (Contd..)

(₹ in million)

Particulars		March 31, 2023	March 31, 2022
Impact of provision for inventory obsolescence		23.94	–
Others		7.63	6.62
	(B)	**95.69**	**64.47**
Deferred tax assets (net)	**(A+B)**	**62.11**	**25.34**
Movement for the year		**(36.77)**	**(6.89)**
Reconciliation to the statement of profit and loss			
(Credit)/ expense during the year as above		(36.77)	(6.89)
Tax expense / (income) during the year recognized in OCI		1.86	2.63
(Credit)/ expense during the year		(38.63)	(9.52)

9 Non-current tax assets (net)

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Advance income tax (net of provision for current tax and including tax paid under protest)	9.59	48.89
	9.59	**48.89**

10 Other non-current assets

(₹ in million)

Particulars		March 31, 2023	March 31, 2022
Capital advances			
Unsecured, considered good		10.39	–
	(A)	**10.39**	**–**
Prepaid expenses		6.70	5.07
	(B)	**6.70**	**5.07**
Balance with statutory / government authorities			
Unsecured, considered good		4.37	3.93
	(C)	**4.37**	**3.93**
Total other non-current assets	**(A+B+C)**	**21.46**	**9.00**

11 Inventories (valued at lower of cost and net realisable value)

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Raw materials	1,804.10	1,477.02
[Includes raw material in transit ₹ 178.75 million (March 31, 2022: ₹109.56 million)]		
Work-in-progress	474.75	462.18
Finished goods	35.17	46.59
Stores and spares	1.69	0.78
Total inventories (valued at lower of cost and net realisable value)	**2,315.71**	**1,986.57**

During the year ended March 31, 2023, ₹ 95.11 million (March 31, 2022: NIL) was recognised as an expense in regard to provision for inventory obsolescence.

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

12 Trade receivables

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Carried at amortised cost		
Receivables from related parties (refer note 42)	126.21	113.27
Other trade receivables	1,968.66	784.30
Total trade receivables	**2,094.87**	**897.57**

Break-up for security details:

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Trade receivables:		
Unsecured, considered good	2,089.05	891.12
Trade receivables which have significant increase in credit risk	56.62	46.43
Trade receivables - credit impaired	–	–
	2,145.67	**937.55**
Impairment allowance (allowance for bad and doubtful debts)		
Unsecured, considered good	–	–
Trade receivables which have significant increase in credit risk	(50.80)	(39.98)
Trade receivables - credit impaired	–	–
Total trade receivables	**2,094.87**	**897.57**

- No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.
- Trade receivables are non-interest bearing and are generally on terms of 30 to 120 days.
- Refer note 48(c)(c) for details pertaining to expected credit loss.

12.1 Trade receivables ageing schedule

As at March 31, 2023

(₹ in million)

Particulars	Unbilled	Current but not due	Outstanding for following periods from due date of payment					Total
			Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Undisputed trade receivables - considered good	1.92	1,508.40	513.42	65.20	0.11	–	–	**2,089.05**
Undisputed trade receivables - which have significant increase in credit risk	–	–	–	3.23	20.22	11.85	21.32	**56.62**
Undisputed trade receivables - credit impaired	–	–	–	–	–	–	–	**–**
Disputed trade receivables - considered good	–	–	–	–	–	–	–	**–**
Disputed trade receivables - which have significant increase in credit risk	–	–	–	–	–	–	–	**–**
Disputed trade receivables - credit impaired	–	–	–	–	–	–	–	**–**
Total	**1.92**	**1,508.40**	**513.42**	**68.43**	**20.33**	**11.85**	**21.32**	**2,145.67**

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

12 Trade receivables Ageing Schedule (Contd..)

As at March 31, 2022

(₹ in million)

Particulars	Unbilled	Current but not due	Outstanding for following periods from due date of payment					Total
			Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Undisputed trade receivables - considered good	6.90	597.34	248.82	38.06	–	–	–	**891.12**
Undisputed trade receivables - which have significant increase in credit risk	–	–	–	1.53	14.72	9.25	20.93	**46.43**
Undisputed trade receivables - credit impaired	–	–	–	–	–	–	–	**-**
Disputed trade receivables - considered good	–	–	–	–	–	–	–	**-**
Disputed trade receivables - which have significant increase in credit risk	–	–	–	–	–	–	–	**-**
Disputed trade receivables - credit impaired	–	–	–	–	–	–	–	**-**
Total	**6.90**	**597.34**	**248.82**	**39.59**	**14.72**	**9.25**	**20.93**	**937.55**

13 Cash and cash equivalents and other bank balances

(₹ in million)

Particulars		March 31, 2023	March 31, 2022
Balances with banks:			
– On current accounts[3]		19.71	82.17
– Deposit with original maturity of less than three months		–	62.00
– On exchange earners foreign currency (EEFC) accounts		116.85	4.56
Cash on hand		1.03	0.46
Total cash and cash equivalents	**(A)**	**137.59**	**149.19**
Other bank balances			
Balance with banks			
– On current account[1,3]		2.61	2.89
– On margin money accounts[2]		249.91	318.43
		252.52	**321.32**
Amount disclosed under other non-current financial assets (refer note 7)		(183.27)	(227.65)
		(183.27)	**(227.65)**
Total bank balance other than cash and cash equivalent	**(B)**	**69.25**	**93.67**
	(A+B)	**206.84**	**242.86**

1. Includes balance in unclaimed dividend account ₹2.61 million (March 31, 2022: ₹ 2.89 million).
2. A charge has been created over the deposits towards various guarantees in favour of customer, statutory authorities and letter of credit facility. Refer note 45 (c) for further details.
3. Balances with banks on current accounts does not earn interest.

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

14 Current loans

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Loans (secured considered good unless otherwise stated)[1]		
Loan to related party (refer note 42)	10.00	–
	10.00	**–**

1. Loan are non-derivative financial instruments which generate a fixed interest income for the Company. The carrying value may be affected by the changes in the credit risk of the counter parties.

15 Other current financial assets

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Unsecured, considered good unless otherwise stated		
Carried at amortised cost		
Security deposits - others (refer note 42)	0.32	0.61
(A)	**0.32**	**0.61**
Staff advances	2.27	0.98
Interest accrued on fixed deposits and others	3.38	11.23
Scrips receivables	–	38.79
(B)	**5.65**	**51.00**
Derivative instruments at fair value through OCI		
Cash flow hedges		
Derivative assets (refer note 51)	0.02	–
(C)	**0.02**	**–**
(A+B+C)	**5.99**	**51.61**

16 Other current assets

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Unsecured considered good		
Prepaid expenses	44.88	42.03
Balance with statutory / government authorities	7.63	2.23
Advance to suppliers and other advances (refer note 42)	147.80	116.72
Other receivables (refer note 42)	1.73	–
	202.04	**160.98**

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

17 Equity share capital

Particulars	Equity shares of ₹ 10 each	
	In Numbers	(₹ in million)
Authorised share capital:		
At April 01, 2021	**1,55,00,000**	**155.00**
Increase / (decrease) during the year	–	–
At March 31, 2022	**1,55,00,000**	**155.00**
Increase / (decrease) during the year	–	–
At March 31, 2023	**1,55,00,000**	**155.00**

(a) Issued equity share capital:

Equity shares of ₹ 10 each issued, subscribed and fully paid

Particulars	In Numbers	(₹ in million)
At April 01, 2021	**1,28,84,841**	**128.85**
Changes during the period	–	–
At March 31, 2022	**1,28,84,841**	**128.85**
Changes during the period	–	–
At March 31, 2023	**1,28,84,841**	**128.85**

(b) Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the equity shareholders.

(c) Details of shareholders holding more than 5% shares in the Company

Name of Shareholder	March 31, 2023		March 31, 2022	
Particulars	**No. of shares held**	**% holding in class**	**No. of shares held**	**% holding in class**
Equity shares of ₹ 10 each fully paid				
Apparao V Mallavarapu*	66,04,715	51.26%	66,04,715	51.26%
Nikhil Mallavarapu*	5,89,929	4.58%	5,89,929	4.58%
Swarnalatha Mallavarapu*	3,69,150	2.86%	3,69,150	2.86%
M S Swarnakumari*	12,684	0.10%	12,684	0.10%
HDFC Trustee Company Limited	6,67,637	5.18%	7,77,740	6.04%

*Represents shareholders in promoter's group. There is no change in the share holding of the promoter's group in the last two years

(d) Shares reserved for issue under options

For details of shares reserved for issue under the Share based payment plan of the Company, refer note 46.

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

18. Other equity

Particulars		(₹ in million)
Securities premium		
Balance as at April 01, 2021		28.07
Balance as at March 31, 2022		**28.07**
Balance as at March 31, 2023	**(A)**	**28.07**
General reserve		
Balance as at April 01, 2021		440.26
Balance as at March 31, 2022		**440.26**
Balance as at March 31, 2023	**(B)**	**440.26**
Retained earnings		
Balance as at April 01, 2021		1,945.93
Profit for the year		117.66
Less: Dividends		(25.77)
Add: Remeasurement of defined benefit plans (net of tax)		6.48
Balance as at March 31, 2022		**2,044.30**
Profit for the year		193.99
Less: Dividends		(32.21)
Add: Remeasurement of defined benefit plans (net of tax)		5.50
Balance as at March 31, 2023	**(C)**	**2,211.58**
Effective portion of cash flow hedge (net of tax)		
Balance as at April 01, 2021		–
Balance as at March 31, 2022		**–**
Gain/(loss) on cash flow hedge		0.01
Balance as at March 31, 2023	**(D)**	**0.01**
Share based payments reserve		
Balance as at April 01, 2021		2.11
Add: Compensation for options granted		0.16
Less: Transferred to capital reserve on forfeiture of stock options		(1.95)
Balance as at March 31, 2022		**0.32**
Add: Compensation for options granted		13.91
Balance as at March 31, 2023	**(E)**	**14.23**
Capital reserve		
Balance as at April 01, 2021		1.48
Add: Amount transferred on forfeiture of share options		1.95
Balance as at March 31, 2022		**3.43**
Balance as at March 31, 2023	**(F)**	**3.43**
Total other equity (A+B+C+D+E+F)		
Balance as at March 31, 2022		**2,516.38**
Balance as at March 31, 2023		**2,697.58**

Nature and purpose of reserves

Securities premium

Securities premium reserve is used to record the premium on issue of shares and is utilised in accordance with the provisions of the Companies Act, 2013.

General reserve

The Company created a general reserve in earlier years pursuant to the provisions of the Companies Act, 1956 where in certain percentage of profits was required to be transferred to General reserve before declaring dividends. As per Companies Act 2013, the requirements to transfer profits to general reserve is not mandatory. General reserve is a free reserve available to the Company.

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

18. Other equity (Contd..)

Retained earnings

Retained earnings are the profits/(loss) that the Company has earned/incurred till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. Retained earnings include re-measurement loss / (gain) on defined benefit plans, net of taxes that will not be reclassified to Statement of Profit and Loss.

Effective portion of cash flow hedge

The Company uses hedging instruments as part of its management of foreign currency risk. For hedging foreign currency, the Company uses foreign currency forward contracts. To the extent these hedges are effective, the change in fair value of the hedging instrument is recognised in the effective portion of cash flow hedges.

Share based payments reserve

The share-based payment reserve is used to recognise the value of equity-settled share-based options provided to employees, including key management personnel, as part of their remuneration. Refer to Note 46 for further details of these plans.

Capital reserve

The Company recognizes the exercise or cancellation of vested options of the Company's equity-settled share-based payments to capital reserve.

19. Distribution made and proposed

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Dividends on equity shares declared and paid :		
Final dividend for the year ended on March 31, 2022: ₹ 2.50 per share (March 31, 2021: ₹ 2 per share)	32.21	25.77
	32.21	**25.77**
Proposed dividend on equity shares [1,2]		
Final dividend for the year ended on March 31, 2023: ₹ 4 per share (March 31, 2022: ₹ 2.50 per share)	51.54	32.21
	51.54	**32.21**

1. Proposed dividend on equity shares are subject to approval at the annual general meeting and are not recognised as a liability as at March 31st.

2. The Board of Directors of the Company at its meeting held on May 27, 2023 had recommended a final dividend of 40 % (i.e. ₹ 4 per equity share) for the year ended March 31, 2023 which is in compliance with Section 123 of the Companies Act, 2013.

20 Government grants

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
At April 1	34.44	42.31
Received during the year	8.65	–
Released to the statement of profit and loss	(10.50)	(7.87)
At March 31	**32.59**	**34.44**
Current	8.16	7.87
Non - current	24.43	26.57
	32.59	**34.44**

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

20 Government grants (Contd..)

Government grants have been received towards the purchase and construction of certain items of property, plant and equipment under Modified Special Incentive Package Scheme (M-SIPS) as notified by Ministry of Communications and Information Technology, Department of Information Technology. As per the scheme, the Company is required to abide by all terms and conditions of M-SIPS policy, guidelines and amendments issued from time to time. The Company vide its letter of undertaking dated May 02, 2018 has agreed to comply with all terms and conditions of M-SIPS policy, guidelines and amendments issued from time to time.

21 Net non-current employee defined benefit liabilities

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Provision for employee benefits		
Provision for gratuity (refer note 43)	59.48	56.39
	59.48	**56.39**

22 Current financial liabilities: Borrowings

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
From banks		
Indian rupee short term loan (secured)[1]	–	70.00
Cash credit and overdraft (secured)[2]	180.98	78.42
Packing credit loan (secured)[2]	600.75	545.14
Foreign currency non-repatriable (FCNR) loan (secured)[2]	172.66	283.70
Working Capital Demand (WCD) loan (secured)[2]	100.00	–
Interest payable	4.83	2.19
	1,059.22	**979.45**
The above amount includes		
Secured borrowings	1,059.22	979.45
Unsecured borrowings	–	–
	1,059.22	**979.45**

1. Secured Indian rupee short term loan from a bank carried interest at 8.70% p.a. (March 31, 2022: 8.70%). The loan was secured by way of:

   (a) Charge on current assets including stock and receivables of the Company;

   (b) Charge on plant and machinery and furniture and fixture of the Company; and

   (c) Charge by way of equitable mortgage on Land and building situated at i) No. 44, KHB Industrial Area, Yelahanka, Bangalore - 560 106 and ii) Plot No. 58-P, Bengaluru Aerospace Park Industrial Area, Sy. No. 8 - Part of Unachur Village & Sy.No. 8 - Part of Dummanahalli Village, Jala Hobli, Bengaluru North, Yelahanka Taluk, Bengaluru Urban District.

   (d) Cash collateral to the tune of ₹ 50.00 million

   The loan has been repaid during the year ended March 31, 2023.

2. Cash credit and overdraft from banks, packing credit, FCNR loan and WCD loan from banks are payable on demand and are secured by way of :

   (a) Hypothecation of entire current assets viz. stock of raw materials/stores and spares/work-in-progress/finished goods, receivables / book debts and other current assets / moveable fixed assets on pari passu first charge with other banks;

   (b) Hypothecation of present and future fixed assets pari passu first charge with other banks;

   (c) Equitable mortgage of factory land and building at No. 44, KHB Industrial Area, Yelahanka, Bangalore - 560 106 belonging to the Company, on pari passu first charge with other banks; and

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

22 Current financial liabilities: Borrowings (Contd..)

(d) Equitable mortgage on leasehold rights of factory land and equitable mortgage of building at Plot No. 58-P, Bengaluru Aerospace Park Industrial Area, Sy. No. 8 - Part of Unachur Village & Sy.No. 8 - Part of Dummanahalli Village, Jala Hobli, Bengaluru North, Yelahanka Taluk, Bengaluru Urban District, belonging to the Company on pari passu first charge with other banks.

The rate of interest of Cash credit and overdraft from banks ranges from 9.7% to 12.84% p.a. (March 31, 2022: 9.70% to 9.85% p.a.).

The rate of interest of Packing credit loan from banks ranges from 2.26% to 8.22% p.a. (March 31, 2022: 2.15% to 3.35% p.a.).

The rate of interest of WCD loan is 11.65% (March 31, 2022: Nil).

The rate of interest of FCNR loan ranges from 3.97% to 9.12% p.a. (March 31, 2022: 3.82% to 4.31% p.a.).

The interest is payable on monthly basis."

3. The quarterly returns or statements filed by the Company with banks or financial institutions towards sanction of working capital limits are in agreement with the books of account of the Company.
4. The Company has not been declared as a wilful defaulter by any banks or financial institutions.
5. The Company has not defaulted in repayment of borrowings or in the payment of interest thereon to banks or financial institutions.

23 Financial liabilities: Trade payables

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Carried at amortised cost		
Trade payables	1,490.44	696.33
Trade payables to related parties (refer note 42)	34.41	29.90
	1,524.85	**726.23**
The above amount includes		
Total outstanding dues of micro enterprises and small enterprises	69.84	67.00
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,455.01	659.23
	1,524.85	**726.23**

a) Trade payables include due to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2016). Amount due to suppliers under the MSMED Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. Further in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the MSMED Act 2006 is not expected to be material. The Company has not received any claim for interest from any supplier as at balance sheet date.The disclosure pursuant to the said Act is as under:

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Principal amount remaining unpaid to any supplier as at the end of the accounting year.	69.84	67.00
Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	-	-

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

23 Financial liabilities: Trade payables (Contd..)

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
The amount of interest accrued and remaining unpaid at the end of the accounting year.	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-

b) Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing
- For explanations on the Company's currency and liquidity risk, refer to note 48(d).
- The dues to related parties are unsecured

23.1 Trade payable ageing schedule

As at March 31, 2023

(₹ in million)

Particulars	Unbilled dues	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Undisputed dues of micro enterprises and small enterprises	9.68	60.16	–	–	–	**69.84**
Undisputed dues of creditors other than micro enterprises and small enterprises	295.71	1,152.54	1.54	–	0.15	**1,449.94**
Disputed dues of micro enterprises and small enterprises	–	–	–	–	–	**–**
Disputed outstanding dues of creditors other than micro enterprises and small enterprises	–	–	–	–	5.07	**5.07**
Total	**305.39**	**1,212.70**	**1.54**	**-**	**5.22**	**1,524.85**

As at March 31, 2022

(₹ in million)

Particulars	Unbilled dues	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Undisputed dues of micro enterprises and small enterprises	15.10	50.36	0.46	0.32	0.76	**67.00**
Undisputed dues of creditors other than micro enterprises and small enterprises	226.41	425.33	1.07	0.08	1.68	**654.57**
Disputed dues of micro enterprises and small enterprises	–	–	–	–	–	**–**
Disputed outstanding dues of creditors other than micro enterprises and small enterprises	–	–	–	–	4.66	**4.66**
Total	**241.50**	**475.69**	**1.53**	**0.40**	**7.10**	**726.23**

* There are certain vendors who have been registered as micro enterprises and small enterprises and the ageing disclosed above is based on the amount outstanding to them and not on the basis of their registration as micro enterprises and small enterprises.

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

24 Other current financial liabilities

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
At amortised cost		
Unpaid dividends (refer note 13)	2.61	2.89
Accrued salaries and benefits (refer note 42)	98.03	80.91
Payable for capital goods	66.34	–
Interest others	–	0.68
	166.98	**84.48**

25 Other liabilities

(₹ in million)

Particulars	Non- Current		Current	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Advance from customers (refer note 42)	167.39	77.30	744.94	656.20
Deferred revenue	–	–	97.77	95.64
Withholding and other taxes / duties payable	–	–	180.53	29.10
Payable towards security deposit (refer note 42)	–	–	1.12	–
Other liabilities	–	–	0.40	0.40
	167.39	**77.30**	**1,024.76**	**781.34**

26 Net current employee defined benefit liabilities

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Provision for employee benefits		
Provision for gratuity (refer note 43)	7.08	6.48
	7.08	**6.48**

27 Provisions

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Provision for employee benefits		
Provision for compensated absences	46.69	25.26
Provision for loss making contracts	15.41	–
	62.10	**25.26**

The following table summarises the changes in the provision for loss making contracts:

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Opening balance	-	-
Amount provided/ (reversed) during the year	15.41	-
Amount utilised during the year	-	-
Closing balance	**15.41**	**-**

28 Liabilities for current tax (net)

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Provision for taxation, net of advance tax	109.45	30.02
	109.45	**30.02**

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

29 Revenue from operations

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Sale of products (refer note 42)	4,938.86	3,438.68
Sale of services (refer note 42)	54.67	28.20
Other operating revenues		
Sales commission	11.24	12.21
Others	0.77	1.02
Total revenue	**5,005.54**	**3,480.11**

Notes to revenue from contracts with customers:

a) Timing of revenue recognition - March 31, 2023

(₹ in million)

Particulars	Performance obligation satisfied at point in time	Performance obligation satisfied over time	Total
Sale of products	4,938.86	–	**4,938.86**
Sale of services	–	54.67	**54.67**
Management fees	–	0.77	**0.77**
Sales commission	11.24	–	**11.24**
	4,950.10	**55.44**	**5,005.54**

Timing of revenue recognition - March 31, 2022

(₹ in million)

Particulars	Performance obligation satisfied at point in time	Performance obligation satisfied over time	Total
Sale of products	3,438.68	–	3,438.68
Sale of services	–	28.20	28.20
Management fees	–	1.02	1.02
Sales commission	12.21	–	12.21
	3,450.89	**29.22**	**3,480.11**

b) Contract Balances:

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Trade receivables (including unbilled revenue) (refer note 12)		
– Current (gross)	2,145.67	937.55
– Provision for impairment loss (current)	(50.80)	(39.98)
Contract liabilities (refer note 25)		
Advance received from customers		
– Non current	167.39	77.30
– Current	744.94	656.20
Deferred revenue (refer note 25)		
– Current	97.77	95.64

c) Revenue recognised during the year

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Arising out of contract liabilities as at the beginning of the year	400.85	119.05

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

29 Revenue from operations (Contd..)

d) Revenue recognised during the year from the performance obligation satisfied upto previous year (arising out of contract modifications) amounts to ₹ Nil (March 31, 2022 : ₹ Nil).

30 Other income

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Government grants (refer note 20)	10.50	7.87
Rental income (refer note 42 and 45a)	4.46	3.03
Provisions / liabilities no longer required, written back	12.86	17.29
Fair value gain on financial instruments	–	0.15
Net gain on disposal of property, plant and equipment	0.58	–
Other non-operating income	3.02	1.96
	31.42	**30.30**

31 Finance income

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Interest income on bank deposits	13.48	14.67
Interest income on loan to related party (refer note 42)	1.60	1.60
Interest income - income tax refund	–	11.20
Interest income - others	0.26	0.29
	15.34	**27.76**

32 Cost of materials consumed

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Inventory at the beginning of the year	1,477.02	1,267.31
Add: Purchases (refer note 42)	3,484.33	2,273.05
	4,961.35	**3,540.36**
Less: Inventory at the end of the year	(1,804.10)	(1,477.02)
Cost of materials consumed	**3,157.25**	**2,063.34**

33 (Increase) / decrease in inventories of work-in-progress and finished goods

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Inventories at the end of the year		
– Work-in-progress / finished goods	509.92	508.77
Inventories at the beginning of the year		
– Work-in-progress / finished goods	508.77	478.18
(Increase) / decrease in inventories of work-in-progress and finished goods	**(1.15)**	**(30.59)**

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

34 Employee benefits expense

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Salaries, wages and bonus (refer note 42)	697.15	577.67
Contribution to provident and other funds (refer note 43a)	35.14	33.45
Employee share based compensation cost (refer note 46)	13.91	0.16
Gratuity expenses (refer note 43b)	15.77	17.36
Staff welfare expenses	56.11	53.03
	818.08	**681.67**

35 Finance costs

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Interest on debt and borrowings	77.85	57.23
Bank charges	43.73	49.65
Exchange differences regarded as an adjustment to borrowing cost	26.79	33.91
Interest on lease liabilities (refer note 45a)	1.78	2.75
Interest on income tax	7.31	2.55
	157.46	**146.09**

36 Depreciation and amortisation expenses

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Depreciation of tangible assets (refer note 3)	140.52	141.03
Amortisation of other intangible assets (refer note 4)	14.03	14.89
Depreciation of right-of-use assets (refer note 45a)	7.79	8.96
	162.34	**164.88**

37 Other expenses

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Rent and lease hire charges (refer note 42 and 45a)	7.81	7.18
Rates and taxes	7.50	5.79
Power and fuel	60.06	54.32
Repairs and maintenance	80.56	57.13
Insurance	17.58	15.28
Legal and professional fees (includes payment to auditor (refer details below)) (refer note 42)	63.11	74.23
Travelling and conveyance	46.93	19.05
Purchase of services (refer note 42)	32.85	39.40
Corporate social responsibility expenditure (refer note 53)	5.30	6.81
Freight outwards	31.58	15.65
Foreign exchange differences (net)	61.62	6.24
Loss on sale of property, plant and equipment	–	0.92
Provision for expected credit loss / bad debts written off (refer note 48(c))	27.31	–
Directors' sitting fees (refer note 42)	3.93	4.33
Miscellaneous expenses	48.40	34.33
	494.54	**340.66**

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

37 Other expenses (Contd..)

Payment to auditor (exclusive of taxes)

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
As auditor:		
Audit fee (including fees for internal controls over financial reporting, consolidated financial statements of the Group and quarterly limited reviews)	5.20	5.20
In other capacity		
Reimbursement of expenses	0.52	0.30
	5.72	**5.50**

38 Exceptional items (net)

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Impairment of receivables from associate (refer note 42)	–	(18.36)
	–	**(18.36)**

During the year ended March 31, 2020, Centum Adetel Group SA, a step down subsidiary entered into agreement for sale of 65% stake in HOLIWATT (formerly known as Centum Adetel Transportation SAS ("HOLIWATT")). Centum Adetel Group SA had a put option to sale its remaining 35% stake at a fixed price amounting to EUR 3.96 million plus interest at the rate of 6% p.a as per the aforesaid sale agreement and had other receivables of EUR 0.5 million. Subsequent to the year ended March 31, 2021 the HOLIWATT has been placed in specific insolvency statutes, allowing it to commence negotiation with other parties including its shareholders. During the year ended March 31, 2022, the Commercial Court of Lyon announced the opening of judicial recovery procedures and accordingly, based on its internal assessment, the management of the Company had provided for its receivables amounting to ₹ 18.36 million and the same had been disclosed as exceptional items in the standalone Ind AS financial statements for the year ended March 31, 2022.

39 Income tax

The Company is subject to income tax in India on the basis of standalone Ind AS financial statements. Business loss can be carried forward for a maximum period of eight assessment years immediately succeeding the assessment year to which the loss pertains. Unabsorbed depreciation can be carried forward for an indefinite period.

Pursuant to the Taxation Law (Amendment) Ordinance, 2019 ('Ordinance') issued by Ministry of Law and Justice (Legislative Department) on September 20, 2019 which is effective from April 1, 2019, domestic companies have the option to pay income tax at 22% plus applicable surcharge and cess ('new tax regime') subject to certain conditions. The Company based on the current projections has chosen to adopt the reduced rates of tax as per the Income Tax Act, 1961 from the financial year 2020-21 and accordingly the Company has accounted deferred tax asset based on the reduced applicable tax rates.

Income tax expenses in the standalone Ind AS statement of profit and loss consist of the following:

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
(a) Current tax	118.74	55.00
(b) Adjustment of tax relating to earlier period	(10.32)	(9.38)
(c) Deferred tax (credit)/ expense	(38.63)	(9.52)
(d) Deferred tax expense / (credit) related to items recognized in OCI during the period	1.86	2.63
Total taxes	**71.65**	**38.73**

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

39 Income tax (Contd...)

Reconciliation of taxes to the amount computed by applying the statutory income tax rate to the income before taxes is summarised below:

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Profit before taxes	263.78	153.76
Other Comprehensive income	7.37	9.11
Applicable tax rates in India	25.17%	25.17%
Computed tax charge	68.24	40.99
Tax effect on permanent non-deductible expenses	3.17	2.36
Adjustment of tax relating to earlier years	(10.32)	(9.38)
Others	10.56	4.76
Total tax expenses	**71.65**	**38.73**
Income tax expenses reported in the statement of profit and loss	**71.65**	**38.73**
	-	-

40 Earnings per share ('EPS')

Basic EPS amounts are calculated by dividing the profit / loss for the year attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period.

Diluted EPS amounts are calculated by dividing the profit attributable to equity shareholders by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars	March 31, 2023	March 31, 2022
Face value of equity shares (₹ per share)	10	10
Profit attributable to equity shareholders (A) (₹ in million)	193.99	117.66
Weighted average number of equity shares used for computing EPS (basic) (B)	1,28,84,841	1,28,84,841
EPS - basic (A/B) (₹)	15.06	9.13
Weighted average number of equity shares used for computing EPS (basic) (B)	1,28,84,841	1,28,84,841
Add: Effect of dilutive issues of stock options	1,23,625	10,279
Weighted average number of equity shares used for computing EPS (diluted) (C)	1,30,08,466	1,28,95,120
EPS - diluted (A/C) (₹)	14.91	9.12

41 Significant accounting judgements, estimates and assumptions

The preparation of the Company's standalone Ind AS financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Actual results could differ from those estimates.Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

41 Significant accounting judgements, estimates and assumptions (Contd...)

Significant judgements and estimates relating to the carrying values of assets and liabilities include impairment of non current asset including goodwill and investments, taxes, fair value measurement of financial instruments, contingencies, defined benefit plans (gratuity benefits), provision for inventory obsolescence and leases - estimating the incremental borrowing rate.

(i) Estimates and assumptions:

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the standalone Ind AS financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Impairment of non current asset including goodwill and investments

Determining whether investment and goodwill are impaired requires an estimation of the value in use of the respective asset or the relevant cash generating units. The value in use calculation is based on DCF model. Further, the cash flow projections are based on estimates and assumptions which are considered as reasonable by the management.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the same can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Refer note 8 and 39 for further disclosures.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer note 48 for further disclosures.

Contingencies

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal and contractual claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events. Refer note 45 (c) for further disclosures.

Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds where remaining maturity of such bond correspond to expected term of defined benefit obligation.

The mortality rate is based on publicly available mortality tables for India. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for India.

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

41 Significant accounting judgements, estimates and assumptions (Contd..)

Further details about gratuity obligations are given in note 43.

Provision for inventory obsolescence

Inventory obsolescence provision are determined using policies framed by the Company and in accordance with the methodologies that the Company deems appropriate to the business. There is a significant level of judgment involved in assessing whether provision for obsolescence for slow moving, excess or obsolete inventory items should be recognized considering orders in hand, expected orders, alternative usage, etc.

Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

42 Related party transactions

a) Names of related parties and description of relationship

Description of relationship	Name of related parties
Parties where control exists	Apparao V Mallavarapu (directly and indirectly exercises over 50% voting power in the Company)
Subsidiary Companies	Centum Electronics UK Limited Centum Adetel Group SA, France Centum T&S (Centum Technologies ET Solutions), France (formerly known as Centum Adeneo SAS) Centum R&D (Centum Recherche ET development), France (formerly known as Centum Adeneo CRD SAS) Centum Adetel Transportation System SAS, France Centum Adetel Synergies SARL** Centum T&S (Centum Technologies ET Solutions), Canada (formerly known as Centum Adetel Solution) Centum E&S (Centum Equipments ET Systemes), Canada (formerly known as Centum Adetel Equipment) Centum T&S Private Limited, India (formerly known as Centum Adeneo India Private Limited) Centum T&S (Technologies & Solutions) Belgium SRL (formerly known as Centum Adeneo Belgium)
Associate Companies	HOLIWATT (formerly known as Centum Adetel Transportation SAS*) Ausar Energy SAS
Enterprises where key managerial personnel or their relatives exercise significant influence (where transactions have taken place)	Centum Industries Private Limited

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

42 Related party transactions (Contd..)

Description of relationship	Name of related parties
Key managerial personnel and their relatives	Mr. Apparao V Mallavarapu - Chairman and Managing Director
	Mrs. Swarnalatha Mallavarapu - Director (resigned w.e.f May 27, 2023)
	Mr. Nikhil Mallavarapu - Whole Time Director
	Mrs. Tanya Mallavarapu - Director (appointed w.e.f May 27, 2023)
	Mr. S Krishnan - Independent Director (retired w.e.f August 14, 2021)
	Mr. Pranav Kumar Patel - Independent Director
	Mr. Rajiv C Mody - Independent Director
	Mr. Manoj Nagrath - Independent Director
	Mr. Thiruvengadam P - Independent Director
	Mrs. Kavitha Dutt - Independent Women Director
	Mr. K S Desikan - Chief Financial Officer
	Mr. Nagaraj K.V - Company Secretary (resigned w.e.f March 10, 2022)
	Mrs. Indu H S - Company Secretary (appointed w.e.f May 24, 2022)

* The Group has divested its stake during the year ended March 31, 2020 and accordingly it has ceased to be a subsidiary and has become an associate w.e.f March 31, 2020. Further, during the year ended March 31, 2022, the Commercial Court of Lyon has announced opening of judicial recovery based on which the entire shareholding has been transferred to Forsee Power and accordingly it has ceased to become an associate.

** Centum Adetel Synergies SARL has been merged with Centum T&S (Technologies and Solutions) SAS (formerly known as Centum Adeneo SAS) w.e.f; April 01, 2021

b) Summary of transactions and outstanding balances with above related parties are as follows:

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
i) Sale of products		
Subsidiary companies		
– Centum T&S (Centum Technologies ET Solutions), France	9.05	27.52
– Centum E&S (Centum Equipments ET Systems), Canada	150.32	187.98
– Centum T&S Private Limited, India	1.47	2.17
ii) Sale of services		
Subsidiary company		
– Centum T&S Private Limited, India	–	0.17
iii) Finance income		
Subsidiary company		
– Centum T&S Private Limited, India	1.60	1.60
iv) Other income		
Subsidiary company		
– Centum T&S Private Limited, India	2.19	–
v) Purchase of goods and services		
Subsidiary companies		
– Centum T&S (Centum Technologies ET Solutions), France	4.17	19.36
– Centum E&S (Centum Equipments ET Systemes), Canada	9.32	5.43
– Centum T&S Private Limited, India	9.20	0.92
vi) Lease rental paid		
Enterprises where key managerial personnel or their relatives exercise significant influence (where transactions have taken place)		
– Centum Industries Private Limited	–	0.57

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

42 Related party transactions (Contd..)

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
vii) Expense incurred on behalf of the Group Company:		
Subsidiary companies		
– Centum Electronics UK Limited	2.04	1.94
– Centum Adetel Group SA, France	1.49	3.75
– Centum T&S (Centum Technologies ET Solutions), Canada	–	3.08
– Centum T&S Private Limited, India	1.91	0.28
viii) Expense incurred on behalf of the Company by:		
Subsidiary companies		
– Centum T&S Private Limited, India	0.05	–
ix) Exceptional items - Impairment of receivables		
Associate Company		
– HOLIWATT	–	18.36
x) Remuneration to key managerial personnel and their relatives		
a) Employee benefit expenses (excluding employee share based payments)(refer (i) below)		
– Mr. Apparao V Mallavarapu	13.63	8.97
– Mr. Nikhil Mallavarapu	13.63	10.42
– Mr. K S Desikan	10.42	8.43
– Mrs. Indu H S	1.08	–
– Mr. Nagaraj K.V	–	1.67
b) Directors' sitting fees (including commission paid to non-executive directors)		
– Mr. S Krishnan	–	0.28
– Mr. Rajiv C Mody	0.53	0.59
– Mr. Pranav Kumar Patel	0.74	0.74
– Mr. Manoj Nagrath	0.74	0.74
– Mr. Thiruvengadam P	0.71	0.74
– Mrs.V Kavitha Dutt	0.62	0.62
– Mrs. Swarnalatha Mallavarapu	0.59	0.62
xi) Investment made in equity shares		
Subsidiary company		
– Centum Electronics UK Limited	135.13	–
xii) Outstanding balances as at the year ended:		
a) Trade receivables		
Subsidiary companies		
– Centum T&S (Centum Technologies ET Solutions), France	3.59	25.20
– Centum T&S Private Limited, India	0.10	2.25
– Centum E&S (Centum Equipments ET Systemes), Canada	122.52	85.82
b) Trade payables		
Subsidiary companies		
– Centum T&S (Centum Technologies ET Solutions), France	10.14	16.09
– Centum E&S (Centum Equipments ET Systemes), Canada	9.81	3.79
– Centum Adetel Group SA, France	1.03	3.75
– Centum Electronics UK Limited	2.04	–
– Centum T&S (Centum Technologies ET Solutions), Canada	3.03	3.08
– Centum T&S Private Limited, India	5.36	–
c) Payable to Key managerial personnel		
– Mr. S Krishnan	–	0.19
– Mr. Rajiv C Mody	0.50	0.50
– Mr. Pranav Kumar Patel	0.50	0.50
– Mr. Manoj Nagrath	0.50	0.50
– Mr. Thiruvengadam P	0.50	0.50

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

42 Related party transactions (Contd..)

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
– Mrs.V Kavitha Dutt	0.50	0.50
– Mrs. Swarnalatha Mallavarapu	0.50	0.50
d) Loan to related party (including current and non- current)		
Subsidiary company		
– Centum T&S Private Limited, India	20.00	20.00
e) Other current assets- Other receivables		
Subsidiary company		
- Centum T&S Private Limited, India	1.73	-
f) Other current financial asset- Interest accrued but not due on others		
Subsidiary company		
- Centum T&S Private Limited, India	0.12	-
g) Other non - current financial asset - Security deposit		
Enterprises where key managerial personnel or their relatives exercise significant influence		
- Centum Industries Private Limited	0.45	0.45
h) Other current assets - Advance to suppliers and other advances		
Subsidiary company		
- Centum T&S (Centum Technologies ET Solutions), France	32.26	-
i) Other current financial liabilities - Accrued salaries and benefits-payable		
- Mr. Apparao V Mallavarapu	5.13	0.48
- Mr. Nikhil Mallavarapu	3.74	0.54
- Mr. K S Desikan	2.15	1.71
- Mrs. Indu H S	0.12	-
- Mr. Nagaraj K.V	-	0.15
j) Other current liabilities - Advance from customers		
Subsidiary company		
- Centum T&S Private Limited, India	0.53	-
k) Other current liabilities - Payable towards security deposit		
Subsidiary company		
- Centum T&S Private Limited, India	1.12	-

c) Key Managerial Personnel's interests in the share based payments plan:

Share options held by key managerial personnel under the share based payments plan to purchase equity shares are as follows:

Share based payments plan	Exercise price	March 31, 2023 Number outstanding	March 31, 2022 Number outstanding
Centum ESOP - 2013 plan	₹ 71.25	3,653	3,653
Centum RSU - 2021 plan	₹ 10.00	14,500	–

No share options have been granted to the non-executive members of the Board of Directors under the share based payments plans of the Company. Refer to Note 46 for further details on the scheme.

Notes:

(i) As the liability for gratuity and leave encashment is provided on actuarial basis for the Company, as a whole the amount pertaining to the key managerial personnel's' are not disclosed above.

(ii) For investments in related parties, refer note 5.

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

43 Gratuity and other post-employment benefits plans

a) Defined contribution plan

The Company's contribution to provident fund, Employees' State Insurance and other funds are considered as defined contribution plans. The contributions are charged to the standalone Ind AS statement of profit and loss as they accrue. Contributions to provident and other funds included in employee benefits expense (refer note 34) are as under:

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Contribution to provident fund	31.34	29.15
Contribution to employees' state insurance	3.80	4.30
	35.14	**33.45**

b) Defined benefit plans

The Company has a defined benefit gratuity plan. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, every employee who has completed five years or more of service gets gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The level of benefits provided depends on the member's length of service and salary at retirement age. The Gratuity plan is unfunded.

The following tables summarise the components of net benefit expense recognised in the standalone Ind AS statement of profit or loss and amounts recognised in the standalone balance sheet for gratuity benefit:

i. Net benefit expenses (recognized in the standalone Ind AS statement of profit and loss)

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Current service cost	11.13	13.09
Interest cost on defined benefit obligation	4.64	4.27
Net benefit expenses	**15.77**	**17.36**

ii. Remeasurement (gains)/ loss recognised in other comprehensive income:

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Actuarial (gain)/ loss on obligations arising from changes in experience adjustments	(6.20)	(3.47)
Actuarial (gain)/ loss on obligations arising from changes in financial assumptions	(1.15)	(5.64)
Actuarial (gain)/ loss recognised in OCI	**(7.35)**	**(9.11)**

iii. Net defined benefit asset/ (liability)

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Defined benefit obligation	(66.56)	(62.87)
Fair value of plan assets	–	–
(Liability) /asset recognised in the balance sheet	**(66.56)**	**(62.87)**

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

43 Gratuity and other post-employment benefits plans (Contd..)

iv. Changes in the present value of the defined benefit obligation are as follows:

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Opening defined benefit obligation	62.87	61.64
Current service cost	11.13	13.09
Benefits paid	(4.73)	(7.02)
Interest cost on the defined benefit obligation	4.64	4.27
Actuarial (gain)/ loss on obligations arising from changes in experience adjustments	(6.20)	(3.47)
Actuarial (gain)/ loss on obligations arising from changes in financial assumptions	(1.15)	(5.64)
Closing defined benefit obligation	**66.56**	**62.87**

v. The following pay-outs are expected in future years:

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Within the next 12 months	7.08	6.48
Between 1 and 2 years	2.98	2.78
Between 2 and 3 years	4.36	2.85
Between 3 and 4 years	3.52	3.96
Between 4 and 5 years	6.35	3.27
Between 5 and 10 years	29.10	26.70

The average duration of the defined benefit plan obligation at the end of the reporting period is 9.94 years (March 31, 2022: 10 years)

vi. The principal assumptions used in determining gratuity obligations for the Company's plan are shown below:

Particulars	March 31, 2023	March 31, 2022
Discount rate (in %)	7.30%	7.12%
Salary escalation rate (in %)	10.00%	10.00%
Employee Turnover/ Withdrawal Rate	"Age 21 - 30 Yrs : 15% Age 30 - 34 Yrs : 10% Age 35 - 44 Yrs : 5% Age 45 - 50 Yrs : 3% Age 51 - 54 Yrs : 2% Age 55 - 59 Yrs : 1%"	"Age 21 - 30 Yrs : 15% Age 30 - 34 Yrs : 10% Age 35 - 44 Yrs : 5% Age 45 - 50 Yrs : 3% Age 51 - 54 Yrs : 2% Age 55 - 59 Yrs : 1%"
Retirement age	60 years	60 years
Mortality Rate	Indian Assured Lives Mortality (2012-14) Ultimate Table	Indian Assured Lives Mortality (2012-14) Ultimate Table

Notes:

i) The estimate of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

ii) Plan Characteristics and Associated Risks:

The Gratuity scheme is a Defined Benefit Plan that provides for a lump sum payment made on exit either by way of retirement, death or disability. The benefits are defined on the basis of final salary and the period of service and paid as lump sum at exit. The Plan design means the risks commonly affecting the liabilities and the financial results are expected to be:

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

43 Gratuity and other post-employment benefits plans (Contd..)

a. Discount rate risk : The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase

b. Salary inflation risk : Higher than expected increases in salary will increase the defined benefit obligation

c. Demographic risk : This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

vii. A quantitative sensitivity analysis for significant assumption is as shown below:

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Discount rate		
Impact on defined benefit obligation due to 1% increase in discount rate	(5.78)	(5.54)
Impact on defined benefit obligation due to 1% decrease in discount rate	6.81	6.56
Salary escalation rate		
Impact on defined benefit obligation due to 1% increase in salary escalation rate	3.28	3.22
Impact on defined benefit obligation due to 1% decrease in salary escalation rate	(3.29)	(3.20)
Attrition rate		
Impact on defined benefit obligation due to 1% increase in attrition rate	(0.47)	(0.24)
Impact on defined benefit obligation due to 1% decrease in attrition rate	0.69	0.41

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

44 Segment information - Disclosure pursuant to Ind AS 108 'Operating Segments'

(a) Information about reportable segments

Basis of identifying operating segments / reportable segments:

(i) Basis of identifying operating segments:

Operating segments are identified as those components of the Company (a) that engage in business activities to earn revenues and incur expenses (including transactions with any of the Company's other components); (b) whose operating results are regularly reviewed by the Company's Chief Operating Decision Maker (CODM) to make decisions about resource allocation and performance assessment and (c) for which discrete financial information is available. The accounting policies consistently used in the preparation of financial statements are also applied to record revenue and expenditure in individual segments. Assets, liabilities, revenues and direct expenses in relation to segments are categorised based on items that are individually identifiable to that segment, while other items, wherever allocable, are apportioned to the segment on an appropriate basis. Certain items are not specifically allocable to individual segments as the underlying services are used interchangeably. The Company therefore believes that it is not practical to provide segment disclosures relating to such items and accordingly such items are separately disclosed as 'unallocated'

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

44 Segment information - Disclosure pursuant to Ind AS 108 'Operating Segments' (Contd..)

(ii) Reportable segments:

An operating segment is classified as reportable segment if reported revenue (including inter-segment revenue) or absolute amount of result or assets exceed 10% or more of the combined total of all the operating segments.

CODM evaluates the performance of the Company based on the single operative segment as Electronics System Design and Manufacturing ("ESDM"). Therefore, there is only one reportable segment called ESDM in accordance with the requirement of Ind AS 108 "Operating Segments".

(b) Geographical information

(₹ in million)

Particulars	Segment revenue*		Non-current assets**	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
India	2,259.41	2,030.73	1,168.99	1,149.81
Europe and UK	1,595.45	1,025.43	–	–
North America	1,032.60	321.56	–	–
Rest of the world	118.08	102.39	–	–
Total	**5,005.54**	**3,480.11**	**1,168.99**	**1,149.81**

*Revenue by geographical area are based on the geographical location of the customer.

**Non-current assets excludes financial instruments and tax assets.

(c) Combined revenue from two external customer group having more than 10% each of the Company's total revenue amounting to ₹2,027.87 million (March 31, 2022: Combined revenue from four external customer group having more than 10% each of the Company's total revenue amounting to ₹ 2,378.41 million). Further, the top 5 customer group of the Company contribute to more than 68% of the revenue for the year ended March 31, 2023 and more than 77% of the revenue during the year ended March 31, 2022.

45 Leases, commitments and contingencies

(a) Leases

I. Company as a lessee

The Company has lease contracts for office facilities and equipment. The lease term of the office facilities is generally 3 - 5 years .The Company's obligations under its leases are secured by the lessor's title to the leased assets. The lease term for equipments is 3 years and the assets are transferred to the Company at the end of lease term.

The Company also has certain leases of computer and computer equipments with low value. The Company applies the 'lease of low-value assets' recognition exemptions for these leases.

The Company has lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

45 Leases, commitments and contingencies (Contd..)

The carrying amounts of right-of-use assets recognised and the movements during the year is as follows

(₹ in million)

Particulars	Office Buildings	Plant Machinery	Leased Computer	Total
Gross block				
As at April 1, 2021	**7.40**	**37.10**	**6.95**	**51.45**
Additions	1.10	–	–	1.10
As at March 31, 2022	**8.50**	**37.10**	**6.95**	**52.55**
Additions	14.14	–	–	14.14
Modification of right-of-use assets/other adjustments	(7.40)	–	–	(7.40)
As at March 31, 2023	**15.24**	**37.10**	**6.95**	**59.29**
Accumulated depreciation				
As at April 1, 2021	5.05	3.87	5.60	14.52
Charge for the year	2.87	4.74	1.35	8.96
As at March 31, 2022	**7.92**	**8.61**	**6.95**	**23.48**
Charge for the year	3.17	4.62	–	7.79
Modification of right-of-use assets/other adjustments	(7.40)	–	–	(7.40)
As at March 31, 2023	**3.69**	**13.23**	**6.95**	**23.87**
Net Block as at March 31, 2023	**11.55**	**23.87**	**–**	**35.42**
Net Block as at March 31, 2022	**0.58**	**28.49**	**–**	**29.07**

The carrying amounts of lease liabilities recognised and the movements during the year is as follows:

Particulars	**(₹ in million)**
As at April 1, 2021	**32.30**
Additions	1.10
Accretion of interest	2.75
Payments	(22.80)
As at March 31, 2022	**13.35**
Additions	14.14
Accretion of interest	1.78
Payments	(15.23)
As at March 31, 2023	**14.04**

(₹ in million)

Particulars	**March 31, 2023**	**March 31, 2022**
Current	6.48	11.80
Non current	7.56	1.55

The maturity analysis of lease liabilities are disclosed in note 48(c)(d).

The effective interest rate for lease liabilities is 12 %.

The following are the amounts recognised in statement of profit or loss:

(₹ in million)

Particulars	**March 31, 2023**	**March 31, 2022**
Depreciation expense of right-of-use assets	7.79	8.96
Interest expense on lease liabilities	1.78	2.75
Expense relating to leases of low-value assets / short term leases (included in other expenses) (refer note 37)	7.81	7.18
Total amount recognised in statement of profit or loss	**17.38**	**18.89**

The Company had total cash outflows for leases of ₹ 23.04 million in March 31, 2023 (March 31, 2022 : ₹29.98 million)

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

45 Leases, commitments and contingencies (Contd..)

II. Company as a lessor

The Company has entered into cancellable lease agreements for sub-lease of office space. The lease term is for 3 years with a cancellation clause of 3 months.

The following amounts recognised in the standalone Ind AS statement of profit and loss

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Rental income (refer note 30 and 42)	4.46	3.03
	4.46	**3.03**

(b) Commitments

(i) Capital commitments

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	100.54	3.55

(ii) Power purchase agreement

The Company has commitment in nature of variable lease payment towards purchase of solar and wind power with various parties whereby the Company has committed to purchase and supplier has committed to sell contracted quantity of solar and wind power for period as defined in the power purchase agreements.

(c) Contingent liabilities

In the ordinary course of business, the Company faces claims and assertions by various parties. The Company assesses such claims and assertions and monitors the legal environment on an ongoing basis with the assistance of external legal counsel, wherever necessary. The Company records a liability for any claims where a potential loss is probable and capable of being estimated and discloses such matters in its financial statements, if material. For potential losses that are considered possible, but not probable, the Company provides disclosure in the financial statements but does not record a liability in its accounts unless the loss becomes probable.

The following is a description of claims and assertions where a potential loss is possible, but not probable. The Company believes that none of the contingencies described below would have a material adverse effect on the Company's financial condition, results of operations or cash flows.

(₹ in million)

(i) Particulars of guarantees	March 31, 2023	March 31, 2022
Bank guarantees (refer note 13)*	28.65	28.65

* Excludes performance bank guarantees given to various customers as the management is of the view that the same is not required to be disclosed here.

(ii) The Hon'ble Supreme Court of India in the month of February 2019 had passed a judgement relating to definition of wages under the Provident Fund Act, 1952. The Management is of the view that there are interpretative challenges on the application of the judgement retrospectively. Based on the legal advice and in the absence of reliable measurement of the provision for earlier periods, the Company has made a provision for provident fund contribution pursuant to the judgement only from the date of Supreme Court Order. The Company will evaluate its position and update its provision, if required, on receiving further clarity on the subject. The Company does not expect any material impact of the same.

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

45 Leases, commitments and contingencies (Contd..)

(iii) The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

(iv) The Company is involved in legal proceedings, both as plaintiff and as defendant. The Company believes the following claims to be material.

(₹ in million)

Disputes *	March 31, 2023	March 31, 2022
Matters relating to income taxes under dispute	46.44	46.44
Matters relating to indirect taxes under dispute	143.34	143.34
Others		
Stamp duty levy	16.28	16.28
Property tax	10.86	5.89
Claims against the Company not acknowledged as debts	5.78	5.78

* The aforementioned amounts under disputes are as per the demands from various authorities for the respective periods and has not been adjusted to include further interest and penalty leviable, if any, at the time of final outcome of the appeals.

The Company is subject to legal proceeding and claims, which have arisen in the ordinary course of business. The Company has reviewed all its pending litigations and proceedings and is not carrying provisions for all the above mentioned amounts in its books of account, as the Company's Management is confident of successfully litigating the matters and these are disclosed as contingent liability, where applicable in its standalone Ind AS financial statements. The Company's Management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect of the Company's results of operations or financial condition.

46 Share-based payments

A Description of the share based payment arrangements

The Company has following share based payment arrangements:

(i) Share option plans (equity settled)

The Company sponsers share option plan -

The Centum Employee Stock Option Plan ('ESOP') - 2013 plan. The details of the aforementioned plan are as follows:

(a) The Centum ESOP - 2013 plan was approved by the directors of the Company in May 2013 and by the shareholders in August 2013. Centum ESOP - 2013 plan provides for the issue of 250,000 shares to the employees of the Company and its subsidiaries (whether in India or outside India), who are in whole time employment with the Company and/or it's subsidiaries.

The plan is administered by a Compensation committee. Options will be issued to employees of the Company and/or it's subsidiaries at an exercise price, which shall not be less than the market price immediately preceding the date of grant. The equity shares covered under these options vest over a period ranging from twelve to forty eight months from the date of grant. The exercise period is ten years from the date of vesting.

The Centum Electronics Limited Restricted Stock Unit Plan 2021. The details of the aforementioned plan are as follows:

(a) The Centum Electronics Limited Restricted Stock Unit Plan 2021 was approved by the shareholders of the Company in October 2021. Centum RSU - 2021 plan provides for the issue of 1,75,000 shares to the employees of the Company and its subsidiaries (whether in India or outside India), who are in whole time employment with the Company and/or it's subsidiaries.

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

45 Leases, commitments and contingencies (Contd..)

The plan is administered by a Nomination and Remuneration committee. Options will be issued to employees of the Company and/or it's subsidiaries at an exercise price, which shall be equal to the face value of the shares. RSUs granted under this Plan would vest not earlier than minimum vesting period of 1 (one) year or such other period as may be prescribed under applicable laws and not later than maximum vesting period of 8 (eight) years from the date of grant of such RSUs. The exercise period is 5 years from the date of last vesting of RSU.

B Measurement of fair values

The fair value of employee share options has been measured using Black Scholes model. The fair value of the options and the input used in the measurement of the grant- date fair values of both the plans are as follows:

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
	Centum ESOP - 2013	Centum ESOP - 2013
Fair value at grant date	₹ 11.65 - ₹ 277.30	₹ 11.65 - ₹ 277.30
Share price at grant date	₹ 71.25 & ₹ 637.05	₹ 71.25 & ₹ 637.05
Weighted average exercise price (WAEP)	₹ 71.25	₹ 71.25
Dividend yield (%)	10%	10%
Expected life of share options (years)	1- 4 years	1- 4 years
Risk free interest rate (%)	5.70 - 8.60%	5.70 - 8.60%
Expected volatility (%)	48.31%	48.31%

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
	Centum RSU - 2021	Centum RSU - 2021
Fair value at grant date	₹ 420.08	–
Share price at grant date	₹ 455.65	–
Weighted average exercise price (WAEP)	₹ 10	–
Dividend yield (%)	2.08%	–
Expected life of share options (years)	1- 8 years	–
Risk free interest rate (%)	7.12%	–
Expected volatility (%)	56.15%	–

C Movements during the year

The following table illustrates the number and WAEP of, and movements in, Centum ESOP - 2013 plan during the period

Particulars	For the year ended March 31, 2023		For the year ended March 31, 2022	
	Number of options	WAEP	Number of options	WAEP
Options outstanding at April 01, 2022	12,026	71.25	19,026	279.42
Granted during the period	–	–	–	–
Forfeited / lapsed during the period	–	–	7,000	–
Exercised during the period	–	–	–	–
Expired during the period	–	–	–	–
Options outstanding at March 31, 2023	**12,026**	**71.25**	**12,026**	**71.25**
Exercisable at year end	**12,026**	**71.25**	**12,026**	**71.25**

The options outstanding as at March 31, 2023 had an exercise price of ₹ 71.25 (March 31, 2022: ₹ 71.25) and the weighted average remaining contractual life of 3.77 years (March 31, 2022: 4.77 years).

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

46 Share-based payments (Contd..)

The following table illustrates the number and WAEP of, and movements in, Centum RSU - 2021 plan during the period

Particulars	For the year ended March 31, 2023		For the year ended March 31, 2022	
	Number of options	WAEP	Number of options	WAEP
Options outstanding at April 01, 2022	–	–	–	–
Granted during the period	1,30,400	10	–	–
Forfeited / lapsed during the period	15,000	10	–	–
Exercised during the period	–	–	–	–
Expired during the period	–	–	–	–
Options outstanding at March 31, 2023	**1,15,400**	**10**	**–**	**–**
Exercisable at year end	**-**	**10**	**–**	**–**

The options outstanding as at March 31, 2023 had an exercise price of ₹10 (March 31, 2022: Nil) and the weighted average remaining contractual life of 7.15 years (March 31, 2022: Nil).

D Expense recognised in statement of profit and loss

The expense recognised for employee services received during the year is shown in the following table :

(₹ in million)

Particulars	31-Mar-23	31-Mar-22
Expense arising from equity settled share based payment transaction (refer note 34)	13.91	0.16

47 Capital Management

The Company's capital management is intended to create value for the shareholders by facilitating the meeting of long term and short term goals of the Company.

The Company determines the amount of capital required on the basis of annual business plan coupled with long term and short term strategic investment and expansion plans. The funding needs are met through equity, cash generated from operations and short term bank borrowings.

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity shareholders of the Company.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep the gearing ratio at an optimum level to ensure that the debt related covenants are complied with.

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Borrowings (refer note 22)	1,059.22	979.45
Less: Cash and cash equivalents (refer note 13)	137.59	149.19
Net debt (i)	**921.63**	**830.26**
Capital components		
Equity share capital (refer note 17)	128.85	128.85
Other equity (refer note 18)	2,697.58	2,516.38
Total Capital (ii)	**2,826.43**	**2,645.23**
Capital and net debt (iii = i + ii)	**3,748.06**	**3,475.49**
Gearing ratio (i / iii)	25%	24%

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

47 Capital Management (Contd..)

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2023 and March 31, 2022.

48 Disclosures on Financial instruments

This section gives an overview of the significance of financial instruments of the Company and provides additional information on balance sheet items that contain financial instruments.

The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2.3(b) and 2.3(o), to the standalone Ind AS financial statements.

(a) Financial assets and liabilities

The following tables presents the carrying value and fair value of each category of financial assets and liabilities as at March 31, 2023 and March 31, 2022.

As at March 31, 2023

(₹ in million)

Particulars	Fair value through statement of profit or loss	Fair value through statement of other comprehensive income	Amortised cost	Total fair value	Total carrying value
Financial assets					
(i) Investments (other than investments in subsidiaries)	13.26	–	–	13.26	13.26
(ii) Trade receivables	–	–	2,094.87	2,094.87	2,094.87
(iii) Cash and cash equivalents	–	–	137.59	137.59	137.59
(iv) Bank balances other than cash and cash equivalents	–	–	252.52	252.52	252.52
(v) Loans and other financial assets	–	0.02	47.95	47.97	47.97
Total	**13.26**	**0.02**	**2,532.93**	**2,546.21**	**2,546.21**
Financial liabilities					
(i) Borrowings	–	–	1,059.22	1,059.22	1,059.22
(ii) Lease Liabilities	–	–	14.04	14.04	14.04
(iii) Trade payables	–	–	1,524.85	1,524.85	1,524.85
(iv) Other financial liabilities	–	–	166.98	166.98	166.98
Total	**–**	**–**	**2,765.09**	**2,765.09**	**2,765.09**

As at March 31, 2022

(₹ in million)

Particulars	Fair value through statement of profit or loss	Fair value through statement of other comprehensive income	Amortised cost	Total fair value	Total carrying value
Financial assets					
(i) Investments (other than investments in subsidiaries)	13.26	–	–	13.26	13.26
(ii) Trade receivables	–	–	897.57	897.57	897.57

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

48 Disclosures on Financial instruments (Contd...)

(₹ in million)

Particulars	Fair value through statement of profit or loss	Fair value through statement of other comprehensive income	Amortised cost	Total fair value	Total carrying value
(iii) Cash and cash equivalents	–	–	149.19	149.19	149.19
(iv) Bank balances other than cash and cash equivalents	–	–	321.32	321.32	321.32
(v) Loans and other financial assets	–	–	92.45	92.45	92.45
Total	**13.26**	**–**	**1,460.53**	**1,473.79**	**1,473.79**
Financial liabilities					
(i) Borrowings	–	–	979.45	979.45	979.45
(ii) Lease Liabilities	–	–	13.35	13.35	13.35
(iii) Trade payables	–	–	726.23	726.23	726.23
(iv) Other financial liabilities	–	–	84.48	84.48	84.48
Total	**–**	**–**	**1,803.51**	**1,803.51**	**1,803.51**

(b) Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3, as described below:

Quoted prices in an active market (Level 1): This level of hierarchy includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists of investment in quoted equity shares and mutual fund investments.

Valuation techniques with observable inputs (Level 2): This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Valuation techniques with significant unobservable inputs (Level 3): This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

(₹ in million)

Particulars	Fair value measurements at reporting date using			
	Total	Level 1	Level 2	Level 3
March 31, 2023				
Financial assets				
Investments (other than investments in subsidiaries) (refer note 5)	13.26	–	–	13.26
Derivative assets (refer note 15)	0.02	-	0.02	-
Financial liabilities				
Borrowings (refer note 22)	1,059.22	–	1,059.22	–
March 31, 2022				
Financial assets				
Investments (other than investments in subsidiaries) (refer note 5)	13.26	–	–	13.26
Financial liabilities				
Borrowings (refer note 22)	979.45	–	979.45	–

(i) Short-term financial assets and liabilities are stated at carrying value which is approximately equal to their fair value.

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

48 Disclosures on Financial instruments (Contd..)

(ii) Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of the amounts that the Company could have realised or paid in sale transactions as of respective dates. As such, fair value of financial instruments subsequent to the reporting dates may be different from the amounts reported at each reporting date.

(iii) There have been no transfers between Level 1, Level 2 and Level 3 for the year ended March 31, 2022 and March 31, 2023.

(c) Financial risk management objectives and policies

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade receivables, other financial assets and cash and bank balances derived from its operations.

In the course of its business, the Company is exposed primarily to fluctuations in foreign currency exchange rates, interest rates, equity prices, liquidity and credit risk, which may adversely impact the fair value of its financial instruments. The Company has a risk management policy which not only covers the foreign exchange risks but also other risks associated with the financial assets and liabilities such as interest rate risks and credit risks. The risk management policy is approved by the Board of Directors. The risk management framework aims to:

(i) create a stable business planning environment by reducing the impact of currency and interest rate fluctuations on the Company's business plan.

(ii) achieve greater predictability to earnings by determining the financial value of the expected earnings in advance.

Market risk

Market risk is the risk of any loss in future earnings, in realisable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates, equity price fluctuations, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

(a) Market risk- Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

(₹ in million)

Particulars	Increase / decrease in basis points	Effect on profit before tax
March 31, 2023		
	+50	(5.27)
	-50	5.27
March 31, 2022		
	+50	(4.89)
	-50	4.89

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

48 Disclosures on Financial instruments (Contd..)

(b) Market risk- Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates.

Foreign currency sensitivity (refer note 54)

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EURO exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities excluding derivative assets. The Company's exposure to other currency is not material.

(₹ in million)

Particulars	Change in currency	Effect on profit or loss before tax	
		Strengthening	Weakening
March 31, 2023			
USD	5%	(29.99)	29.99
EURO	5%	(5.76)	5.76
March 31, 2022			
USD	5%	(40.46)	40.46
EURO	5%	(1.01)	1.01

The sensitivity analysis has been based on the composition of the Company's financial assets and liabilities at March 31, 2023 and March 31, 2022 .The period end balances are not necessarily representative of the average debt outstanding during the period.

(c) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Financial instruments that are subject to credit risk and concentration thereof principally consist of trade receivables, investments, cash and cash equivalents.

The carrying value of financial assets represents the maximum credit risk. The maximum exposure to credit risk was ₹ 2,546.21 million and ₹ 1,473.79 million as at March 31, 2023 and March 31, 2022 respectively, being the total carrying value of trade receivables, balances with bank, bank deposits, investments (other than investments in subsidiaries) and other financial assets.

Customer credit risk is managed by each business unit based on the Company's established policy, procedures and control relating to customer credit risk management. An impairment analysis is performed at each reporting date on an individual basis for major aged receivables. The Company does not hold collateral as security. Further, the top 5 customer group of the Company contribute to more than 57% of the trade receivables for the year ended March 31, 2023 and more than 49% of the trade receivables during the year ended March 31, 2022.

With respect to trade receivables, the Company has constituted the terms to review the receivables on periodic basis and to take necessary mitigations, wherever required. The Company creates allowance for all unsecured receivables based on lifetime expected credit loss based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix.

The following table summarises the changes in the loss allowance measured using ECL:

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Opening balance	39.98	62.15
Amount provided/ (reversed) during the year	27.31	(13.28)
Amount utilised during the year	(16.49)	(8.89)
Closing balance	50.80	39.98

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

48 Disclosures on Financial instruments (Contd..)

Credit risk from balances with bank and financial institutions and in respect to loans and security deposits is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

(d) Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company has obtained fund and non-fund based working capital limits from various banks. The Company invests its surplus funds in bank fixed deposit, which carry no or low market risk.

The Company monitors its risk of shortage of funds on a regular basis. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, etc. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be medium.

The following table shows a maturity analysis of the anticipated cash flows excluding interest obligations for the Company's financial liabilities on an undiscounted basis, which may differ from both carrying value and fair value.

(₹ in million)

Particulars	0 - 1 years	1 to 5 years	> 5 years	Total
March 31, 2023				
(i) Borrowings	1,059.22	–	–	1,059.22
(ii) Lease liabilities	6.48	9.89	–	16.37
(iii) Trade payables	1,524.85	–	–	1,524.85
(iv) Other financial liabilities	166.98	–	–	166.98
	2,757.53	**9.89**	**–**	**2,767.42**
March 31, 2022				
(i) Borrowings	979.45	–	–	979.45
(ii) Lease liabilities	11.80	1.55	–	13.35
(iii) Trade payables	726.23	–	–	726.23
(iv) Other financial liabilities	84.48	–	–	84.48
	1,801.96	**1.55**	**–**	**1,803.51**

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

49 Ratio analysis and its elements

(₹ in million)

Ratio	Numerator	Denominator	March 31, 2023	March 31, 2022	% change	Reason for variance
Current ratio	Current Assets	Current Liabilities	1.22	1.26	-3%	-
Debt- Equity Ratio	Total Debt	Shareholder's Equity	0.37	0.37	1%	-
Debt Service Coverage ratio	Earnings for debt service = Net profit after taxes + Non-cash operating expenses	Debt service = Interest & Lease Payments + Principal Repayments	4.93	0.80	517%	Increase is on account of increase in earnings and reduction in loan repayments
Return on Equity ratio	Net Profits after taxes	Average Shareholder's Equity	0.07	0.05	56%	Increase is on account of increase in profits during the year.
Inventory Turnover ratio	Cost of materials consumed + Decrease / (increase) in inventories of work-in-progress and finished goods	Average Inventory	1.47	1.09	35%	Increase is on account of increase in cost of material consumed on account of increase in operations/sales during the year.
Trade Receivable Turnover Ratio	Revenue from operations	Average Trade Receivable	3.35	3.68	-9%	-
Trade Payable Turnover Ratio	Purchases made during the year	Average Trade Payables	3.51	4.03	-13%	-
Net Capital Turnover Ratio	Revenue from operations	Working capital = Current assets – Current liabilities	5.78	5.07	14%	-
Net Profit ratio	Net Profits after taxes	Net sales = Total sales - sales return	0.04	0.03	15%	-
Return on Capital Employed	Earnings before interest and taxes	Capital Employed = Total tangible Net Worth + Total debt	0.11	0.09	32%	Increase is on account of increase in profits.
Return on Investment	NA	NA	NA	NA	NA	

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

50 Interest in significant investment in subsidiaries and associates as per Ind AS - 27

Name of the entity	Relationship as at		Percentage of effective ownership interest held (directly and indirectly) as at		Percentage of voting rights held as at		Date of incor-poration	Country of incor-poration/ place of business
Particulars	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022		
Centum T&S Private Limited (formerly known as Centum Adeneo India Private Limited)	Subsidiary	Subsidiary	100.00%	100.00%	100.00%	100.00%	Dec 06, 2016	India
Centum Electronics UK Limited	Subsidiary	Subsidiary	100.00%	100.00%	100.00%	100.00%	May 18, 2016	United Kingdom

Note:

1. Disclosure of financial data as per Ind AS – 112 'Disclosure of Interests in Other Entities' has been done based on the financial statements for the respective periods provided to us by the management.

2. The above disclosure made do not include step down subsidiaries and associates and are with respect to subsidiaries and associates existing as at March 31, 2023.

51 Hedging activities and derivatives

The Company uses foreign exchange forward contracts to manage some of its transaction exposures. These derivative instruments are not designated as cash flow / fair value hedges and are entered into for periods consistent with foreign currency exposure of underlying transactions. All transactions in derivative financial instruments are undertaken to manage risks arising from underlying business activities.

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Derivative assets (refer note 15)	0.02	–

52 The Company is in the process of conducting a transfer pricing study as required by the transfer pricing regulations under the IT Act ('regulations') to determine whether the transactions entered during the year ended March 31, 2023, with the associated enterprises were undertaken at "arm's length price". The management confirms that all the transactions with associate enterprises are undertaken at negotiated prices on usual commercial terms and is confident that the aforesaid regulations will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

53 Corporate social responsibility expenses

(₹ in million)

	Particulars	31-Mar-23	31-Mar-22
a)	Gross amount required to be spent by the Company during the year	5.30	6.81
b)	Amount approved by the Board to be spent during the year	5.53	6.81

(₹ in million)

c)	Amount spent during the year ending March 31, 2023 :	In Cash	Yet to be in cash	Total
	i) Construction/acquisition of any assets	–	–	–
	ii) On purposes other than (i) above	5.30	–	5.30

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

53 Corporate social responsibility expenses (Contd..)

(₹ in million)

d) Amount spent during the year ending March 31, 2022 :	In Cash	Yet to be in cash	Total
i) Construction/acquisition of any assets	–	–	–
ii) On purposes other than (i) above	6.81	–	6.81

(₹ in million)

e) Details related to spent / unspent obiligations :	March 31, 2023	March 31, 2022
i) Contribution to Public Trust	4.00	3.11
ii) Contribution to Charitable Trust	1.30	3.70
iii) Unspent amount in relation to :		
– Ongoing project	–	–
– Other than Ongoing project	–	–

Details of other than ongoing project

For the year ended March 31, 2023

(₹ in million)

	In case of S. 135(6) (Ongoing Project)			
Opening balance	Amount deposited in Specified Fund of Sch VII within 6 months	Amount required to be spent during the year	Amount spent during the year	Closing balance
-	–	5.30	(5.30)	-

For the year ended March 31, 2022

(₹ in million)

	In case of S. 135(6) (Ongoing Project)			
Opening balance	Amount deposited in Specified Fund of Sch VII within 6 months	Amount required to be spent during the year	Amount spent during the year	Closing balance
-	–	6.81	6.81	-

54 Unhedged foreign currency exposure:

Particulars of unhedged foreign currency exposure as at balance sheet date:

Particulars	Currency	March 31, 2023		March 31, 2022	
		Amount in foreign currency in million	Amount in ₹ million	Amount in foreign currency	Amount in ₹ million
Short- term borrowings	USD	5.14	422.87	10.96	828.86
Trade payables	EUR	1.44	128.63	0.53	44.60
	GBP*	0.01	0.60	0.00	0.15
	CHF	0.01	0.51	–	–
	USD	13.06	1,074.02	5.85	442.59
Payable for capital goods	USD	0.10	8.61	–	–
Trade receivables	EUR	0.14	12.94	0.28	23.82
	GBP	0.02	1.65	–	–
	USD	9.59	788.68	6.05	457.29
Cash and cash equivalents	EUR	0.01	0.50	0.01	0.50
	USD	1.42	116.99	0.07	4.99

* March 31, 2022: GBP 1,206

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

55 As at March 31, 2023, trade payables amounting to ₹ 82.54 million, advance from customers amounting to ₹ 113.64 million and trade receivables amounting to ₹ 52.17 million towards purchase and sale of goods and services respectively, which are outstanding beyond permissible time period stipulated under the Master Circular on Import of Goods and Services and Master Circular on Export of Goods and Services issued by Reserve Bank of India ('the RBI'). Considering that the balances are outstanding for more than the stipulated time, the Company is in the process of intimating the appropriate regulatory authorities and seeking requisite approvals for extensions. The management is confident that required approvals would be received and penalties, if any that may be imposed on the Company would not be material. Accordingly, no adjustments have been made by the management to these standalone Ind AS financial statements in this regard.

56 Other Statutory Information

(i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.

(ii) The Company does not have any transactions with companies struck off.

(iii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

(iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(v) Following are the details of the funds advanced by the Company to Intermediaries for further advancing to the Ultimate beneficiaries:

(Euro. in million)

Name of the intermediary to which the funds are advanced	Date of funds advanced	Amount of funds advanced	Date on which funds are invested by intermediaries to Ultimate Benefeciaries	Amount of funds further advanced to ultimate beneficaries	Ultimate Beneficary
Centum Electronics UK Limited	May 04, 2022	1.60	June 16, 2022	1.60	Shareholders of Centum Adetel Group SA
	November 04, 2022	0.08	November 07, 2022	0.08	

The Company has complied with the relevant provisions of the Foreign Exchange Management Act, 1999 (42 of 1999) and The Companies Act, 2013 for the above transactions and the transactions are not violative of the Prevention of Money laundering Act, 2022 (15 of 2003).

Complete details of the Intermediary and Ultimate Beneficiary:

Name of the entity	Registerd Address	Government Identification Number	Relationship with the Company
Centum Electronics UK Limited	16 Great Queen Street, Covenat Garden, London, WC2B 5AH	10186046	Subsidiary

As detailed above, the Ultimate Beneficiaries are shareholders of Centum Adetel Group SA from whom the Company through its step down subsidiary Centum Electronics UK Limited have further acquired additional stake of Centum Adetel Group SA during the year.

(vi) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

56 Other Statutory Information (Contd..)

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries"

(vii) The Company has no such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

57 Events after reporting period

The Board of Directors have proposed dividend after the balance sheet date which are subject to approval by the shareholders at the annual general meeting. Refer note 19 for details.

58 Previous year numbers have been reclassified/regrouped wherever necessary to confirm to current year classifications.

59 Certain amounts (currency value or percentages) shown in the various tables and paragraphs included in these standalone Ind AS financial statements have been rounded off or truncated as deemed appropriate by the management of the Company.

As per our report of even date
For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

per Sandeep Karnani
Partner
Membership number: 061207

Place : Bengaluru, India
Date : May 27, 2023

For and on behalf of Board of Directors of **Centum Electronics Limited**

Apparao V Mallavarapu
Chairman and Managing Director
DIN: 00286308

Nikhil Mallavarapu
Whole Time Director
DIN: 00288551

Indu H S
Company Secretary
Membership number: F12285

K.S. Desikan
Chief Financial Officer

Place : Bengaluru, India
Date : May 27, 2023

Independent Auditor's Report

To the Members of Centum Electronics Limited

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying consolidated Ind AS financial statements of Centum Electronics Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associate comprising of the consolidated Balance sheet as at March 31 2023, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries and its associate, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("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 consolidated state of affairs of the Group and its associate as at March 31, 2023, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), as 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 Consolidated Ind AS Financial Statements' section of our report. We are independent of the Group and its associate in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the consolidated Ind AS financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2023. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Allowance for inventory obsolescence (as described in Note 2.3(m), 11 and 41 of the consolidated Ind AS financial statements)</td></tr>
<tr><td>The Group held an inventory balance of ₹ 2,610.62 million as at March 31, 2023, as disclosed in Note 11 and is a material balance for the Group. Inventory obsolescence allowance is determined using policies/methodologies that the Group deems appropriate to the business. Significant judgement is exercised by the management in identifying the slow-moving and obsolete inventories and in assessing whether provision for obsolescence for slow moving, excess or obsolete inventory items should be recognized considering the production plan, forecast inventory usage, committed and expected orders, alternative usage, etc. Considering that the aforesaid assessment process is complex and involves significant estimates and judgements and the balance of inventory is material, we have identified this as a key audit matter.</td><td>Our procedures in relation to evaluate the allowance of inventories included:
• We obtained an understanding of how the management identifies the slow-moving and obsolete inventories and assesses the amount of allowance for inventories;
• We assessed and tested the design and operating effectiveness of the Company's internal financial controls over the allowance for inventory obsolescence.
• We observed the inventory count performed by management and assessed the physical condition of the inventories;
• We also assessed allowance policy based on historical sales performance of the products in their life cycle and comparing the actual loss to historical allowance recognized, on a sample basis;
• We further tested the ageing of the inventories and the computation of the obsolescence level on a sample basis;
• We have tested a sample of inventory items for significant components to assess the cost and tested the basis of determination of net realisable value of inventory, on a sample basis.
• We also assessed the Group's disclosures concerning this in Note 41 on significant accounting estimates and judgements and Note 11 on Inventories to the consolidated Ind AS financial statements.</td></tr>
<tr><td colspan="2">Impairment of Goodwill and Intangible assets (as described in Note 2.3(j), 2.3(n), 4a, 4b, 4c and 41 of the consolidated Ind AS financial statements)</td></tr>
<tr><td>The Group's balance sheet includes ₹ 376.23 million of goodwill, ₹ 286.20 million of intangible assets and ₹ 227.56 million of intangible assets under development representing 8.30% of total Group assets. In accordance with Ind AS, these balances are allocated to Cash Generating Units (CGUs) which are tested annually for impairment using discounted cash-flow models of each CGU's recoverable value compared to the carrying value of the assets. A deficit between the recoverable value and the CGU's net assets would result in impairment.

The determination of recoverable amounts, being the higher of fair value less cost to sale and value in use involves reliance on management's estimates of future cash flows and their judgment with respect to the CGU's performance. Significant judgements are required to determine the key assumptions used in the discounted cash flow models, such as revenue growth, price, terminal value and discount rates. Due to the uncertainty of forecasting and discounting future cash flows, being inherently subjective, the level of management's judgement involved and the materiality of the goodwill and intangible assets to the Group's consolidated Ind AS financial statements as a whole as at March 31, 2023, we have considered this as a key audit matter.

The basis of impairment of goodwill and intangible assets is presented in the accounting policies in Note 2.3(j) and 2.3(n) to the consolidated Ind AS financial statements.</td><td>Our procedures in relation to evaluate the impairment of goodwill and intangible assets included:
• We assessed whether the Company's accounting policy with respect to impairment is in accordance with Ind AS 36 "Impairment of assets".
• We assessed the Group's methodology applied in determining the CGUs to which goodwill is allocated.
• We have carried out assessment of forecasts of future cash flows prepared by the management, evaluating the assumptions and comparing the estimates to externally available industry, economic and financial data.
• We have also assessed the valuation methodology and the key assumptions adopted in the cash flow forecasts with the support of our in-house valuation experts.
• We also assessed the recoverable value headroom by performing sensitivity testing of key assumptions used.
• We discussed potential changes in key drivers as compared to previous year / actual performance with management to evaluate whether the inputs and assumptions used in the cash flow forecasts were appropriate.
• We discussed with senior management personnel, the justification for the key assumptions underlying the cashflow projections and performed sensitivity analysis on the same to assess their reasonableness.
• We tested the arithmetical accuracy of the financial projection model.
• We assessed the Group's disclosures concerning this in Note 41 on significant accounting estimates and judgements and Note 4a, 4b and 4c pertaining to the disclosures of goodwill, intangible assets and intangible assets under development respectively to the consolidated Ind AS financial statements.</td></tr>
</table>

Information Other than the Consolidated Ind AS Financial Statements and Auditor's Report Thereon

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated Ind AS financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated Ind AS 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 consolidated Ind AS financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether such other information is materially inconsistent with the consolidated Ind AS financial statements or our knowledge obtained in the 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.

Responsibilities of Management for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its associate in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of their respective companies and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of their respective companies 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 Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group and of its associate are also responsible for overseeing the financial reporting process of their respective companies.

Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to consolidated Ind AS financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associate of which we are the independent auditors to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated Ind AS financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2023 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

(a) We did not audit the consolidated financial statements and other financial information, in respect of two subsidiaries located outside India (one of the said subsidiary has 6 underlying subsidiaries and 1 associate) whose consolidated financial statements (before adjustments for consolidation) include total assets of ₹ 4,906.65 million as at March 31, 2023, and total revenue from operations of ₹ 4,204.14 million and net cash outflows of ₹ 113.93 million for the year ended on that date. These consolidated financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associate, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associate, is based solely on t.he reports of such other auditors.

These subsidiaries and associate are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries and associate located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries and associate located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other

financial information of the subsidiary company, incorporated in India, as noted in the 'Other Matter' paragraph we give in the "Annexure 1" a statement on the matters specified in paragraph 3(xxi) of the Order.

2. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries and associate as noted in the 'other matter' paragraph we report, to the extent applicable, that:

   (a) We/the other auditors whose report we have relied upon 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 of the aforesaid consolidated Ind AS financial statements;

   (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

   (c) The consolidated Balance Sheet, the consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the consolidated Cash Flow Statement and consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

   (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2023 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary company, none of the directors of the Group's companies, incorporated in India, is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) With respect to the adequacy of the internal financial controls with reference to consolidated Ind AS financial statements of the Holding Company and its subsidiary company, incorporated in India, and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   (g) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiary incorporated in India, the managerial remuneration for the year ended March 31, 2023 has been paid / provided by the Holding Company and its subsidiary incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;

   (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 Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and its associate, as noted in the 'Other matter' paragraph:

      i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group and its associate in its consolidated Ind AS financial statements – Refer note 45(c)(iv) to the consolidated Ind AS financial statements;

      ii. Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer note 21, 25, 28 and 53 to the consolidated Ind AS financial statements in respect of such items as it relates to the Group and its associate.

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary, incorporated in India during the year ended March 31, 2023.

      iv. a) The respective managements of the Holding Company and its subsidiary which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiary respectively that, to the best of its knowledge and belief, other than as disclosed in the note 55(v) to the consolidated Ind AS financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiary to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective Holding Company or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The respective managements of the Holding Company and its subsidiary which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiary respectively that, to the best of its knowledge and belief and disclosed in the note 55(vi) to the consolidated Ind AS financial statements, no funds have been received by the respective Holding Company or any of such subsidiary from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiary shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiary company which is incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.

v) As stated in the note 18 to the consolidated Ind AS financial statements, the final dividend paid during the year by the Holding company and the final dividend proposed by the Board of Directors for the year which is subject to approval of members at the ensuing Annual General Meeting, is in compliance with section 123 of the Act to the extent it applies to payment / declaration of dividend. No dividend has been declared or paid during the year by the subsidiary company incorporated in India.

vi) As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable only w.e.f. April 1, 2023 for the Holding Company and its subsidiary companies incorporated in India, hence reporting under this clause is not applicable.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Sandeep Karnani
Partner
Membership Number: 061207
UDIN: 23061207BGYKVF3193

Place of Signature: Bengaluru
Date: May 27, 2023

Annexure I referred to in clause 1 of paragraph on the 'Report on Other Legal and Regulatory Requirements' of our report of even date

Re: Centum Electronics Limited ("the Holding Company")

In terms of the information and explanations sought by us and given by the Holding Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, and based on the consideration of reports of auditors in respect of subsidiaries, we state that the qualifications or adverse remarks by the respective auditors in their reports on Companies (Auditor's Report) Order, 2020 of the companies included in the Consolidated Ind AS Financial Statements are:

Sl.No	Name	CIN	Holding company/ subsidiary	Clause number of the CARO report which is qualified or is adverse
1	Centum Electronics Limited	L85110KA1993PLC013869	Holding company	Clause 3(vii)(a)

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Sandeep Karnani
Partner
Membership Number: 061207
UDIN: 23061207BGYKVF3193

Place of Signature: Bengaluru
Date: May 27, 2023

Annexure II to the Independent Auditor's Report of even date on the consolidated Ind AS Financial Statements of Centum Electronics Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of Centum Electronics Limited (hereinafter referred to as the "Holding Company") as of and for the year ended March 31, 2023, we have audited the internal financial controls with reference to consolidated Ind AS financial statements of the Holding Company and its subsidiary company, (the Holding Company and its subsidiary together referred to as "the Group"), which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the companies included in the Group, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") 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 the respective 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 Holding Company's internal financial controls with reference to consolidated Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both, issued by ICAI. 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 with reference to consolidated Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated Ind AS financial statements included obtaining an understanding of internal financial controls with reference to consolidated Ind AS financial statements, 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 procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated Ind AS 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 internal financial controls with reference to consolidated Ind AS financial statements.

Meaning of Internal Financial Controls With Reference to Consolidated Ind AS Financial Statements

A company's internal financial control with reference to consolidated Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated Ind AS financial statements 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; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated Ind AS financial statements.

Inherent Limitations of Internal Financial Controls With Reference to Consolidated Ind AS Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated Ind AS financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated Ind AS financial statements 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, the Group, which have companies incorporated in India, have, maintained in all material respects, adequate internal financial controls with reference to consolidated Ind AS financial statements and such internal financial controls with reference to consolidated Ind AS financial statements were operating effectively as at March 31,2023, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Sandeep Karnani
Partner
Membership Number: 061207
UDIN: 23061207BGYKVF3193

Place of Signature: Bengaluru
Date: May 27, 2023

Consolidated Ind AS Balance Sheet

as at March 31, 2023

Corporate Identity Number (CIN): L85110KA1993PLC013869

(₹ in million)

	Notes	March 31, 2023	March 31, 2022
ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	3	1,071.27	1,119.54
(b) Capital work-in-progress	3a	54.09	0.09
(c) Goodwill on consolidation	4a	376.23	376.23
(d) Other intangible assets	4b	286.20	416.42
(e) Intangible assets under development	4c	227.56	120.14
(f) Right-of-use assets	44	464.74	481.07
(g) Financial assets			
(i) Investment in associates	5	82.47	59.15
(ii) Other investments	6	13.81	13.78
(iii) Trade receivables	12	286.83	269.12
(iv) Other financial assets	7	321.56	378.36
(h) Deferred tax assets (net)	8	69.68	31.58
(i) Non-current tax assets (net)	9	9.59	48.89
(j) Other assets	10	54.88	41.84
Total non-current assets		**3,318.91**	**3,356.21**
(2) Current assets			
(a) Inventories	11	2,610.62	2,248.25
(b) Financial assets			
(i) Trade receivables	12	3,828.44	2,499.02
(ii) Cash and cash equivalents	13	352.71	480.44
(iii) Bank balances other than cash and cash equivalents	13	69.25	93.66
(iv) Other financial assets	14	162.26	226.21
(c) Other assets	15	384.79	325.82
Total current assets		**7,408.07**	**5,873.40**
Total assets (1+2)		**10,726.98**	**9,229.61**
EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity share capital	16	128.85	128.85
(b) Other equity	17	1,978.32	1,910.83
Equity attributable to equity holders of the parent		**2,107.17**	**2,039.68**
Non-controlling interests		(66.60)	(54.48)
Total equity		**2,040.57**	**1,985.20**
Liabilities			
(2) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	579.62	815.74
(ii) Lease liabilities	44	361.58	355.54
(b) Deferred tax liabilities (net)	8	27.12	48.82
(c) Other liabilities	26	167.39	77.30
(d) Net employee defined benefit liabilities	20	61.81	58.28
(e) Provisions	21	23.67	70.35
(f) Government grants	22	24.43	26.57
Total non-current liabilities		**1,245.62**	**1,452.60**
(3) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	23	2,047.99	1,910.25
(ii) Lease liabilities	44	91.79	120.03
(iii) Trade payables	24	2,109.71	1,140.83
(iv) Other financial liabilities	25	517.04	598.56
(b) Other liabilities	26	2,254.99	1,701.28
(c) Government grants	22	8.16	7.87
(d) Net employee defined benefit liabilities	27	7.39	6.51
(e) Provisions	28	287.08	274.59
(f) Liabilities for current tax (net)	29	116.64	31.89
Total current liabilities		**7,440.79**	**5,791.81**
Total equity and liabilities (1+2+3)		**10,726.98**	**9,229.61**
Summary of significant accounting policies	2.3		

The accompanying notes are an integral part of the consolidated Ind AS financial statements.

As per our report of even date
For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

per Sandeep Karnani
Partner
Membership number: 061207

Place : Bengaluru, India
Date : May 27, 2023

For and on behalf of Board of Directors of **Centum Electronics Limited**

Apparao V Mallavarapu
Chairman and Managing Director
DIN: 00286308

Nikhil Mallavarapu
Whole Time Director
DIN: 00288551

Indu H S
Company Secretary
Membership number: F12285

K.S. Desikan
Chief Financial Officer

Place : Bengaluru, India
Date : May 27, 2023

Consolidated Ind AS Statement of Profit and loss

for the year ended March 31, 2023

(₹ in million)

		Notes	March 31, 2023	March 31, 2022
I	**Income**			
	Revenue from operations	30	9,229.69	7,799.40
	Other income	31	37.25	47.05
	Finance income	32	21.28	33.19
	Total income		**9,288.22**	**7,879.64**
II	**Expenses**			
	Cost of materials consumed	33a	4,146.60	3,065.02
	Decrease / (increase) in inventories of work-in-progress and finished goods	33b	5.29	(45.44)
	Employee benefit expenses	34	3,327.22	3,199.02
	Finance costs	35	273.44	263.48
	Depreciation and amortisation expenses	36	438.26	431.93
	Other expenses	37	988.49	838.37
	Total expenses		**9,179.30**	**7,752.38**
III	**Profit / (loss) before share of profit/(loss) of associates, exceptional items and tax (I - II)**		**108.92**	**127.26**
IV	Share of profit / (loss) of associates (net)	5(ii)	12.44	(45.74)
V	**Profit / (loss) before exceptional items and tax (III - IV)**		**121.36**	**81.52**
VI	Exceptional items (net)	38	-	(603.54)
VII	**Profit / (loss) before tax (V - VI)**		**121.36**	**(522.02)**
VIII	**Tax expenses**			
	(a) Current tax	39	126.51	57.49
	(b) Adjustment of tax relating to earlier period	39	(10.32)	(11.05)
	(c) Deferred tax (credit) / expense	39	(61.77)	(33.81)
	Total tax expenses		**54.42**	**12.63**
IX	**Profit / (loss) for the year (VII - VIII)**		**66.94**	**(534.65)**
X	**Other comprehensive income**			
	(A) Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
	(i) (a) Exchange differences on translating the financial statements of foreign operations		1.24	16.85
	(b) Income tax effect on above		-	-
	(ii) (a) Net movement on effective portion of cash flow hedge		0.02	-
	(b) Income tax effect on above		(0.01)	-
	(B) Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
	(i) (a) Remeasurement gains / (losses) on defined benefit plans	43b(ii)	7.77	10.00
	(b) Income tax effect on above	39	(1.96)	(2.63)
	Other comprehensive income for the year, net of tax		**7.06**	**24.22**
	Profit / (loss) for the year		66.94	(534.65)
	Attributable to			
	a) Equity holders of the parent		98.16	(305.43)
	b) Non-controlling interests		(31.22)	(229.22)
	Other comprehensive income for the year		**7.06**	**24.22**
	Attributable to			
	a) Equity holders of the parent		8.44	19.89
	b) Non-controlling interests		(1.38)	4.33
	Total comprehensive income for the year (IX + X)		**74.00**	**(510.43)**
	Attributable to			
	a) Equity holders of the parent		106.60	(285.54)
	b) Non-controlling interests		(32.60)	(224.89)
XI	**Earnings per equity share (nominal value of ₹ 10 each)**			
	Earnings per share (₹) : Basic and diluted, computed on the basis of profit / (loss) attributable to equity holders of the parent (per equity share of ₹.10 each)	40		
	- Basic		7.62	(23.70)
	- Diluted		7.55	(23.70)

Summary of significant accounting policies 2.3

The accompanying notes are an integral part of the consolidated Ind AS financial statements.

As per our report of even date
For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

per Sandeep Karnani
Partner
Membership number: 061207

Place : Bengaluru, India
Date : May 27, 2023

For and on behalf of Board of Directors of **Centum Electronics Limited**

Apparao V Mallavarapu
Chairman and Managing Director
DIN: 00286308

Nikhil Mallavarapu
Whole Time Director
DIN: 00288551

Indu H S
Company Secretary
Membership number: F12285

K.S. Desikan
Chief Financial Officer

Place : Bengaluru, India
Date : May 27, 2023

Consolidated Ind AS Statement of Cash Flows

for the year ended March 31, 2023

(₹ in million)

	March 31, 2023	March 31, 2022
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (loss) before tax expenses	121.36	(522.02)
Non-cash adjustments to reconcile profit/(loss) before tax to net cash flows:		
Depreciation and amortisation expenses	438.26	431.93
Provisions / liabilities no longer required, written back	(20.87)	(28.90)
Fair value (gain)/ loss on financial instruments	(0.02)	(0.15)
Net foreign exchange differences (unrealised)	23.89	5.24
Provision for expected credit losses / bad debts written off	44.33	83.81
Employee share based compensation cost	13.91	0.16
Provision for inventory obsolescence	95.11	-
Provision for onerous contract	15.41	-
Government grants	(10.50)	(7.87)
Provision for dimunition in the value of investment / receivables	-	372.77
(Gain)/ loss on disposal of property, plant and equipment	(0.58)	0.92
Provision for dimunition in the value of loans	-	6.06
Provision for settlement of claims	-	132.22
Provision for impairment of unbilled revenue	-	34.48
Finance income	(21.28)	(33.19)
Finance costs	246.65	229.57
Share of (profit) / loss of associates	(12.44)	45.74
Operating profit / (loss) before working capital changes	**933.23**	**750.77**
Working capital adjustments:		
(Increase) / decrease in inventories	(443.21)	(310.80)
(Increase) / decrease in trade receivables /non-current /current financial and other assets	(1,216.31)	184.48
Increase / (decrease) in trade payables, non-current /current provisions, financial liabilities and other liabilities	1,435.05	514.39
Cash generated from / (used in) operations	**708.76**	**1,138.84**
Direct taxes paid (net of refunds)	0.56	(103.97)
Net cash flow from / (used in) operating activities	**709.32**	**1,034.87**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment, including other intangible assets and capital advances	(217.56)	(187.53)
Proceeds from sale of property, plant and equipment	0.63	3.56
Proceeds from sale of non-current investments	-	9.31
Investment in bank deposits (having original maturity of more than three months) and other bank balances	72.18	6.28
Interest income received	23.61	19.06
Government grant received	8.65	-
Net cash flow (used in) / from investing activities	**(112.49)**	**(149.32)**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Acquisition of non-controlling interests	(135.13)	-
Repayment of long term borrowings	(298.77)	(219.53)
Proceeds / (repayment) of short term borrowings (net)	95.07	(204.97)
Payment of principal portion of lease liabilities	(135.14)	(130.75)
Payment of interest portion of lease liabilities	(9.86)	(13.14)
Finance costs paid	(223.29)	(217.87)
Dividend paid (including amount transferred to Investor Education & Protection Fund)	(32.49)	(25.53)
Net cash flow (used in) / from financing activities	**(739.61)**	**(811.79)**
Net (decrease)/increase in cash and cash equivalents (A+B+C)	(142.78)	73.76
Cash and cash equivalents at the beginning of the year	480.44	411.48
Effect of exchange differences on cash and cash equivalents held in foreign currency	15.05	(4.79)
Cash and cash equivalents at the end of the year	**352.71**	**480.44**
Total cash and cash equivalents (note 13)	**352.71**	**480.44**

Consolidated Ind AS Statement of Cash Flows

for the year ended March 31, 2023

Explanatory notes to consolidated Ind AS statement of cash flows

1. Changes in liabilities arising from financing activities:-

(₹ in million)

Particulars	Liabilities arising from financing activities				
	Long term borrowings (including current maturities of long term borrowings) (refer note 19 and 23)	Unpaid dividend on equity shares (refer note 25)	Short term borrowings excluding current maturities of long term borrowings (refer note 23)	Lease liabilities (including current portion of lease liabilities) (refer note 44)	Derivatives not designated as hedges - (refer note 53)
As at April 1, 2022	**1,141.19**	**2.89**	**1,584.80**	**475.57**	**-**
Cash flows	(298.77)	(32.49)	95.07	(145.00)	-
Non-cash changes					
Foreign exchange differences (gain) / loss	55.28	-	42.99	29.13	-
Interest accrued but not due	-	-	7.05	-	-
Changes in fair values	-	-	-	9.86	-
Reversal of lease liabilities	-	-	-	(57.63)	-
Recognition of lease liabilities	-	-	-	141.44	-
Dividend declared during the year	-	32.21	-	-	-
As at March 31, 2023	**897.70**	**2.61**	**1,729.91**	**453.37**	**-**
As at April 1, 2021	**1,382.30**	**2.65**	**1,801.49**	**558.88**	**0.15**
Cash flows	(219.53)	(25.53)	(204.97)	(143.89)	-
Non-cash changes					
Foreign exchange differences (gain) / loss	(21.58)	-	(7.06)	(9.29)	-
Interest accrued but not due	-	-	(4.66)	-	-
Changes in fair values	-	-	-	13.14	(0.15)
Reversal of lease liabilities	-	-	-	(73.55)	-
Recognition of lease liabilities	-	-	-	130.28	-
Dividend declared during the year	-	25.77	-	-	-
As at March 31, 2022	**1,141.19**	**2.89**	**1,584.80**	**475.57**	**-**

Summary of significant accounting policies 2.3

The accompanying notes are an integral part of the consolidated Ind AS financial statements.

As per our report of even date
For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

per Sandeep Karnani
Partner
Membership number: 061207

Place : Bengaluru, India
Date : May 27, 2023

For and on behalf of Board of Directors of **Centum Electronics Limited**

Apparao V Mallavarapu
Chairman and Managing Director
DIN: 00286308

Nikhil Mallavarapu
Whole Time Director
DIN: 00288551

Indu H S
Company Secretary
Membership number: F12285

K.S. Desikan
Chief Financial Officer

Place : Bengaluru, India
Date : May 27, 2023

Consolidated Ind AS Statement of Changes in Equity

for the year ended March 31, 2023

(a) Equity share capital

Equity shares of ₹ 10 each issued, subscribed and fully paid

Particulars	Number	(₹ in million)
At April 01, 2021	**1,28,84,841**	**128.85**
Issue of share capital (refer note 16)	-	-
At March 31, 2022	**1,28,84,841**	**128.85**
Issue of share capital (refer note 16)	-	-
At March 31, 2023	**1,28,84,841**	**128.85**

(b) Other equity

(₹ in million)

Particulars	Equity portion of put option liability (refer note 17)	Attributable to equity shareholders							Total Other equity (A)	Non-controlling interests (B)	Total equity (A+B)
		Reserves and surplus									
		Securities premium (refer note 17)	General reserve (refer note 17)	Retained earnings (refer note 17)	Effective portion of cash flow hedge (refer note 17)	Share based payments reserve (refer note 17)	Capital reserve (refer note 17)	Foreign currency translation reserve (refer note 17)			
For the year ended March 31, 2023											
As at April 01, 2022	**(162.11)**	**28.07**	**440.26**	**1,541.28**	**-**	**0.32**	**48.30**	**14.71**	**1,910.83**	**(54.48)**	**1,856.35**
Profit / (loss) for the year	-	-	-	98.16	-	-	-	-	98.16	(31.22)	66.94
Other comprehensive income/(loss) for the year (net of taxes)*	-	-	-	5.81	0.01	-	-	2.62	8.44	(1.38)	7.06
Exercise of put options by non-controlling interest shareholders	(20.48)	-	-	-	-	-	-	-	(20.48)	20.48	-
Dividends (refer note 18)	-	-	-	(32.21)	-	-	-	-	(32.21)	-	(32.21)
Compensation for options granted (refer note 47)	-	-	-	-	-	13.91	-	-	13.91	-	13.91
Others	-	-	-	(0.33)	-	-	-	-	(0.33)	-	(0.33)
As at March 31, 2023	**(182.59)**	**28.07**	**440.26**	**1,612.71**	**0.01**	**14.23**	**48.30**	**17.33**	**1,978.32**	**(66.60)**	**1,911.72**

Consolidated Ind AS Statement of Changes in Equity

for the year ended March 31, 2023

(₹ in million)

Particulars	Equity portion of put option liability (refer note 17)	Attributable to equity shareholders							Total Other equity (A)	Non-controlling interests (B)	Total equity (A+B)
		Reserves and surplus									
		Securities premium (refer note 17)	General reserve (refer note 17)	Retained earnings (refer note 17)	Effective portion of cash flow hedge (refer note 17)	Share based payments reserve (refer note 17)	Capital reserve (refer note 17)	Foreign currency translation reserve (refer note 17)			
For the year ended March 31, 2022											
As at April 01, 2021	**(281.34)**	**28.07**	**440.26**	**1,864.35**	**-**	**2.11**	**46.35**	**2.19**	**2,101.99**	**170.41**	**2,272.40**
(Loss)/ profit for the year	-	-	-	(305.43)	-	-	-	-	(305.43)	(229.22)	(534.65)
Other comprehensive income/(loss) for the year (net of taxes)*	-	-	-	7.37	-	-	-	12.52	19.89	4.33	24.22
Restatement of put options to fair value (refer note 25 (1))	119.23	-	-	-	-	-	-	-	119.23	-	119.23
Dividends (refer note 18)	-	-	-	(25.77)	-	-	-	-	(25.77)	-	(25.77)
Compensation for options granted (refer note 47)	-	-	-	-	-	0.16	-	-	0.16	-	0.16
Transferred to capital reserve on forfeiture of stock options	-	-	-	-	-	(1.95)	1.95	-	-	-	-
Others	-	-	-	0.76	-	-	-	-	0.76	-	0.76
As at March 31, 2022	**(162.11)**	**28.07**	**440.26**	**1,541.28**	**-**	**0.32**	**48.30**	**14.71**	**1,910.83**	**(54.48)**	**1,856.35**

*As required under Ind AS compliant Schedule III, the Company has recognised remeasurement gains/(losses) of defined benefit plans as part of retained earnings.

Summary of significant accounting policies 2.3

The accompanying notes are an integral part of the consolidated Ind AS financial statements.

As per our report of even date
For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

per Sandeep Karnani
Partner
Membership number: 061207

Place : Bengaluru, India
Date : May 27, 2023

For and on behalf of Board of Directors of **Centum Electronics Limited**

Apparao V Mallavarapu
Chairman and Managing Director
DIN: 00286308

Nikhil Mallavarapu
Whole Time Director
DIN: 00288551

Indu H S
Company Secretary
Membership number: F12285

K.S. Desikan
Chief Financial Officer

Place : Bengaluru, India
Date : May 27, 2023

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2023

1. Corporate information

Centum Electronics Limited ("Centum" or "the Company" or "the Holding Company) is a public limited company domiciled in India. The registered office of the Company is located at Bangalore, India. Its equity shares are listed on National Stock Exchange and Bombay Stock Exchange in India.

The Company along with its subsidiaries ("the Group") and an associate (hereinafter collectively referred to as "the Group"), are primarily involved in the design and manufacture of advanced microelectronics modules, systems, subsystems and printed circuit board assembly catering to the Defence, Aerospace, Transportation and Industrial electronics markets. Centum is headquartered in Bangalore, India.

The consolidated Ind AS financial statements were approved by the Board of Directors and authorised for issue in accordance with a resolution of the directors on May 27, 2023.

The Holding Company has been registered under the provisions of Micro, Small and Medium Enterprise Development Act ("MSMED") Act, 2006 and has obtained the Udyam registration number ("URN") UDYAM - KR– 03-0005545 on August 12, 2020

2. Significant accounting policies

The significant accounting policies applied by the Group in the preparation of its consolidated Ind AS financial statements are listed below. Such accounting policies have been applied consistently to all the periods presented in these consolidated Ind AS financial statements, unless otherwise indicated.

2.1. Basis of Consolidation

The consolidated Ind AS financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the consolidated Ind AS Financial Statement (CFS).

The consolidated Ind AS financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities (refer accounting policy regarding financial instruments) which have been measured at fair value.

The functional and presentation currency of the Group is Indian Rupee ("₹") which is the currency of the primary economic environment in which the Group operates and all values are rounded to the nearest million (₹ 000,000), except when otherwise indicated.

The consolidated Ind AS financial statements comprise the financial statements of the Company and its subsidiaries as at March 31, 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.
- The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated Ind AS financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2023

Consolidated Ind AS financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated Ind AS financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated Ind AS financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure:

a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated Ind AS financial statements at the acquisition date.

b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated Ind AS financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

d) Non-controlling interest represents that part of the total comprehensive income and net assets of subsidiaries attributable to interests which are not owned, directly or indirectly, by the Parent Company.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when
- control is lost
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Recognise that distribution of shares of subsidiary to Group in Group's capacity as owners
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2.2. Change in accounting policies and disclosures:

New standards and amendments:

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 April 2022.

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standard) Amendment Rules 2022 dated March 23, 2022, to amend the following Ind AS which are effective from April 01, 2022.

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2023

(i) Onerous Contracts – Costs of Fulfilling a Contract – Amendments to Ind AS 37

An onerous contract is a contract under which the unavoidable of meeting the obligations under the contract costs (i.e., the costs that the Group cannot avoid because it has the contract) exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract and costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The Group applied the amendments to the contracts for which it had not fulfilled all of its obligations at the beginning of the reporting period.

Prior to the application of the amendments, the Group had not identified any contracts as being onerous as the unavoidable costs under the contracts, which were the costs of fulfilling them, comprised only incremental costs directly related to the contracts. As a result of the amendments, the Group assessed whether certain other directly related costs are required to be included in determining the costs of fulfilling the contracts.

In accordance with the transitional provisions, the Group applies the amendments to contracts for which it has not yet fulfilled all of its obligations, at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application) and has not restated its comparative information.

These amendments had no significant impact on the consolidated Ind AS financial statements of the Group.

(ii) Reference to the Conceptual Framework – Amendments to Ind AS 103

The amendments replaced the reference to the ICAI's "Framework for the Preparation and Presentation of Financial Statements under Indian Accounting Standards" with the reference to the "Conceptual Framework for Financial Reporting under Indian Accounting Standard" without significantly changing its requirements.

The amendments also added an exception to the recognition principle of Ind AS 103 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets or Appendix C, Levies, of Ind AS 37, if incurred separately. The exception requires entities to apply the criteria in Ind AS 37 or Appendix C, Levies, of Ind AS 37, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

In accordance with the transitional provisions, the Group applies the amendments prospectively, i.e., to business combinations occurring after the beginning of the annual reporting period in which it first applies the amendments (the date of initial application).

These amendments had no impact on the consolidated Ind AS financial statements of the Group.

(iii) Property, Plant and Equipment: Proceeds before Intended Use – Amendments to Ind AS 16

The amendments modified paragraph 17(e) of Ind AS 16 to clarify that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment.

The amendments are effective for annual reporting periods beginning on or after 1 April 2022. These amendments had no impact on the consolidated Ind AS financial statements of the Group.

(iv) Ind AS 101 First-time Adoption of Indian Accounting Standards – Subsidiary as a first-time adopter

The amendment permits a subsidiary that elects to apply the exemption in paragraph D16(a) of Ind AS 101 to measure cumulative translation differences for all foreign operations in its financial statements using the amounts reported by the parent, based on the parent's date of transition to Ind AS, if no adjustments were

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2023

made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also available to an associate or joint venture that uses exemption in paragraph D16(a) of Ind AS 101.

The amendments are effective for annual reporting periods beginning on or after 1 April 2022 but do not apply to the Group as it is not a first-time adopter.

(v) Ind AS 109 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

In accordance with the transitional provisions, the Group applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment (the date of initial application). These amendments had no impact on the consolidated Ind AS financial statements of the Group.

(vi) Ind AS 41 Agriculture – Taxation in fair value measurements

The amendment removes the requirement in paragraph 22 of Ind AS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of Ind AS 41.

The amendments are effective for annual reporting periods beginning on or after 1 April 2022. The amendments had no impact on the consolidated Ind AS financial statements of the Group.

2.3 Summary of significant accounting policies

a. Business combination and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.
- Potential tax effects of temporary differences and carry forwards of an acquiree that exist at the acquisition date or arise as a result of the acquisition are accounted in accordance with Ind AS 12.
- Liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based payments arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.
- Assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2023

- Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 Financial Instruments, is measured at fair value with changes in fair value recognised in profit or loss in accordance with Ind AS 109. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS and shall be recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the Group recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

b. Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

The Group's investments in its associate and joint venture are accounted for using the equity method after

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making necessary adjustments to achieve uniformity in application of accounting policies. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit and loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

When the Group's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture (which includes any long term interest that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit and loss.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

c. Current versus non-current classification

The Group presents assets and liabilities in the consolidated Ind AS balance sheet based on current/ non-current classification. An asset is treated as current when it is:

i. Expected to be realised or intended to be sold or consumed in normal operating cycle,

ii. Held primarily for the purpose of trading,

iii. Expected to be realised within twelve months after the reporting period, or

iv. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

i. It is expected to be settled in normal operating cycle,

ii. It is held primarily for the purpose of trading,

iii. It is due to be settled within twelve months after the reporting period, or

iv. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2023

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Advance tax paid is classified as non-current assets.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

d. Fair value measurement

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

a) In the principal market for the asset or liability, or

b) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated Ind AS financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1- Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the consolidated Ind AS financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for valuation methods, significant estimates and assumptions
- Quantitative disclosures of fair value measurement hierarchy
- Investment in unquoted equity shares
- Financial instruments (including those carried at amortised cost)

e. Revenue Recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The specific recognition criteria described below must also be met before revenue is recognised.

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Sale of products and services

Revenue from sale of products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products. Revenue from sale of services is recognized as the service is performed and there are no unfulfilled obligations.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated if any. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various discounts and schemes offered by the Group as part of the contract. This variable consideration is estimated based on the expected value of outflow. Revenue (net of variable consideration) is recognized only to the extent that it is highly probable that the amount will not be subject to significant reversal when uncertainty relating to its recognition is resolved.

Fixed price contracts

These contracts which have a performance obligation either provide for the fixed price for the entire project or a price defined in a framework agreement for each type of service ordered by the customer as the project is performed. Revenues from fixed price contracts is recognised based on the stage of completion and the expected profit on completion. Depending on the contracts, the degrees of progress is determined according to the input method (notably according to the costs borne by the project and hours spent) or the output method (notably according to the deliverables made). In the event of an unexpected excess of total contract costs over total contract revenues, the expected losses on completion are provisioned.

Time and material contracts

These contracts, which are subject to best efforts clause, have a variable price determined according to the time spent and the seniority of the staff employed for these projects. Revenues generated by time and material contracts is recognised as the services are performed.

Scrip Sales

Export entitlements in the form of Merchandise Export from India (MEIS) are recognized in the consolidated Ind AS statement of profit and loss when the right to receive credit as per the terms of the scheme is established in respect of exports made and when there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

Management fees income

Income from management fees is recognised as per the terms of the agreement on the basis of services rendered.

Interest income

For all financial instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

Rental income

Rental income from lease of premises under operating lease is recognized in the income statement on a straight line basis over the term of the lease.

Commission income

Commission income is recognised at the time when services are rendered in accordance with the rates as per the agreements entered into with the parties.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer (which

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2023

consist of unbilled revenue). If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are transferred to receivables when the rights become unconditional and contract liabilities are recognized as and when the performance obligation is satisfied.

Contract assets are subject to impairment assessment. Refer to accounting policies on impairment of financial assets in section (q) Financial instruments.

Trade receivables

A receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (q) Financial instruments.

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

f. Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

g. Taxes on income

Current income tax

Tax expense for the year comprises current and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of profit and loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The Group's liability for current tax is calculated using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying values of assets and liabilities in the consolidated Ind AS financial statements and the corresponding tax bases used in the computation of the taxable profit and is accounted for using the balance sheet liability model. Deferred tax liabilities are generally recognised for all the taxable temporary differences. In contrast, deferred tax assets are only recognised to the extent that is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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for the year ended March 31, 2023

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

h. Non-current assets held for sale / disposal

The Group classifies non-current assets as held for sale / disposal if their carrying amounts will be recovered principally through a sale rather than through continuing use. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded met only when the assets or disposal group is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets, its sale is highly probable; and it will genuinely be sold, not abandoned. The Group treats sale of the asset to be highly probable when:

a) The appropriate level of management is committed to a plan to sell the asset,

b) An active programme to locate a buyer and complete the plan has been initiated,

c) The asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value,

d) The sale is expected to qualify for recognition as a completed sale within one year from the date of classification , and

e) Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets held for sale are measured at the lower of their carrying amount and the fair value less costs to sell. Assets and liabilities classified as held for sale are presented separately in the consolidated Ind AS balance sheet.

i. Property, plant and equipment ('PPE')

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment recognised as at March 31, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment as on April 1, 2016.

Capital work in progress includes cost of property, plant and equipment under installation / under development net of accumulated impairment loss, if any, as at the balance sheet date. Plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in profit or loss as incurred.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate assets are derecognised when replaced. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

The Group identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset having useful life that is materially different from that of the remaining asset. These components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset.

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For domestic entities, the depreciation on the Property, plant and equipment is calculated on a straight-line basis using the rates arrived at, based on useful lives estimated by the management, which coincides with the lives prescribed under Schedule II of the Companies Act, 2013 except in case of certain Plant and equipment (including the related intellectual property), which the Group, based on technical assessment made by the technical expert and management estimate, depreciates over estimated useful lives of 8 years which are different from the useful life prescribed in Schedule II to the Companies Act, 2013.

Land is carried at historical cost and is not depreciated. Leasehold improvements are depreciated over the period of lease or estimated useful life, whichever is lower, on straight line basis.

The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

Machinery spares are depreciated on a systematic basis over the period of the remaining useful life of the fixed assets for which they are utilised.

For overseas subsidiaries and associate, the Group provides depreciation based on estimated useful lives of the property, plant and equipment as determined by the management of such subsidiaries and associate. In view of different sets of environment in which such foreign subsidiaries and associate operate in their respective countries, depreciation is provided based on local laws and management estimates. These entities follow straight line method of depreciation spread over the useful life of each individual asset.

The estimated useful lives of the assets considered by aforementioned entities is as follows:

Asset category	Years	
	Minimum	Maximum
Plant & equipments	3	5
Electrical installation	5	10
Furniture & fixtures	5	10
Office equipments	3	8
Computer	3	5
Buildings	30	30

j. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period with the affect of any change in the estimate being accounted for on a prospective basis. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually

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to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

A summary of the policies applied to the Group's intangible assets is, as follows:

Intangible assets	Useful lives	Amortisation method used	Internally generated or acquired
Goodwill (including goodwill arising on consolidation)	Indefinite	No amortisation	Acquired
Customer relationship	Definite (8 years)	Straight-line basis	Acquired
Computer software	Definite (5 years)	Straight-line basis	Acquired
Intellectual property rights	Definite (8 years)	Straight-line basis	Acquired

k. Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset until such time as the assets are substantially ready for the intended use or sale. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

l. Leases

The Group has lease contracts for office spaces various items of plant and machinery, computers and other equipments. The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets:

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (n) Impairment of non-financial assets.

ii) Lease Liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments

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of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset is classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

m. Inventories

Inventories are valued at lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

a) Raw materials and stores and spares: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

b) Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.

Cost of raw materials, stores and spares work-in-progress and finished goods is determined on a weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

n. Impairment of non-financial assets

As at the end of each accounting year, the Group reviews the carrying amounts of its PPE, intangible assets, including goodwill and investments in associate to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the said assets are tested for impairment so as to determine the impairment loss, if any. Goodwill and the intangible assets with indefinite life are tested for impairment each year.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is determined:

i) in the case of an individual asset, at the higher of the fair value less costs of disposal and the value in use; and

ii) in the case of a cash generating unit (a group of assets that generates identified, independent cash

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flows), at the higher of the cash generating unit's net fair value less costs of disposal and the value in use.

(The amount of value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life. For this purpose, the discount rate (pre-tax) is determined based on the weighted average cost of capital of the company suitably adjusted for risks specified to the estimated cash flows of the asset).

For this purpose, a cash generating unit is ascertained as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

If recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, such deficit is recognised immediately in the Statement of Profit and Loss as impairment loss and the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. For this purpose, the impairment loss recognised in respect of a cash generating unit is allocated first to reduce the carrying amount of any goodwill allocated to such cash generating unit and then to reduce the carrying amount of the other assets of the cash generating unit on a pro-rata basis.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country in which the Group operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss is recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the consolidated Ind AS statement of profit and loss.

o. Provisions and contingent liabilities

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated Ind AS statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2023

the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the consolidated Ind AS financial statements.

Provisions and contingent liability are reviewed at each balance sheet.

Decommissioning liability

Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the consolidated Ind AS statement of profit and loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

p. Retirement and other employee benefits

Retirement benefit in the form of provident fund and pension fund are defined contribution scheme. The Group has no obligation, other than the contribution payable. The Group recognizes contribution payable to provident fund and pension fund as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Group recognizes expected cost of short-term employee benefit as an expense, when an employee renders the related service.

The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the reporting date. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer the settlement for at least twelve months after the reporting date.

The Group presents the leave as a current liability in the consolidated Ind AS balance sheet, to the extent it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method using actuarial valuation to be carried out at each balance sheet date

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the consolidated Ind AS balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2023

Past service costs are recognised in profit or loss on the earlier of:

a) The date of the plan amendment or curtailment, and

b) The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the consolidated Ind AS statement of profit and loss:

a) Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and

b) Net interest expense or income.

q. Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contract embodying the related financial instruments. All financial assets, financial liabilities and financial guarantee contracts are initially measured at transaction cost and where such values are different from the fair value, at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognised in the consolidated Ind AS statement of profit and loss.

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price as disclosed in section 2.3.(e) Revenue recognition.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

Investment in equity instruments issued by associate is measured at cost less impairment.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

(i) Financial assets

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at fair value

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2023

Financial asset not measured at amortised cost or at fair value through other comprehensive income is carried at fair value through the statement of profit and loss.

For financial assets maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Impairment of financial assets excluding investment in associates

Loss allowance for expected credit losses is recognised for financial assets measured at amortised cost and fair value through the statement of profit and loss.

The Group recognises impairment loss on trade receivables using expected credit loss model, which involves use of provision matrix constructed on the basis of historical credit loss experience as permitted under Ind AS 109 – Financial Instruments.

For financial assets whose credit risk has not significantly increased since initial recognition, loss allowance equal to twelve months expected credit losses is recognised. Loss allowance equal to the lifetime expected credit losses is recognised if the credit risk on the financial instruments has significantly increased since initial recognition.

For financial assets maturing within one year from the balance sheet date, the carrying amounts approximates fair value due to the short maturity of these instruments.

De-recognition of financial assets

The Group de-recognises a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset and the transfer qualifies for de-recognition under Ind AS 109.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the assets and an associated liability for amounts it may have to pay.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the carrying amount measured at the date of de-recognition and the consideration received is recognised in consolidated Ind AS statement of profit or loss.

(ii) Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial Liabilities

Financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method where the time value of money is significant. Interest bearing bank loans, overdrafts and issued debt are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the consolidated Ind AS statement of profit and loss.

For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

a) Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2023

b) De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated Ind AS statement of profit and loss.

Put Option Liability

The potential cash payments related to put options issued by the Group over the equity of subsidiary companies to non-controlling interests are accounted for as financial liabilities when such options may only be settled other than by exchange of a fixed amount of cash or another financial asset for a fixed number of shares in the subsidiary. The financial liability for such put option is accounted for under IND AS 109.

The amount that may become payable under the option on exercise is initially recognised at fair value under other financial liabilities with a corresponding charge directly to equity. All subsequent changes in the carrying amount of the financial liability are recognised in other equity attributable to the parent. The entity recognises both the non-controlling interest and the financial liability under the NCI put. It continues to measure non-controlling interests at proportionate share of net assets.

If the put option is exercised, the entity accounts for an increase in its ownership interest. At the same time, the entity derecognises the financial liability and recognises an offsetting credit in the same component of equity reduced on initial recognition. In the event that the option expires unexercised, the liability is derecognised with a corresponding adjustment to equity.

Off-setting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated Ind AS balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

r. Derivative financial instruments

The Group uses derivative financial instruments, such as interest rate swaps to hedge its interest fluctuation risks, etc. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value through consolidated Ind AS statement of profit and loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Refer to Note 53 for more details.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

s. Cash and cash equivalents

Cash and cash equivalent in the consolidated Ind AS balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, as they are considered an integral part of the Group's cash management.

t. Share-based payments

Certain employees of the Group are entitled to share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2023

or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in statement of profit and loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

u. Cash dividend

The Company recognises a liability to pay dividend to equity holders of the parent when the distribution is authorised, and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

v. Foreign currencies

The Group's consolidated Ind AS financial statements are presented in INR, which is also the holding company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and balances:

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Group uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of the following:

- Exchange differences arising on monetary items that forms part of a reporting entity's net investment in a foreign operation are recognised in profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the financial statements that include the foreign operation and the reporting entity (e.g., consolidated Ind AS financial statements when the foreign operation is a subsidiary), such exchange differences are recognised initially in OCI. These exchange differences are reclassified from equity to profit or loss on disposal of the net investment.

- Exchange differences arising on monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss.

- Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2023

Group companies:

On consolidation, the assets and liabilities of foreign operations are translated into INR at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the Group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in the consolidated Ind AS statement of profit or loss.

Any goodwill arising in the acquisition/ business combination of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Gain or loss on a subsequent disposal of any foreign operation excludes translation differences that arose before the date of transition but includes only translation differences arising after the transition date.

w. Research and development expenditure

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the Group can demonstrate all the following:

i. The technical feasibility of completing the intangible asset so that it will be available for use or sale

ii. Its intention to complete the asset

iii. Its ability to use or sell the asset

iv. How the asset will generate future economic benefits

v. The availability of adequate resources to complete the development and to use or sell the asset

vi. The ability to measure reliably the expenditure attributable to the intangible asset during development.

Following the initial recognition of the development expenditure as an asset. The cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized on a straight line basis over the period of expected future benefit from the related project. Amortization is recognized in the consolidated Ind AS statement of profit and loss. During the period of development, the asset is tested for impairment annually.

x. Corporate social responsibility ('CSR') expenditure

The Group charges its CSR expenditure during the year to the consolidated Ind AS statement of profit and loss.

y. Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss attributable to equity holder of the parent by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders of the parent company and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2.4 Standard notified but not yet effective

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standards) Amendment Rules, 2023 dated March 31, 2023 to amend the following Ind AS which are effective from April 01, 2023.

i) Definition of Accounting Estimates - Amendments to Ind AS 8

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. It has also been clarified how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 April 2023 and apply to

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2023

changes in accounting policies and changes in accounting estimates that occur on or after the start of that period.

The amendments are not expected to have a material impact on the Group's consolidated Ind AS financial statements.

ii) Disclosure of Accounting Policies - Amendments to Ind AS 1

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to Ind AS 1 are applicable for annual periods beginning on or after 1 April 2023. Consequential amendments have been made in Ind AS 107.

The Group is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

iii) Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to Ind AS 12

The amendments narrow the scope of the initial recognition exception under Ind AS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations. Consequential amendments have been made in Ind AS 101. The amendments to Ind AS 12 are applicable for annual periods beginning on or after 1 April 2023.

The amendments are not expected to have a material impact on the Group's consolidated Ind AS financial statements.

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2023

2.5 The entities consolidated in the consolidated Ind AS financial statements are listed below:

Sl No.	Name of the entity	Country of Incorporation	Relationship as at March 31, 2023	Percentage of effective ownership interest held (directly and indirectly) as at		Percentage of voting rights held as at		Net Assets, i.e, total assets minus total liabilities*				Share in total comprehensive income*			
								March 31, 2023		March 31, 2022		March 31, 2023		March 31, 2022	
				March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	As a % of consolidated net assets	₹ in million	As a % of consolidated net assets	₹ in million	As % of total comprehensive income	₹ in million	As % of total comprehensive income	₹ in million
	Parent														
1	Centum Electronics Limited	India	Holding Company					83.56%	2,826.43	85.51%	2,645.23	115.74%	199.50	-25.91%	124.14
	Indian Subsidiaries														
2	Centum T&S Private Limited (formerly known as Centum Adeneo India Private Limited) ('CTNSI')	India	Subsidiary	100.00%	100.00%	100.00%	100.00%	0.56%	18.94	0.01%	0.19	10.88%	18.75	-0.93%	4.46
	Foreign Subsidiaries														
3	Centum Electronics UK Limited	United Kingdom	Subsidiary	100.00%	100.00%	100.00%	100.00%	25.14%	850.28	21.25%	657.24	33.60%	57.91	2.61%	(12.52)
4	Centum Adetel Group SA[1]	France	Subsidiary	77.77%	64.66%	77.77%	64.66%								
5	Centum T&S (Centum Technologies ET Solutions) (formerly known as Centum Adeneo SAS)[1]	France	Subsidiary	77.77%	64.66%	100.00%	100.00%								
6	Centum R&D (Centum Recherche ET developement) (formerly known as Centum Adeneo CRD SAS)[1]	France	Subsidiary	77.77%	64.66%	100.00%	100.00%	-9.26%	(313.23)	-6.77%	(209.09)	-60.21%	(103.79)	124.22%	(595.19)
7	Centum Adetel Transportation System SAS[1]	France	Subsidiary	77.77%	64.66%	100.00%	100.00%								
8	Centum T&S (Centum Technologies ET Solutions) (formerly known as Centum Adetel Solution)[1]	Canada	Subsidiary	77.77%	64.66%	100.00%	100.00%								
9	Centum E&S (Centum Equipments ET Systemes) (formerly known as Centum Adetel Equipment)[1]	Canada	Subsidiary	77.77%	64.66%	100.00%	100.00%								

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2023

2.5 The entities consolidated in the consolidated Ind AS financial statements are listed below: (Contd..)

Sl No.	Name of the entity	Country of Incorporation	Relationship as at March 31, 2023	Percentage of effective ownership interest held (directly and indirectly) as at		Percentage of voting rights held as at		Net Assets, i.e, total assets minus total liabilities*				Share in total comprehensive income*			
								March 31, 2023		March 31, 2022		March 31, 2023		March 31, 2022	
				March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	As a % of consolidated net assets	₹ in million	As a % of consolidated net assets	₹ in million	As % of total comprehensive income	₹ in million	As % of total comprehensive income	₹ in million
10	Centum T&S (Technologies & Solutions) Belgium SRL (formerly known as Centum Adetel Belgium)[1]	Belgium	Subsidiary	77.77%	64.66%	100.00%	100.00%								
	Foreign Associates														
11	Ausar Energy SAS[1]	France	Associate	23.68%	19.69%	30.45%	30.45%								
12	HOLIWATT (formerly known as Centum Adetel Transportation SAS)[2]	France	-	-	-	-	-								
	Subtotal							100.00%	3,382.42	100.00%	3,093.57	100.00%	172.37	100.00%	(479.11)
	Add / Less: Non controlling interests in all subsidiaries								(66.60)		(54.48)		32.60		224.89
	Consolidation adjustments/ eliminations**								(1,275.25)		(1,053.89)		(98.37)		(31.32)
	Total								2,040.57		1,985.20		106.60		(285.54)

* The figures have been considered from the respective financial statements.

** Consolidation adjustments/eliminations include intercompany eliminations and consolidation adjustments.

The financial statements of subsidiaries have been drawn up to the same reporting date as of the Company, i.e. March 31, 2023. There is a quarter lag in the reporting dates of the associates with that of the Parent Company whose management certified financial statements for the year / period ended on and as at December 31 were considered for the purpose of consolidated Ind AS financial statements of the Group.

Notes:

1 The amounts for net assets / (liabilities) and net profit / (loss) of Centum Adetel Group SA and its subsidiaries, joint ventures and associates (refer Sl. No. 4 to 12 above) have been presented on a consolidated basis.

2 During the year ended March 31, 2022, the Commercial Court of Lyon has announced opening of judicial recovery based on which the entire shareholding has been transferred to Forsee Power and accordingly it has ceased to become an associate. Also refer note 5 and 38 for further details.

Notes to the consolidated Ind AS financial statements for the year ended March 31, 2023

3. Property, plant and equipment

(₹ in million)

Particulars	Freehold land	Leasehold improvements	Building	Plant and equipments	Electrical installations	Computers	Office equipments	Furniture and fixtures	Vehicles	Leasehold land	Total
Gross block (at cost/deemed cost)											
As at April 01, 2021	**5.73**	**15.01**	**537.72**	**943.93**	**207.07**	**55.56**	**67.61**	**57.67**	**16.79**	**114.61**	**2,021.70**
Additions	-	-	3.81	71.76	18.22	4.43	1.33	0.95	22.38	-	122.88
Exchange differences - translation adjustment	(0.02)	-	(0.69)	1.19	(0.67)	(0.36)	(0.12)	-	0.02	-	(0.65)
Disposals	-	-	-	(4.96)	-	-	-	-	-	-	(4.96)
As at March 31, 2022	**5.71**	**15.01**	**540.84**	**1,011.92**	**224.62**	**59.63**	**68.82**	**58.62**	**39.19**	**114.61**	**2,138.97**
Additions	-	13.55	1.13	84.38	2.58	12.89	1.24	6.09	-	-	121.86
Exchange differences - translation adjustment	0.09	-	2.39	7.98	7.08	1.42	1.52	-	0.02	-	20.50
Disposals	-	-	-	(3.01)	-	-	-	-	-	-	(3.01)
As at March 31, 2023	**5.80**	**28.56**	**544.36**	**1,101.27**	**234.28**	**73.94**	**71.58**	**64.71**	**39.21**	**114.61**	**2,278.32**
Accumulated depreciation											
As at April 01, 2021	**-**	**10.86**	**90.34**	**466.03**	**136.78**	**47.76**	**58.13**	**19.41**	**8.20**	**-**	**837.51**
Charge for the year	-	3.92	19.26	122.76	15.54	4.86	6.67	5.55	4.69	-	183.25
Exchange differences - translation adjustment	-	-	(0.44)	0.40	(0.59)	(0.05)	(0.20)	-	0.02	-	(0.86)
Disposals	-	-	-	(0.47)	-	-	-	-	-	-	(0.47)
As at March 31, 2022	**-**	**14.78**	**109.16**	**588.72**	**151.73**	**52.57**	**64.60**	**24.96**	**12.91**	**-**	**1,019.43**
Charge for the year	-	0.77	18.89	116.90	15.39	5.51	1.56	5.84	8.09	-	172.95
Exchange differences - translation adjustment	-	-	1.57	7.48	5.82	1.34	1.45	-	0.02	-	17.68
Disposals	-	-	-	(3.01)	-	-	-	-	-	-	(3.01)
As at March 31, 2023	**-**	**15.55**	**129.62**	**710.09**	**172.94**	**59.42**	**67.61**	**30.80**	**21.02**	**-**	**1,207.05**
Net block											
As at March 31, 2023	**5.80**	**13.01**	**414.74**	**391.18**	**61.34**	**14.52**	**3.97**	**33.91**	**18.19**	**114.61**	**1,071.27**
As at March 31, 2022	**5.71**	**0.23**	**431.68**	**423.20**	**72.89**	**7.06**	**4.22**	**33.66**	**26.28**	**114.61**	**1,119.54**

Notes:

(a) Karnataka Industrial Area Development (KIADB) has allotted land to the Group on a lease cum sale basis i.e. 24,280.60 sq. mts at Plot No. 58-P Bengaluru Aerospace Park, Industrial Area for a period of 10 years w.e.f December 18, 2013. The aggregate capitalized cost of the land at the end of the year is ₹ 114.61 million (March 31, 2022: ₹ 114.61 million). The agreement gives a right to the Group to acquire land at the end of the lease term at an additional consideration, if any fixed by KIADB, after reducing the amount already paid.

(b) Property, plant and equipments and other intangible assets of the Group have been pledged / mortgaged as securities against borrowings. Refer note 19 and 23 for details of borrowings.

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2023

3a. Capital work-in-progress

(₹ in million)

Particulars	Capital work-in-progress
As at April 01, 2021	**20.86**
Additions	102.13
Exchange differences - translation adjustment	(0.02)
Capitalised during the year	(122.88)
As at March 31, 2022	**0.09**
Additions	175.86
Exchange differences - translation adjustment	-
Capitalised during the year	(121.86)
As at March 31, 2023	**54.09**

Capital work-in-progress ageing schedule as at March 31, 2023:

(₹ in million)

Particulars	Amount of capital work-in-progress for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	54.09	-	-	-	54.09
Projects temporarily suspended	-	-	-	-	-
	54.09	**-**	**-**	**-**	**54.09**

Capital work-in-progress ageing schedule as at March 31, 2022:

(₹ in million)

Particulars	Amount of capital work-in-progress for a period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	0.09	-	-	-	0.09
Projects temporarily suspended	-	-	-	-	-
	0.09	-	-	-	0.09

The Group does not have any projects temporarily suspended or any CWIP which is overdue or has exceeded its cost compared to its original plan/ revised approved plan.

4a. Goodwill on consolidation

(₹ in million)

Particulars	Goodwill on consolidation
At cost	
As at April 01, 2021	**376.23**
Additions / disposals	-
As at March 31, 2022	**376.23**
Additions / disposals	-
As at March 31, 2023	**376.23**
Net block	
As at March 31, 2023	**376.23**
As at March 31, 2022	**376.23**

Notes:

The Company has investments in Centum Electronics UK Limited, which in turn has made investment in Centum Adetel Group SA. The Group has accounted a goodwill of ₹ 376.23 million and has a carrying value of intangible assets (including intangible assets under development) of ₹ 447.66 million, as at March 31, 2023 (March 31, 2022: ₹ 458.04 million) arising pursuant to the acquisition of Centum Adetel Group SA.

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2023

4a. Goodwill on consolidation (Contd..)

During the year ended March 31, 2023, the Board of Directors of the Company further acquired 13.11% stake of Centum Adetel Group SA through Centum Electronics UK Limited from other shareholders of Centum Adetel Group SA and has a stake of 77.77% as at March 31, 2023.

Centum Adetel Group SA and its underlying subsidiaries have incurred losses. However, based on internal assessment performed as at March 31, 2023 with regard to future operations and external valuation by an expert during the year ended March 31, 2022, the management of the Group is of the view that the carrying value of the aforesaid Goodwill on consolidation / intangible assets (including intangible assets under development) are appropriate. Also refer note 41.

4b. Other intangible assets

(₹ in million)

Particulars	Acquired goodwill	Computer software	Intellectual property rights (including R&D credits)	Customer relationships	Total
Gross block (at cost/deemed cost)					
As at April 01, 2021	**36.35**	**249.79**	**1,158.23**	**481.92**	**1,926.29**
Additions	-	3.99	125.77	-	129.76
Exchange differences - translation adjustment	-	(2.50)	(19.59)	-	(22.09)
Disposals	-	-	-	-	-
As at March 31, 2022	**36.35**	**251.28**	**1,264.41**	**481.92**	**2,033.96**
Additions	-	6.01	-	-	6.01
Exchange differences - translation adjustment	-	10.01	78.09	-	88.10
Disposals	-	-	-	-	-
As at March 31, 2023	**36.35**	**267.30**	**1,342.50**	**481.92**	**2,128.07**
Accumulated amortisation					
As at April 01, 2021	**-**	**190.77**	**1,040.17**	**286.14**	**1,517.08**
Charge for the year	-	19.18	42.47	60.24	121.89
Exchange differences - translation adjustment	-	(2.61)	(18.82)	-	(21.43)
Disposals	-	-	-	-	-
As at March 31, 2022	**-**	**207.34**	**1,063.82**	**346.38**	**1,617.54**
Charge for the year	-	15.28	68.87	60.24	144.39
Exchange differences - translation adjustment	-	10.01	69.93	-	79.94
Disposals	-	-	-	-	-
As at March 31, 2023	**-**	**232.63**	**1,202.62**	**406.62**	**1,841.87**
Net block					
As at March 31, 2023	**36.35**	**34.67**	**139.88**	**75.30**	**286.20**
As at March 31, 2022	**36.35**	**43.94**	**200.59**	**135.54**	**416.42**

Notes:

(a) The Group had entered into a business transfer agreement with Centum Industries Private Limited, an enterprise where key managerial personnel or their relatives exercise significant influence during the year ended March 31, 2016 for the purchase of business on slump sale. As per the terms of agreement, the Group had purchased the net assets pertaining to plastic and defence and space of Centum Industries Private Limited for an aggregate consideration ₹ 57.00 million, which was arrived at based on the business valuation done by an independent professional firm. The valuation ascribed to assets taken over by an independent professional valuer resulted in the aforesaid goodwill.

The aforementioned goodwill is tested for impairment annually. As at March 31, 2023 and March 31, 2022 the goodwill is not impaired.

Notes to the consolidated Ind AS financial statements
for the year ended March 31, 2023

4c. Intangible assets under development

(₹ in million)

Particulars	Intangible assets under development
As at April 01, 2021	**171.27**
Exchange differences - translation adjustment	(3.17)
Additions	81.80
Capitalised during the year	(129.76)
As at March 31, 2022	**120.14**
Exchange differences - translation adjustment	10.42
Additions	103.01
Capitalised during the year	(6.01)
As at March 31, 2023	**227.56**

Intangible assets under development ageing schedule as at March 31, 2023:

(₹ in million)

Particulars	Amount of Intangible asset under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	101.32	48.61	44.39	33.24	227.56
Projects temporarily suspended	-	-	-	-	-
	101.32	**48.61**	**44.39**	**33.24**	**227.56**

Intangible assets under development ageing schedule as at March 31, 2022:

(₹ in million)

Particulars	Amount of Intangible asset under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	45.62	41.66	27.88	3.30	118.47
Projects temporarily suspended	-	-	-	1.68	1.68
	45.62	**41.66**	**27.88**	**4.98**	**120.14**

The Group has Intangible assets under development amounting to ₹ 137.30 million which is overdue or has exceeded its cost compared to its original plan/ revised approved plan.

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2023

5 Investment in Associates

(i) Details of Associates

Name of the Entity	Place of Business [2]	Percentage of effective ownership interest held (directly and indirectly) as at		Percentage of voting right held as at		Nature of Activities	Accounting Method
		March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022		
(a) Material associates:							
HOLIWATT (formerly known as Centum Adetel Transportation SAS)[4,5]	France	-	-	-	-	Engaged in engineering and manufacturing of energy conversion and storage systems for rolling stock railway markets.	Equity Method
(b) Other associates:							
Ausar Energy SAS[1,3]	France	23.68%	19.69%	30.45%	30.45%	Engaged in the consulting, engineering, research and development in Energy sector.	Equity Method

Notes:

1. Aggregate amount of unquoted investment in associates ₹ 82.47 million (March 31, 2022: ₹ 59.15 million).
2. The country of incorporation of the above entity is same as its principal place of business.
3. There is a quarter lag in the reporting dates of the associates with that of the parent company whose management certified financial statements for the year / period ended on and as at December 31, were considered for the purpose of consolidated Ind AS financial statements of the Group.
4. Refer note 38
5. During the year ended March 31, 2020, the management of the Group, had entered into an agreement for sale of 65% stake in HOLIWATT (formerly known as Centum Adetel Transportation SAS), subsidiary of Centum Adetel Group SA.

   The management of the Group had a put option to sell its remaining 35% stake at a fixed price amounting to EUR 3.96 million plus interest at the rate of 6% p.a and other receivables of EUR 0.5 million . Further the management had assessed that they exercised significant influence / control over HOLIWATT and had accordingly treated the same as investment in associates in the consolidated Ind AS financial statements of the Group during the year ended March 31, 2021.

   During the quarter ended June 30, 2021, HOLIWATT had been placed in specific insolvency statutes, allowing HOLIWATT to commence negotiation with other parties including its shareholders. During the year ended March 31, 2022, the Commercial Court of Lyon announced the opening of judicial recovery process and accordingly based on the internal assessment, the management of the Group had provided the carrying value of its investment and receivables in HOLIWATT amounting to ₹ 436.84 million and the same had been disclosed as exceptional item in the consolidated Ind AS financial statements during the year ended March 31, 2022.

   During the year ended March 31, 2022, the Group had accounted ₹ 25.97 million in regard to the commission to the recruited bankers for the sale of HOLIWATT shares and the same had been disclosed as exceptional item in the consolidated Ind AS financial statements during the year ended March 31, 2022.

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2023

5 Investment in Associates (Contd..)

(ii) Financial information in respect of other associates

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Aggregate carrying amount of investments in equity shares of individually immaterial associates	-	-
Investment at amortised cost		
Investment in 800,000 (March 31, 2022: 800,000) unquoted bonds of Euro 1 in Ausar Energy SAS*	82.47	59.15
Total investment in other associates	**82.47**	**59.15**
Aggregate amount of group's share of :		
- Profit / (loss) for the year	12.44	(45.74)
- Other comprehensive income for the year	5.08	(0.23)
- Total comprehensive income for the year	17.52	(45.97)

*During the year ended March 31, 2023, the Group has accrued interest on bonds amounting to ₹ 14.94 million (March 31, 2022: ₹ 9.14 million) which has been included in the carrying value of investment

(iii) Contingent liabilities of associates

The associate had no contingent liabilities as at March 31, 2023 and March 31, 2022. The Group has no contingent liabilities relating to its interests in its associates.

(iv) Commitments of / towards associates

The associate had no commitments as at March 31, 2023. The Group has no commitments relating to its interests in its associates.

(v) Carrying amount of investments in associates and others

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Material associates	-	-
Other associates	82.47	59.15
Total	**82.47**	**59.15**

(vi) Share in profits / (loss) of associates (net)

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Material associates	-	-
Other associates	12.44	(45.74)
Total	**12.44**	**(45.74)**

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2023

6 Financial assets: Other investments

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Unquoted equity shares		
Investment carried at fair value through consolidated statement of profit or loss		
Investments in equity shares of Qulsar Inc. [1] 74,184 (March 31, 2022: 74,184) equity shares of USD 0.01 each, fully paid up.	13.26	13.26
Investments in other companies	0.55	0.52
Total other investments	**13.81**	**13.78**
Aggregate value of unquoted investments	13.81	13.78

1. The Group has investments in Qulsar Inc. Based on internal assessment performed with regard to future operations, the management of the Group is of the view that the carrying value of the Group's investment in Qulsar Inc. approximates the fair value as on the reporting dates.

7 Other non - current financial assets

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Unsecured, considered good unless otherwise stated		
Carried at amortised cost		
Security deposits - others (refer note 42)	48.69	39.49
Subsidy receivable	79.92	98.72
Non-current bank balance (refer note 13)	192.95	240.15
	321.56	**378.36**

8 Deferred tax

(₹ in million)

Particulars		March 31, 2023		March 31, 2022	
		Deferred tax asset	Deferred tax liability	Deferred tax asset	Deferred tax liability
Deferred tax liability					
Property, plant and equipments and Intangible assets: Impact of difference between tax depreciation and depreciation / amortization charged for the financial reporting		-	(27.12)	-	(48.82)
Sub - total	**(A)**	**-**	**(27.12)**	**-**	**(48.82)**
Deferred tax liability (net)			**(27.12)**		**(48.82)**
Deferred tax asset					
Property, plant and equipments and Intangible assets: Impact of difference between tax depreciation and depreciation / amortization charged for the financial reporting		-	(25.66)	-	(32.43)
Right-of-use assets		-	(4.33)	-	(3.02)
Impact of expenditure charged to the statement of profit and loss but allowed for tax purposes on payment basis		30.12	-	33.52	-
Impact on account of provision for expected credit losses		12.79	-	10.06	-
Impact of deferred revenue		24.61	-	16.83	-
Impact on account of provision for inventory obsolescence		23.94	-	-	-
Others		8.21	-	6.62	-
Sub - total	**(B)**	**99.67**	**(29.99)**	**67.03**	**(35.45)**
Deferred tax assets (net)		**69.68**		**31.58**	
Total	**(A+B)**	**99.67**	**(57.11)**	**67.03**	**(84.27)**

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2023

8 Deferred tax (Contd..)

(₹ in million)

Particulars	March 31, 2023		March 31, 2022	
	Deferred tax asset	Deferred tax liability	Deferred tax asset	Deferred tax liability
Deferred tax assets / (Deferred tax liability) (net)	42.56	-	(17.24)	-
Movement for the year	59.80	-	31.18	-
Reconciliation to the consolidated Ind AS statement of profit and loss		**-**		**-**
(Credit)/ expense during the year as above	(59.80)	-	(31.18)	-
Tax expense / (income) during the year recognized in OCI	1.97	-	2.63	-
(Credit) / expense during the year	(61.77)	-	(33.81)	-

9 Non-current tax assets (net)

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Advance income tax (net of provision for current tax and including tax paid under protest)	9.59	48.89
	9.59	**48.89**

10 Other non-current assets

(₹ in million)

Particulars		March 31, 2023	March 31, 2022
Capital advances			
Unsecured, considered good		10.39	-
	(A)	**10.39**	**-**
Prepaid expenses		40.06	37.84
	(B)	**40.06**	**37.84**
Balances with statutory / government authorities			
Unsecured, considered good		4.43	4.00
	(C)	**4.43**	**4.00**
Total other non-current assets	**(A+B+C)**	**54.88**	**41.84**

11 Inventories (valued at lower of cost and net realisable value)

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Raw materials	2,054.37	1,687.62
[Includes raw material in transit ₹ 174.41 million (March 31, 2022: ₹.109.56 million)]		
Work-in-progress	511.12	495.27
Finished goods	43.44	64.58
Stores and spares	1.69	0.78
Total inventories (valued at lower of cost and net realisable value)	**2,610.62**	**2,248.25**

During the year ended March 31, 2023, ₹ 98.32 million (March 31, 2022: ₹ 7.82 million) was recognised as an expense in regard to provision for inventory obsolescence.

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2023

12 Trade receivables

(₹ in million)

Particulars	Non- current		Current	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Carried at amortised cost				
Receivables from related parties (refer note 42)	-	-	74.74	101.95
Other trade receivables	286.83	269.12	3,753.70	2,397.07
Total trade receivables	**286.83**	**269.12**	**3,828.44**	**2,499.02**

Break-up for security details:

(₹ in million)

Particulars	Non- current		Current	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Trade receivables:				
Unsecured, considered good	286.83	269.12	3,805.36	2,492.58
Trade receivables which have significant increase in credit risk	-	-	121.71	100.46
Trade receivables - credit impaired	-	-	-	-
	286.83	**269.12**	**3,927.07**	**2,593.04**
Impairment allowance (allowance for bad and doubtful debts)				
Unsecured, considered good	-	-	-	-
Trade receivables which have significant increase in credit risk	-	-	(98.63)	(94.02)
Trade receivables - credit impaired	-	-	-	-
Total trade receivables	**286.83**	**269.12**	**3,828.44**	**2,499.02**

- The carrying amount of trade receivables include receivables amounting to ₹ 904.32 million (March 31, 2022: ₹ 856.98 million) which are subject to factoring arrangement entered into with the factoring agency / bank. Under this arrangement, the Group has transferred the relevant receivables to the bank in exchange of cash and transferred all rights and actions attached to the aforementioned receivables. As the risk for non recovery lies with the Group, it continues to recognise the transferred assets in its entirety in balance sheet. The amount repayable under the factoring arrangement is presented as unsecured borrowing in note 23.
- No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.
- Trade receivables are non-interest bearing and are generally on terms of 30 to 120 days.
- The following table summarises the changes in the loss allowance measured using ECL:

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Opening balance	94.02	78.89
Amount provided/ (reversed) during the year	44.33	12.52
Amount utilised during the year	(44.46)	3.66
Exchange differences - translation adjustment	4.74	(1.06)
Closing balance	**98.63**	**94.02**

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2023

12.1 Trade receivables ageing schedule

As at March 31, 2023

(₹ in million)

Particulars	Unbilled*	Current but not due	Outstanding for following periods from due date of payment					Total
			Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Undisputed trade receivables - considered good	805.59	2,310.60	822.57	85.82	2.71	35.10	29.80	4,092.19
Undisputed trade receivables - which have significant increase in credit risk	-	-	-	13.98	50.87	24.74	32.12	121.71
Undisputed trade receivables - credit impaired	-	-	-	-	-	-	-	-
Disputed trade receivables - considered good	-	-	-	-	-	-	-	-
Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
Disputed trade receivables - credit impaired	-	-	-	-	-	-	-	-
Total	**805.59**	**2,310.60**	**822.57**	**99.80**	**53.58**	**59.84**	**61.92**	**4,213.90**

As at March 31, 2022

(₹ in million)

Particulars	Unbilled*	Current but not due	Outstanding for following periods from due date of payment					Total
			Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Undisputed trade receivables - considered good	775.35	1,449.81	320.20	121.43	67.29	0.85	26.76	2,761.70
Undisputed trade receivables - which have significant increase in credit risk	-	-	-	25.35	26.54	9.25	39.32	100.46
Undisputed trade receivables - credit impaired	-	-	-	-	-	-	-	-
Disputed trade receivables - considered good	-	-	-	-	-	-	-	-
Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
Disputed trade receivables - credit impaired	-	-	-	-	-	-	-	-
Total	**775.35**	**1,449.81**	**320.20**	**146.78**	**93.83**	**10.10**	**66.09**	**2,862.16**

*Unbilled revenue consists of contract assets, that primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to the receivables when the rights become unconditional and is current but not due.

13 Cash and cash equivalents and other bank balances

(₹ in million)

Particulars		March 31, 2023	March 31, 2022
Balances with banks			
- On current accounts[3]		213.33	413.41
- On exchange earners foreign currency (EEFC) accounts		138.33	4.56
Deposits with original maturity of less than three months		-	62.00
Cash on hand		1.05	0.47
Total cash and cash equivalents	**(A)**	**352.71**	**480.44**
Bank balances other than cash and cash equivalents			
Balance with banks			
- On current account[1]		2.61	2.89
- On margin money accounts[2]		259.59	330.92
		262.20	**333.81**
Less: Amount disclosed under other non current financial assets (refer note 7)		(192.95)	(240.15)
Total bank balance other than cash and cash equivalent	**(B)**	**69.25**	**93.66**
	(A+B)	**421.96**	**574.10**

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2023

13 Cash and cash equivalents and other bank balances (Contd..)

1. Includes balance in unclaimed dividend account ₹.2.61 million (March 31, 2022: ₹ 2.89 million).
2. A charge has been created over the deposits towards various guarantees in favour of customer, statutory authorities and letter of credit facility. Refer note 45 (c) for further details.
3. Balances with banks on current accounts does not earn interest.

14 Other current financial assets

(₹ in million)

Particulars		March 31, 2023	March 31, 2022
Unsecured considered good unless otherwise stated			
Security deposits	(A)	0.32	0.66
Staff advances		2.39	1.08
Interest accrued on fixed deposits		3.26	11.23
Subsidy receivables		156.27	170.17
Scrips receivables		-	43.07
	(B)	**161.92**	**225.55**
Derivative instruments at fair value through OCI			
Cash flow hedges			
Derivative assets (refer note 53)		0.02	-
	(C)	**0.02**	**-**
Total other current financial assets	**(A+B+C)**	**162.26**	**226.21**

15 Other current assets

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Unsecured considered good		
Prepaid expenses	119.51	111.22
Balances with statutory / government authorities	108.84	57.51
Advance to suppliers and other advances	156.44	157.09
Total other current assets	**384.79**	**325.82**

16. Equity share capital

Particulars	Equity shares of ₹ 10 each	
	In Numbers	(₹ in million)
Authorised share capital:		
At April 01, 2021	**1,55,00,000**	**155.00**
Increase / (decrease) during the year	-	-
At March 31, 2022	**1,55,00,000**	**155.00**
Increase / (decrease) during the year	-	-
At March 31, 2023	**1,55,00,000**	**155.00**

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2023

16. Equity share capital (Contd..)

(a) Issued equity share capital:

Equity shares of ₹ 10 each issued, subscribed and fully paid

Particulars	In Numbers	(₹ in million)
At April 01, 2021	**1,28,84,841**	**128.85**
Changes during the period	-	-
At March 31, 2022	**1,28,84,841**	**128.85**
Changes during the period	-	-
At March 31, 2023	**1,28,84,841**	**128.85**

(b) Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the equity shareholders.

(c) Details of shareholders holding more than 5% shares in the Company

Name of Shareholder	March 31, 2023		March 31, 2022	
	No. of shares held	% holding in class	No. of shares held	% holding in class
Equity shares of ₹ 10 each fully paid				
Apparao V Mallavarapu*	66,04,715	51.26%	66,04,715	51.26%
Nikhil Mallavarapu*	5,89,929	4.58%	5,89,929	4.58%
Swarnalatha Mallavarapu*	3,69,150	2.86%	3,69,150	2.86%
M S Swarnakumari*	12,684	0.10%	12,684	0.10%
HDFC Trustee Company Limited	6,67,637	5.18%	7,77,740	6.04%

*Represents shareholders in promoter's group. There is no change in the share holding of the promoter's group in the last two years.

(d) Shares reserved for issue under options

For details of shares reserved for issue under the share based payment plan of the Holding Company, refer note 47.

17. Other equity

Particulars		(₹ in million)
Securities premium		
Balance as at April 01, 2021		**28.07**
Balance as at March 31, 2022		**28.07**
Balance as at March 31, 2023	**(A)**	**28.07**
General reserve		
Balance as at April 01, 2021		**440.26**
Balance as at March 31, 2022		**440.26**
Balance as at March 31, 2023	**(B)**	**440.26**
Retained earnings		
Balance as at April 01, 2021		**1,864.35**

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2023

17. Other equity (Contd..)

Particulars		(₹ in million)
Loss/ (profit) for the year		(305.43)
Less: Dividends		(25.77)
Add: Other comprehensive income for the year		7.37
Others		0.76
Balance as at March 31, 2022		**1,541.28**
Profit / (loss) for the year		98.16
Less: Dividends		(32.21)
Add: Other comprehensive income for the year		5.81
Others		(0.33)
Balance as at March 31, 2023	**(C)**	**1,612.71**
Effective portion of cash flow hedge (net of tax)		
Balance as at April 01, 2021		**-**
Balance as at March 31, 2022		**-**
Gain/(loss) on cash flow hedge		0.01
Balance as at March 31, 2023	**(D)**	**0.01**
Share based payments reserve		
Balance as at April 01, 2021		**2.11**
Add: Compensation for options granted		0.16
Less: Transferred to capital reserve on forfeiture of stock options		(1.95)
Balance as at March 31, 2022		**0.32**
Add: Compensation for options granted		13.91
Balance as at March 31, 2023	**(E)**	**14.23**
Capital reserve		
Balance as at April 01, 2021		**46.35**
Add: Amount transferred on forfeiture of stock options		1.95
Balance as at March 31, 2022		**48.30**
Balance as at March 31, 2023	**(F)**	**48.30**
Equity portion of put option liability reserve (refer note 25)		
Balance as at April 01, 2021		**(281.34)**
Add: Fair value changes during the year		119.23
Balance as at March 31, 2022		**(162.11)**
Add: Exercise of put options by non-controlling interest shareholders		(20.48)
Balance as at March 31, 2023	**(G)**	**(182.59)**
Foreign currency translation difference account (FCTR)		
Balance as at April 01, 2021		**2.19**
Movement during the year		12.52
Balance as at March 31, 2022		**14.71**
Movement during the year		2.62
Balance as at March 31, 2023	**(H)**	**17.33**
Total other equity	**(A+B+C+D+E+F+G+H)**	
Balance as at March 31, 2022		**1,910.83**
Balance as at March 31, 2023		**1,978.32**

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2023

17. Other equity (Contd..)

Nature and purpose of reserves

Securities premium

Securities premium reserve is used to record the premium on issue of shares and is utilised in accordance with the provisions of the Companies Act, 2013.

General reserve

The Company created a general reserve in earlier years pursuant to the provisions of the Companies Act, 1956 where in certain percentage of profits was required to be transferred to General reserve before declaring dividends. As per Companies Act 2013, the requirements to transfer profits to general reserve is not mandatory. General reserve is a free reserve available to the Company.

Retained earnings

Retained earnings are the profits/(loss) that the Group has earned/incurred till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. Retained earnings include re-measurement loss / (gain) on defined benefit plans, net of taxes that will not be reclassified to consolidated Ind AS statement of profit and loss.

Effective portion of cash flow hedge

The Group uses hedging instruments as part of its management of foreign currency risk. For hedging foreign currency, the Group uses foreign currency forward contracts. To the extent these hedges are effective, the change in fair value of the hedging instrument is recognised in the effective portion of cash flow hedges.

Share based payments reserve

The share-based payment reserve is used to recognise the value of equity-settled share-based options provided to employees, including key management personnel, as part of their remuneration. Refer to Note 47 for further details of these plans.

Capital reserve

The Group recognizes the exercise or cancellation / lapse of vested options of the Group's equity-settled share-based payments to capital reserve.

Foreign currency translation difference account (FCTR)

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. INR) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve.

18. Distribution made and proposed

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Dividends on equity shares declared and paid:		
Final dividend for the year ended on March 31, 2022: ₹ 2.50 per share (March 31, 2021: ₹ 2 per share)	32.21	25.77
	32.21	**25.77**
Proposed dividend on equity shares[1,2]		
Final dividend for the year ended on March 31, 2023: ₹ 4.00 per share (March 31, 2022: ₹ 2.50 per share)	51.54	32.21
	51.54	**32.21**

1. Proposed dividend on equity shares are subject to approval at the annual general meeting and are not recognised as a liability as at March 31st.

2. The Board of Directors of the Holding Company at its meeting held on May 27, 2023 had recommended a final dividend of 40% (i.e. ₹ 4.00 per equity share) for the year ended March 31, 2023 which is in compliance with Section 123 of the Companies Act, 2013.

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2023

19 Non-current financial liabilities: Borrowings

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Term loan		
From banks		
Foreign currency term loan (secured) (refer note 23 for details of current maturities of long term borrowings)[1]	25.84	43.87
Foreign currency term loan (unsecured) (refer note 23 for details of current maturities of long term borrowings)[2a, 2b]	440.40	549.77
Bonds (secured) (refer note 23 for details of current maturities of long term borrowings)[3]	-	84.09
Interest free loan from Government (unsecured) (refer note 23 for details of current maturities of long term borrowings)[4]	113.38	138.01
	579.62	**815.74**
The above amount includes		
Secured borrowings	25.84	127.96
Unsecured borrowings	553.78	687.78
	579.62	**815.74**

1. Foreign currency term loans availed by Centum Adetel Group SA and its subsidiaries amounting to ₹ 62.32 million (March 31, 2022: ₹ 118.39 million) (including current maturities of long term borrowings amounting to ₹ 36.48 million (March 31, 2022: ₹ 74.52 million)) carries interest rate ranging from 0% to 8.35% p.a. (March 31, 2022: 0% to 8.35% p.a.) and is secured by way of pledge of respective receivables and all other assets present and future of the borrowers along with the bank guarantee.

2a. Foreign currency term loan availed by Centum Adetel Group SA and its subsidiaries, amounting to ₹ 452.29 million (March 31, 2022: ₹ 546.59 million) (including current maturities of long term borrowings amounting to ₹ 144.99 million (March 31, 2022: ₹ 122.95 million)) carries interest at 0% p.a for the first year and thereafter carries interest rate between 0.7% to 0.8% upto end of the tenure and both the loans are guaranteed to the extent of 90% by the French government within framework of the COVID -19 health crisis. The term loan is repayable in forty eight equal installments commencing from 2022 till 2026.

2b. Foreign currency term loan availed by Centum Adetel Group SA and its subsidiaries, amounting to ₹ 134.41 million (March 31, 2022: ₹ 126.13 million) (including current maturities of long term borrowings amounting to ₹ 1.31 million (March 31, 2022: ₹ Nil)) which carries interest at 0% p.a. for the first year and thereafter shall carry interest rate between 0.7% and 2.35% upto the end of the tenure and will be repaid over the term of 4 years starting from 2023 till 2027.

3. Bonds amounting to ₹ 89.61 million (March 31, 2022: ₹ 168.18 million) (including current maturities amounting to ₹ 89.61 million (March 31, 2022: ₹ 84.09 million)) have a coupon rate of 4% p.a. and is secured by way of mortage of immovable properties, plant and machinery and other moveable assets of Centum Adetel Group SA The bond amounting to ₹ 89.61 million is payable in December 2023.

4. Interest free loan from government amounting to ₹ 159.07 million (March 31, 2022: ₹ 181.90 million) (including current maturities of long term borrowings amounting to ₹ 45.69 million (March 31, 2022: ₹ 43.89 million)) has been provided to carry out research and development activities and is payable on the successful outcome of the research and development.

20 Net non-current employee defined benefit liabilities

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Provision for employee benefits		
Provision for gratuity (refer note 43)	61.81	58.28
	61.81	**58.28**

Notes to the consolidated Ind AS financial statements
for the year ended March 31, 2023

21 Non-current provisions

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Provision for employee benefits		
Provision for pension (refer note 43)	15.55	10.84
Other provisions		
Provisions for litigations and contingencies	-	50.45
Provisions for loss making contracts*	8.12	9.06
	23.67	**70.35**

(₹ in million)

Particulars	Provisions for litigations and contingencies	Provisions for loss making contracts*
As at April 1, 2021	**-**	**15.40**
Provision made / (reversed) during the year and amount utilised during the year (net) (refer note 38)	128.40	(6.34)
As at March 31, 2022	**128.40**	**9.06**
Provision made / (reversed) during the year and amount utilised during the year (net)	(126.43)	14.47
As at March 31, 2023	**1.97**	**23.53**
Current	1.97	15.41
Non-current	-	8.12

*The provision for losses includes provision for estimated losses on onerous contracts

22 Government grants

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Government grants		
At April 1	34.44	42.31
Government grant received during the year	8.65	-
Released to consolidated Ind AS statement of profit and loss	(10.50)	(7.87)
As at March 31	**32.59**	**34.44**
Current	8.16	7.87
Non - current	24.43	26.57

Government grants have been received towards the purchase and construction of certain items of property, plant and equipment under Modified Special Incentive Package Scheme (M-SIPS) as notified by Ministry of Communications and Information Technology, Department of Information Technology. As per the scheme, the Company is required to abide by all terms and conditions of M-SIPS policy, guidelines and amendments issued from time to time. The Company vide its letter of undertaking dated May 02, 2018 has agreed to comply with all terms and conditions of M-SIPS policy, guidelines and amendments issued from time to time.

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2023

23 Current financial liabilities: Borrowings

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
From banks		
Indian rupee short term loan from banks (secured)[1]	-	70.00
Cash credit and overdraft from banks (secured) [2,3]	182.92	78.51
Packing credit loan from banks (secured) [2]	600.75	545.14
Foreign currency non-repatriable (FCNR) loan (secured) [2]	172.66	283.70
Working Capital Demand (WCD) loan (secured)[2]	100.00	-
Current maturities of long term borrowings[5] (refer note 19)	318.08	325.45
Interest payable	18.73	11.68
Customers bill discounted / factored (secured) [4]	654.85	595.77
	2,047.99	**1,910.25**
The above amount includes		
Secured borrowings	1,856.00	1,743.41
Unsecured borrowings	191.99	166.84
	2,047.99	**1,910.25**

1. Secured Indian rupee short term loan from a bank carried interest at 8.70% p.a. as on March 31, 2022. The loan was secured by way of:

   (a) Charge on current assets including stock and receivables of the Company;

   (b) Charge on plant and machinery and furniture and fixture of the Company; and

   (c) Charge by way of equitable mortgage on Land and building situated at i) No. 44, KHB Industrial Area, Yelahanka, Bangalore - 560 106 and ii) Plot No. 58-P, Bengaluru Aerospace Park Industrial Area, Sy. No. 8 - Part of Unachur Village & Sy.No. 8 - Part of Dummanahalli Village, Jala Hobli, Bengaluru North, Yelahanka Taluk, Bengaluru Urban District.

   (d) Cash collateral to the tune of ₹ 50.00 million

   The loan has been repaid during the year ended March 31, 2023.

2. Cash credit and overdraft from banks, packing credit, FCNR loan and WCD loan from banks are payable on demand and are secured by way of :

   (a) Hypothecation of entire current assets viz. stock of raw materials/stores and spares/work-in-progress/finished goods, receivables / book debts and other current assets / moveable fixed assets on pari passu first charge with other banks;

   (b) Hypothecation of present and future fixed assets pari passu first charge with other banks;

   (c) Equitable mortgage of factory land and building at No. 44, KHB Industrial Area, Yelahanka, Bangalore - 560 106 belonging to the Company, on pari passu first charge with other banks; and

   (d) Equitable mortgage on leasehold rights of factory land and equitable mortgage of building at Plot No. 58-P, Bengaluru Aerospace Park Industrial Area, Sy. No. 8 - Part of Unachur Village & Sy.No. 8 - Part of Dummanahalli Village, Jala Hobli, Bengaluru North, Yelahanka Taluk, Bengaluru Urban District, belonging to the Company on pari passu first charge with other banks.

   The rate of interest of Cash credit and overdraft from banks ranges from 9.7% to 12.84% p.a. (March 31, 2022: 9.70% to 9.85% p.a.).

   The rate of interest of Packing credit loan from banks ranges from 2.26% to 8.22% p.a. (March 31, 2022: 2.15% to 3.35% p.a.).

   The rate of interest of WCD loan is 11.65% (March 31, 2022: Nil).

   The rate of interest of FCNR loan ranges from 3.97% to 9.12% p.a. (March 31, 2022: 3.82% to 4.31% p.a.).

   The interest is payable on monthly basis.

3. Cash credit / overdraft from banks amounting to ₹ 1.94 million (March 31, 2022: ₹ 0.09 million) was availed by Centum Adetel Group SA.

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2023

23 Current financial liabilities: Borrowings (Contd..)

4. Customer's bill discounted / factored receivables carries interest rate of 0.09% (March 31, 2022: 0.09%) of the factored invoices including VAT and have recourse to Centum Adetel Group SA and its subsidiaries.

5. The details of current maturities of long term borrowings are as follows:

(₹ in million)

Term loan	March 31, 2023	March 31, 2022
From banks		
Foreign currency term loan (secured)	36.48	74.52
Foreign currency term loan (unsecured)	146.30	122.95
Bonds (secured)	89.61	84.09
Interest free loan from Government (unsecured)	45.69	43.89
Total	**318.08**	**325.45**

6. The quarterly returns or statements filed by the Holding Company with banks or financial institutions towards sanction of working capital limits are in agreement with the books of account of the Holding Company.

7. The Holding Company has not been declared as a wilful defaulter by any banks or financial institutions.

8. The Group has not defaulted in repayment of borrowings or in the payment of interest thereon to banks or financial institutions.

24 Financial liabilities: Trade payables

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Trade payables	2,106.71	1,137.64
Trade payables to related parties (refer note 42)	3.00	3.19
	2,109.71	**1,140.83**

a) Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing
- For explanations on the Group's currency and liquidity risk management processes, refer to note 49(c).
- The dues to related parties are unsecured

24.1 Trade payable ageing schedule

As at March 31, 2023

(₹ in million)

Particulars	Outstanding for following periods from due date of payment					Total
	Unbilled dues	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Undisputed outstanding dues of creditors	377.73	1,691.70	27.58	5.61	2.02	2,104.64
Disputed outstanding dues of creditors	-	-	-	-	5.07	5.07
Total	**377.73**	**1,691.70**	**27.58**	**5.61**	**7.09**	**2,109.71**

As at March 31, 2022

(₹ in million)

Particulars	Outstanding for following periods from due date of payment					Total
	Unbilled dues	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Undisputed outstanding dues of creditors	287.73	828.32	6.53	2.19	11.40	1,136.17
Disputed outstanding dues of creditors	-		-	-	4.66	4.66
Total	**287.73**	**828.32**	**6.53**	**2.19**	**16.06**	**1,140.83**

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2023

25 Other current financial liabilities

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
At amortised cost		
Unpaid dividends	2.61	2.89
Accrued salaries and benefits (refer note 42)	306.54	322.05
Payable for capital goods	66.77	-
Interest others	-	0.68
Put option liability[1]	141.12	272.94
	517.04	**598.56**

Note:

1. Put option liability pertains to liabilities arising from options given to non controlling interest shareholders by one of the subsidiary of the Group as at the date of acquisition. Inititally, the management of the Group recognised these liabilities at fair values in accordance with the binomial lattice model. The projections were based on estimates and assumptions which are considered reasonable by the management including volatility, up move and down move probabilities, risk free rate of return, etc.

   During the year ended March 31, 2022, the put option liability has been revalued from EUR 27.00 to EUR 18.90 per option based on the fair value assessment carried out by an independent external valuer.

   During the year ended March 31, 2023, the management has settled a portion of put option liability, on exercise of options by non controlling interest shareholders.

26 Other liabilities

(₹ in million)

Particulars	Non- current		Current	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Advance from customers	167.39	77.30	1,082.66	755.38
Withholding and other taxes / duties payable	-	-	675.95	549.75
Deferred revenue				
Related parties (refer note 42)	-	-	4.57	9.14
Others	-	-	481.34	376.06
Other liabilities	-	-	10.47	10.95
	167.39	**77.30**	**2,254.99**	**1,701.28**

27 Net current employee defined benefit liabilities

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Provision for employee benefits		
Provision for gratuity (refer note 43)	7.39	6.51
	7.39	**6.51**

28 Current provisions

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Provision for compensated absences	269.70	196.64
Provision for loss making contracts (refer note 21)	15.41	-
Provision for litigations (refer note 21)	1.97	77.95
	287.08	**274.59**

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2023

29 Liabilities for current tax (net)

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Provision for taxation, net of advance tax	116.64	31.89
	116.64	**31.89**

30 Revenue from operations

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Sale of products (refer note 42)	6,008.73	4,571.95
Sale of services	2,833.23	2,761.81
Other operating revenues		
Income from foreign subsidies	296.54	344.04
Management fees	79.95	105.10
Sale of scrips	-	4.29
Sales commission	11.24	12.21
Total revenue	**9,229.69**	**7,799.40**

Refer note 50 for disclosures under Ind AS 115

31 Other income

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Rental income (refer note 44)	2.27	3.03
Provisions / liabilities no longer required, written back	20.87	28.90
Gain on account of foreign exchange fluctuations (net)	-	3.49
Government grants (refer note 22)	10.50	7.87
Net gain on disposal of property, plant and equipment	0.58	-
Fair value gain on financial instruments	-	0.15
Other non-operating income	3.03	3.61
	37.25	**47.05**

32 Finance income

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Interest income on bank deposits	14.04	14.42
Interest income on income tax refund	-	11.20
Interest income - others (refer note 42)	7.24	7.57
	21.28	**33.19**

33a Cost of materials consumed

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Inventory at the beginning of the year	1,688.40	1,427.47
Add: Purchases (refer note 42)	4,514.26	3,325.95
	6,202.66	**4,753.42**
Inventory at the end of the year	(2,056.06)	(1,688.40)
Cost of materials consumed	**4,146.60**	**3,065.02**

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2023

33b Decrease / (increase) in inventories of work-in-progress and finished goods

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Inventories at the beginning of the year - Work-in-progress / finished goods	559.85	514.41
Less: Inventories at the end of the year - Work-in-progress / finished goods	554.56	559.85
Decrease / (increase) in inventories of work-in-progress and finished goods	**5.29**	**(45.44)**

34 Employee benefits expenses

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Salaries, wages and bonus (refer note 42)	2,540.90	2,458.74
Contribution to provident and other funds (refer note 43)	692.30	665.12
Employee share based compensation cost (refer note 47)	13.91	0.16
Gratuity expenses (refer note 43)	16.93	18.48
Staff welfare expenses	63.18	56.52
	3,327.22	**3,199.02**

35 Finance costs

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Interest on debt and borrowings	164.25	142.25
Interest on lease liabilities (refer note 44)	9.86	13.14
Other borrowing costs	64.71	71.15
Exchange differences regarded as an adjustment to borrowing cost	26.79	33.91
Interest on income tax	7.83	3.03
	273.44	**263.48**

36 Depreciation and amortisation expenses

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Depreciation of property, plant and equipment (refer note 3)	172.95	183.25
Amortisation of other intangible assets (refer note 4b)	144.39	121.89
Depreciation of right-of-use assets (refer note 44)	120.92	126.79
	438.26	**431.93**

37 Other expenses

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Rent and lease hire charges (refer note 42 and 44)	46.16	50.21
Rates and taxes	77.56	95.13
Power and fuel	89.34	55.51
Repairs and maintenance	150.98	118.50
Insurance	48.90	44.93
Legal and professional fees	120.91	133.90
Travelling and conveyance	139.57	154.35

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2023

37 Other expenses (Contd..)

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Purchase of services	33.60	39.80
Corporate social responsibility expenditure	5.30	6.81
Freight outwards	33.21	16.48
Foreign exchange differences (net)	106.61	-
Loss on sale/ discard of property, plant and equipment	-	0.92
Provision for expected credit losses / bad debts written off	44.33	25.80
Directors' sitting fees (refer note 42)	3.93	4.33
Miscellaneous expenses	88.09	91.70
	988.49	**838.37**

38 Exceptional items (net)

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Provision for dimunition in value of investment and receivables (refer note 42)[1]	-	436.84
Provision for settlement of claims[1,2]	-	132.22
Provision for impairment of unbilled revenue[2]	-	34.48
	-	**603.54**

1. During the year ended March 31, 2020, the management of the Group had entered into an agreement for sale of 65% stake in HOLIWATT (formerly known as Centum Adetel Transportation SAS), subsidiary of Centum Adetel Group SA.

   The management of the Group had a put option to sell its remaining 35% stake at a fixed price amounting to EUR 3.96 million plus interest at the rate of 6% p.a and other receivables of EUR 0.5 million . Further the management had assessed that they exercised significant influence / control over Centum Adetel Transportation System SAS and had accordingly treated the same as investment in associates in the consolidated Ind AS financial statements of the Group during the year ended March 31, 2021.

   During the year ended March 31, 2022, HOLIWATT had been placed in specific insolvency statutes, allowing HOLIWATT to commence negotiation with other parties including its shareholders and the Commercial Court of Lyon announced the opening of judicial recovery process and accordingly based on the internal assessment, the management of the Group had provided the carrying value of its investment and receivables in HOLIWATT amounting to ₹ 436.84 million and the same had been disclosed as exceptional item in the consolidated Ind AS financial statements during the year ended March 31, 2022.

   During the year ended March 31, 2022, the Group had accounted ₹ 25.97 million in regard to the commission to the recruited bankers for the sale of HOLIWATT shares and the same had been disclosed as exceptional item in the consolidated Ind AS financial statements during the year ended March 31, 2022.

2. During the year ended March 31, 2022, the Group had been levied a claim by one of its customers on account of certain damages in the equipment supplied to the customer. Accordingly, the Group had accounted cost of ₹ 106.25 million towards such claim which had been disclosed as exceptional item in the consolidated Ind AS financial statements during the year ended March 31, 2022.

   Further the Group had made provision for aged unbilled revenue in relation to certain projects amounting to ₹ 34.48 million which had been disclosed as exceptional item in the consolidated Ind AS financial statements during the year ended March 31, 2022.

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2023

39 Income tax

The domestic subsidiaries of the Group are subject to income tax in India on the basis of standalone financial statements. Business loss can be carried forward for a maximum period of eight assessment years immediately succeeding the assessment year to which the loss pertains. Unabsorbed depreciation can be carried forward for an indefinite period.

Pursuant to the Taxation Law (Amendment) Ordinance, 2019 ('Ordinance') issued by Ministry of Law and Justice (Legislative Department) on September 20, 2019 which is effective from April 1, 2019, domestic companies have the option to pay income tax at 22% plus applicable surcharge and cess ('new tax regime') subject to certain conditions. The Holding Company and its domestic subsidiary based on the current projections has chosen to adopt the reduced rates of tax as per the Income Tax Act, 1961 from the financial year 2020-21 and accordingly has accounted deferred tax asset based on the reduced applicable tax rates for domestic entities.

Income tax expenses in the consolidated Ind AS statement of profit and loss consist of the following:

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Tax expenses		
(a) Current tax	126.51	57.49
(b) Adjustment of tax relating to earlier period	(10.32)	(11.05)
(c) Deferred tax (credit)/ expense	(61.77)	(33.81)
(d) Deferred tax expense / (credit) related to items recognized in OCI during the year	1.97	2.63
Total taxes	**56.39**	**15.26**

Reconciliation of estimated income tax to income tax expense is as below:

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Profit/ (loss) before tax	**121.36**	**(522.02)**
Income tax expense at applicable tax rates applicable to individual entities	**56.43**	**(83.12)**
Tax effect on permanent non-deductible expenses	3.30	2.36
Adjustments in respect of current income tax of previous years	(10.32)	(11.05)
Others *	6.98	107.07
Total tax expenses	**56.39**	**15.26**
Income tax expenses reported in the consolidated Ind AS statement of profit and loss	56.39	15.26
	-	-

Note: Certain entities of the Group have incurred losses during the relevant period, which has resulted in reduction of profit / increase of losses in the consolidated Ind AS financial statements. However, the tax liability has been discharged by the respective entities on a standalone basis. Further, in view of absence of reasonable certainty, the Group has not recognised deferred tax asset in such companies.

* Others primarily include non-recognition of deferred tax assets on loss making overseas subsidiaries.

40 Earnings per share ('EPS')

Basic EPS amounts are calculated by dividing the profit/ loss for the year attributable to equity shareholders of the parent by the weighted average number of equity shares outstanding during the year. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period.

Diluted EPS amounts are calculated by dividing the profit attributable to equity shareholders by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2023

40 Earnings per share ('EPS') (Contd..)

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars	March 31, 2023	March 31, 2022
Profit/ (loss) attributable to equity holders of the parent for basic / diluted earnings per share (₹ in million)	98.16	(305.43)
Weighted average number of equity shares used for computing EPS (basic)	1,28,84,841	1,28,84,841
Add: Effect of dilutive issues of stock options	1,23,625	10,279
Weighted average number of equity shares used for computing EPS (diluted)	1,30,08,466	1,28,95,120
Earnings per share - Basic (₹)	7.62	(23.70)
Earnings per share - Diluted (₹) *	7.55	(23.70)

* Considering that the Group had incurred losses during the year ended March 31, 2022, the allotment of stock options would decrease the loss per share for the year ended March 31, 2022 and accordingly had not been considered for the purpose of calculation of diluted earnings per share.

41 Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated Ind AS financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Actual results could differ from those estimates. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

Significant judgements and estimates relating to the carrying values of assets and liabilities include determining control over entities and accounting thereof, discontinued operations, impairment of investments and goodwill, taxes, fair value measurement of financial instruments, contingencies, defined benefit plan (gratuity benefits), provision for inventory obsolescence, revenue recognition, leases - determining the lease term of contracts with renewal and termination options – Group as lessee and estimating the incremental borrowing rate and intangible assets under development.

(i) Judgments:

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated Ind AS financial statements:

(a) Determination of control and accounting thereof:

As detailed in the accounting policy, consolidation principles under Ind AS necessitates assessment of control of the subsidiaries independent of the majority shareholding. Consolidation principles under Ind AS are different from the previous GAAP, especially with respect to assessment of control of the subsidiaries. Based on the assessment made, the management of the Group believes that it has control over Centum Adetel Group SA and its underlying subsidiaries. Further, the management of the Group assessed that it exercises significant influence in Ausar Energy SAS, based on their assessment of the share purchase agreement.

(ii) Estimates and assumptions:

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2023

41 Significant accounting judgements, estimates and assumptions (Contd..)

Impairment of investments and goodwill

Determining whether investments and goodwill are impaired requires an estimation of the value in use of the respective asset or the relevant cash generating units. The value in use calculation is based on Discounted Cashflows Model ("DCF model"). The cash flows projections are based on estimates and assumptions which are considered as reasonable by the management and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate (i.e. 11.20% p.a) used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles recognised by the Group (refer note 4a and 4b).

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the same can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Refer note 8 and 39 for further disclosures.

Centum Adetel Group SA has carried forwarded tax losses. These losses relate to subsidiaries that have a history of losses and may not be used to offset taxable income elsewhere in the Group. The subsidiaries neither have any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer note 49(a) for further disclosures.

Contingencies

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Group, including legal and contractual claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events. Refer note 45(c) for further disclosures.

Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds where remaining maturity of such bond correspond to expected term of defined benefit obligation.

The mortality rate is based on publicly available mortality tables for India. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for India.

Further details about gratuity obligations are given in note 43.

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2023

41 Significant accounting judgements, estimates and assumptions (Contd..)

Provision for inventory obsolescence

Inventory obsolescence provision are determined using policies framed by the Company and in accordance with the methodologies that the Company deems appropriate to the business. There is a significant level of judgment involved in assessing whether provision for obsolescence for slow moving, excess or obsolete inventory items should be recognized considering orders in hand, expected orders, alternative usage, etc.

Revenue recognition

The group uses the percentage-of-completion method in accounting for its fixed-price contract. Use of the percentage-of-completion method requires the Group to estimate the efforts expended to date as a proportion of the total efforts to be expended. Efforts expended have been used to measure progress towards completion as there is a direct relationship between input and productivity.

Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

Leases - Determining the lease term of contracts with renewal and termination options – Group as lessee and estimating the incremental borrowing rate

The Group determines the lease term as the non-cancellable term of the lease.

The Group has lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset)

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Intangible assets under development

The Group capitalises intangible asset under development for a project in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. As at March 31, 2023, the carrying amount of intangible assets under development is ₹ 227.56 million (March 31, 2022: ₹ 120.14 million)

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2023

42 Related parties

a) Names of related parties and description of relationship

Description of relationship	Name of related parties
Parties where control exists	Mr. Apparao V Mallavarapu (directly and indirectly exercises over 50% voting power in the Company)
Subsidiary Companies	Centum Electronics UK Limited Centum Adetel Group SA, France Centum T&S (Centum Technologies ET Solutions), France (formerly known as Centum Adeneo SAS) Centum R&D (Centum Recherche ET development), France (formerly known as Centum Adeneo CRD SAS) Centum T&S (Centum Technologies ET Solutions), Canada (formerly known as Centum Adetel Solution) Centum E&S (Centum Equipments ET Systemes), Canada (formerly known as Centum Adetel Equipment) Centum Adetel Transportation System SAS, France Centum Adetel Synergies SARL** Centum T&S Private Limited, India (formerly known as Centum Adeneo India Private Limited) Centum T&S (Technologies & Solutions) Belgium SRL (formerly known as Centum Adeneo Belgium)
Associate Companies	HOLIWATT (formerly known as Centum Adetel Transportation SAS)*
	Ausar Energy SAS
Enterprises where key managerial personnel or their relatives exercise significant influence (where transactions have taken place)	Centum Industries Private Limited
Key managerial personnel and their relatives	Mr. Apparao V Mallavarapu - Chairman and Managing Director
	Mrs. Swarnalatha Mallavarapu - Director (resigned w.e.f. May 27, 2023)
	Mr. Nikhil Mallavarapu - Whole Time Director
	Mrs. Tanya Mallavarapu - Director (appointed w.e.f. May 27, 2023)
	Mr. S Krishnan - Independent Director (retired w.e.f. August 14, 2021)
	Mr. Pranav Kumar Patel - Independent Director
	Mr. Rajiv C Mody - Independent Director
	Mr. Manoj Nagrath - Independent Director
	Mr. Thiruvengadam P - Independent Director
	Mrs. Kavitha Dutt - Independent Women Director
	Mr. K S Desikan - Chief Financial Officer
	Mr. Nagaraj K.V- Company Secretary (resigned w.e.f. March 10, 2022)
	Mrs. Indu H S - Company Secretary (appointed w.e.f. May 24, 2022)

* The Group has divested its stake during the year ended March 31, 2020 and accordingly it has ceased to be a subsidiary and has become an associate w.e.f March 31, 2020. Further, during the year ended March 31, 2022, the Commercial Court of Lyon has announced opening of judicial recovery based on which the entire shareholding has been transferred to Forsee Power and accordingly it has ceased to become an associate.

** Centum Adetel Synergies SARL has been merged with Centum T&S (Centum Technologies ET Solutions) (formerly known as Centum Adeneo SAS) w.e.f; April 01, 2021

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2023

42 Related parties (Contd..)

b) Summary of transactions and outstanding balances with above related parties are as follows:

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
i) Sale of products		
Associate Companies		
- Ausar Energy SAS	24.00	16.85
ii) Other income / Finance income		
Associate Companies		
- Ausar Energy SAS	6.03	2.66
iii) Lease rental paid		
Enterprises where key managerial personnel or their relatives exercise significant influence		
- Centum Industries Private Limited	-	0.57
iv) Exceptional items- Provision for dimunition in value of investment and receivables		
Associate Companies		
- HOLIWATT	-	436.84
v) Remuneration to key managerial personnel and their relatives		
Employee benefit expenses (excluding employee share based payments)		
- Mr. Apparao V Mallavarapu	13.63	8.97
- Mr. Nikhil Mallavarapu	13.63	10.42
- Mr. K S Desikan	10.42	8.43
- Mrs. Indu H S	1.08	-
- Mr. Nagaraj K.V	-	1.67
vi) Directors' sitting fees (including commission paid to non-executive directors)		
- Mr. S Krishnan	-	0.28
- Mr. Rajiv C Mody	0.53	0.59
- Mr. Pranav Kumar Patel	0.74	0.74
- Mr. Manoj Nagrath	0.74	0.74
- Mr. Thiruvengadam P	0.71	0.74
- Mrs.V Kavitha Dutt	0.62	0.62
- Mrs. Swarnalatha Mallavarapu	0.59	0.62
vii) Outstanding balances as at the year ended:		
a) Trade receivables - Current		
Associate Companies		
- Ausar Energy SAS	74.74	101.95
b) Trade payables - Current		
Payable to key managerial personnel		
- Mr. S Krishnan	-	0.19
- Mr. Rajiv C Mody	0.50	0.50
- Mr. Pranav Kumar Patel	0.50	0.50
- Mr. Manoj Nagrath	0.50	0.50
- Mr. Thiruvengadam P	0.50	0.50
- Mrs.V Kavitha Dutt	0.50	0.50
- Mrs. Swarnalatha Mallavarapu	0.50	0.50
c) Other non current financial assets - Security deposits		
Enterprises where key managerial personnel or their relatives exercise significant influence		
- Centum Industries Private Limited	0.45	0.45

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2023

42 Related parties (Contd..)

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
d) Other current financial liabilities - Accrued salaries and benefits-payable		
- Mr. Apparao V Mallavarapu	5.13	0.48
- Mr. Nikhil Mallavarapu	3.74	0.54
- Mr. K S Desikan	2.15	1.71
- Mrs. Indu H S	0.12	-
- Mr. Nagaraj K.V	-	0.15
e) Deferred Revenue		
Associate Companies		
- Ausar Energy SAS	4.57	9.14

c) Key managerial personnel's interests in the share based payments plan:

Share options held by key managerial personnel under the share based payments plan to purchase equity shares are as follows:

Share based payments plan	Exercise price	March 31, 2023 Number outstanding	March 31, 2022 Number outstanding
Centum ESOP - 2013 plan	₹ 71.25	3,653	3,653
Centum ESOP - 2021 plan	₹ 10.00	14,500	-

No share options have been granted to the non-executive members of the Board of Directors under the share based payments plans of the Group. Refer to note 47 for further details on the scheme.

Notes:

(i) As the liability for gratuity and leave encashment is provided on actuarial basis for the Group as a whole, the amount pertaining to the key managerial personnel's are not included.

(ii) Refer note 5 as regards investments in associates.

43 Gratuity and other post-employment benefits plans

(a) Defined contribution plan

The Group contribution to provident fund, employees' state insurance, pension and other funds are considered as defined contribution plans. The contributions are charged to the consolidated Ind AS statement of profit and loss as they accrue. Contributions to provident and other funds included in employee benefits expenses (note 34) are as under:

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Contribution to provident fund	33.29	31.03
Contribution to employees' state insurance	3.80	4.30
Contribution to pension fund	655.21	629.79
	692.30	**665.12**

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2023

43 Gratuity and other post-employment benefits plans (Contd..)

(b) Defined benefit plans

The domestic entities in the Group has a defined benefit gratuity plan. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (based on last drawn basic salary) for each completed year of service. The level of benefits provided depends on the member's length of service and salary at retirement age. The Gratuity plan is unfunded.

The following tables summarise the components of net benefit expense recognised in the consolidated Ind AS statement of profit or loss and amounts recognised in the consolidated Ind AS balance sheet for gratuity benefit:

i. Net benefit expenses (recognized in the consolidated Ind AS statement of profit and loss)

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Current service cost	12.12	14.06
Interest cost on defined benefit obligation	4.81	4.42
Net benefit expenses	**16.93**	**18.48**

ii. Remeasurement (gains)/ loss recognised in other comprehensive income:

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Actuarial (gain)/ loss on obligations arising from changes in experience adjustments	(6.57)	(4.21)
Actuarial (gain)/ loss on obligations arising from changes in financial assumptions	(1.20)	(5.79)
Actuarial (gain)/ loss recognised in OCI	**(7.77)**	**(10.00)**

iii. Net defined benefit asset/ (liability)

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Defined benefit obligation	(69.20)	(64.79)
Fair value of plan assets	-	-
Asset / (liability) recognised in the consolidated Ind AS balance sheet	**(69.20)**	**(64.79)**

iv. Changes in the present value of the defined benefit obligation are as follows:

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Opening defined benefit obligation	64.79	63.49
Current service cost	12.12	14.06
Benefits paid	(4.75)	(7.18)
Interest cost on the defined benefit obligation	4.81	4.42
Actuarial (gain)/ loss on obligations arising from changes in experience adjustments	(6.57)	(4.21)
Actuarial (gain)/ loss on obligations arising from changes in financial assumptions	(1.20)	(5.79)
Closing defined benefit obligation	**69.20**	**64.79**

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2023

43 Gratuity and other post-employment benefits plans (Contd..)

v. The following pay-outs are expected in future years:

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Within next one year	7.39	6.51
Between 1 and 2 years	3.03	2.83
Between 2 and 3 years	4.46	2.92
Between 3 and 4 years	3.63	4.07
Between 4 and 5 years	6.49	3.39
Between 5 and 10 years	29.88	27.07

The average duration of the defined benefit plan obligation at the end of the reporting period is 9.94 - 10 years (March 31, 2022: 10 years).

vi. The principal assumptions used in determining gratuity obligations for the group's plan are shown below:

Particulars	March 31, 2023	March 31, 2022
Discount rate (in %)	7.30%	7.12%
Salary escalation (in %)	10.00%	10.00%
Employee turnover	Age 21 - 30 Yrs : 15% Age 30 - 34 Yrs : 10% Age 35 - 44 Yrs : 5% Age 45 - 50 Yrs : 3% Age 51 - 54 Yrs : 2% Age 55 - 59 Yrs : 1%	Age 21 - 30 Yrs : 15% Age 30 - 34 Yrs : 10% Age 35 - 44 Yrs : 5% Age 45 - 50 Yrs : 3% Age 51 - 54 Yrs : 2% Age 55 - 59 Yrs : 1%
Retirement age	60 years	60 years
Mortality Rate	Indian Assured Lives Mortality (2012-14) Ultimate Table	Indian Assured Lives Mortality (2012-14) Ultimate Table

Notes:

i) The estimate of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

ii) Plan Characteristics and Associated Risks:

The Gratuity scheme is a Defined Benefit Plan that provides for a lump sum payment made on exit either by way of retirement, death or disability. The benefits are defined on the basis of final salary and the period of service and paid as lump sum at exit. The Plan design means the risks commonly affecting the liabilities and the financial results are expected to be:

a. Discount rate risk : The defined benefit obligation calculated uses a discount rate based on government bonds If bond yields fall, the defined benefit obligation will tend to increase

b. Salary inflation risk : Higher than expected increases in salary will increase the defined benefit obligation

c. Demographic risk : This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2023

43 Gratuity and other post-employment benefits plans (Contd..)

vii. A quantitative sensitivity analysis for significant assumption is as shown below:

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Discount rate		
Impact on defined benefit obligation due to 1% increase in discount rate	(6.07)	(5.78)
Impact on defined benefit obligation due to 1% decrease in discount rate	7.15	6.85
Salary escalation rate		
Impact on defined benefit obligation due to 1% increase in salary escalation rate	3.41	3.33
Impact on defined benefit obligation due to 1% decrease in salary escalation rate	(3.44)	(3.33)
Attrition rate		
Impact on defined benefit obligation due to 1% increase in attrition rate	(0.48)	(0.25)
Impact on defined benefit obligation due to 1% decrease in attrition rate	0.72	0.44

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

44 Leases

I. Company as a lessee

The Group has lease contracts for office facilities and equipment (including vehicles and computer). The lease term for office facilities is generally 3 to 12 years and for equipments is 2 to 6 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets.

The Group also has certain leases of computer and computer equipment with low value. The Group applies 'lease of low value assets' recognition exemption for the leases.

The Group has lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The carrying amounts of right-of-use assets recognised and the movements during the year is as follows:

(₹ in million)

Particulars	Building	Plant and machinery	Vehicles	Leased computer	Total
Gross block					
As at April 1, 2021	**731.97**	**37.10**	**73.70**	**68.47**	**911.24**
Additions	98.47	-	21.47	10.34	130.28
Translation adjustment	(12.79)	-	(1.37)	(1.14)	(15.30)
Disposals / cancellations	(166.61)	-	(13.34)	(44.17)	(224.12)
As at March 31, 2022	**651.04**	**37.10**	**80.46**	**33.50**	**802.10**
Additions	111.37	-	12.89	17.18	141.44
Translation adjustment	39.82	-	5.27	1.74	46.83
Disposals / cancellations	(287.27)	-	(15.93)	(5.49)	(308.69)
As at March 31, 2023	**514.96**	**37.10**	**82.69**	**46.93**	**681.68**

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2023

44 Leases (Contd..)

(₹ in million)

Particulars	Building	Plant and machinery	Vehicles	Leased computer	Total
Accumulated depreciation					
As at April 1, 2021	**276.84**	**3.87**	**36.77**	**37.82**	**355.30**
Charge for the year	88.12	4.74	17.94	15.99	126.79
Translation adjustment	(7.12)	-	(2.34)	(1.02)	(10.48)
Disposals / cancellations	(106.05)	-	(10.76)	(33.77)	(150.58)
As at March 31, 2022	**251.79**	**8.61**	**41.61**	**19.02**	**321.03**
Charge for the year	86.86	4.62	20.56	8.88	120.92
Translation adjustment	20.39	-	4.24	1.42	26.05
Disposals / cancellations	(229.65)	-	(15.93)	(5.49)	(251.07)
As at March 31, 2023	**129.39**	**13.23**	**50.48**	**23.83**	**216.93**
Net block as on March 31, 2023	**385.56**	**23.87**	**32.21**	**23.10**	**464.74**
Net block as on March 31, 2022	**399.25**	**28.49**	**38.85**	**14.48**	**481.07**

The carrying amounts of lease liabilities recognised and the movements during the year is as follows:

(₹ in million)

Particulars	Amount
As at April 1, 2021	**558.88**
Additions	130.28
Accretion of interest	13.14
Translation adjustment	(9.29)
Reversal of lease liabilities on disposal of asset	(73.55)
Payments	(143.89)
As at March 31, 2022	**475.57**
Additions	141.44
Accretion of interest	9.86
Translation adjustment	29.13
Reversal of lease liabilities on disposal of asset	(57.63)
Payments	(145.00)
As at March 31, 2023	**453.37**

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Current	91.79	120.03
Non-current	361.58	355.54

The maturity analysis of lease liabilities are disclosed in note 49.

The effective interest rate for lease liabilities is 1.6% to 12 %.

The following are the amounts recognised in the consolidated Ind AS statement of profit and loss:

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Depreciation expense of right-of-use assets (refer note 36)	120.92	126.79
Interest expense on lease liabilities (refer note 35)	9.86	13.14
Expense relating to short-term leases and leases of low-value assets (included in other expenses) (refer note 37)	46.16	50.21
Total amount recognised in profit or loss	**176.94**	**190.14**

The Group had total cash outflows for leases of ₹ 191.16 million in March 31, 2023 (March 31, 2022: 194.10 million).

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2023

44 Leases (Contd..)

II. Company as a lessor

The Company has entered into cancellable lease agreements for sub-lease of office space. The lease term is for 3 years with a cancellation clause of 3 months.

The following amounts recognised in the consolidated Ind AS statement of profit and loss

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Rental income (refer note 31)	2.27	3.03
	2.27	**3.03**

45 Commitments and contingencies

(a) Capital commitments

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	100.54	7.96

(b) Power purchase agreement

The Group has commitment in nature of variable lease payment towards purchase of solar and wind power with various parties whereby the Group has committed to purchase and supplier has committed to sell contracted quantity of solar and wind power for period as defined in the power purchase agreements.

(c) Contingent liabilities

In the ordinary course of business, the Group faces claims and assertions by various parties. The Group assesses such claims and assertions and monitors the legal environment on an ongoing basis with the assistance of external legal counsel, wherever necessary. The Group records a liability for any claims where a potential loss is probable and capable of being estimated and discloses such matters in its consolidated Ind AS financial statements, if material. For potential losses that are considered possible, but not probable, the Group provides disclosure in the consolidated Ind AS financial statements but does not record a liability in its accounts unless the loss becomes probable.

The following is a description of claims and assertions where a potential loss is possible, but not probable. The Group believes that none of the contingencies described below would have a material adverse effect on the Group's financial condition, results of operation or cash flow.

(₹ in million)

(i) Particulars of guarantees	As at March 31, 2023	As at March 31, 2022
Corporate guarantees	43.91	331.31
Bank guarantees (refer note 13)*	29.21	29.19

* Excludes performance bank guarantees given to various customers as the management is of the view that the same is not required to be disclosed here.

(ii) The Hon'ble Supreme court of India in the month of February 2019 had passed a judgement relating to definition of wages under the Provident Fund Act, 1952. The Management is of the view that there are interpretative challenges on the application of the judgement retrospectively. Based on the legal advice and in the absence of reliable measurement of the provision for earlier periods, the Group has made a provision for provident fund contribution pursuant to the judgement only from the date of Supreme Court Order. The Group will evaluate its position and update its provision, if required, on receiving further clarity on the subject. The Group does not expect any material impact of the same.

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2023

45 Commitments and contingencies (Contd..)

(iii) The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Holding Company and its domestic subsidiaries will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

(iv) The Group is involved in legal proceedings, both as plaintiff and as defendant. The Group believes the following claims to be material.

(₹ in million)

Disputes*	March 31, 2023	March 31, 2022
Matters relating to income tax under dispute:	46.44	46.44
Matters relating to indirect taxes under dispute:	143.34	143.34
Others:		
- Stamp duty levy	16.28	16.28
- Property tax	10.86	5.89
- Other claims against the Group not acknowledged as debts	8.11	11.75

* The aforementioned amounts under disputes are as per the demands from various authorities for the respective periods and has not been adjusted to include further interest and penalty leviable, if any, at the time of final outcome of the appeals.

The Group is subject to legal proceeding and claims, which have arisen in the ordinary course of business. The Group has reviewed all its pending litigations and proceedings and is not carrying provisions for all the above mentioned amounts in its books of account, as the Group's Management is confident of successfully litigating the matters and these are disclosed as contingent liability, where applicable in its consolidated Ind AS financial statements. The Group's Management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect on the Group's results of operations or financial condition.

46 Segment information - Disclosure pursuant to Ind AS 108 "Operating Segments"

(a) Information about reportable segments

Basis of identifying operating segments / reportable segments:

(i) Basis of identifying operating segments:

Operating segments are identified as those components of the Group (a) that engage in business activities to earn revenues and incur expenses (including transactions with any of the Group's other components); (b) whose operating results are regularly reviewed by the Group's Chief Operating Decision Maker (CODM) to make decisions about resource allocation and performance assessment and (c) for which discrete financial information is available.The accounting policies consistently used in the preparation of financial statements are also applied to record revenue and expenditure in individual segments. Assets, liabilities, revenues and direct expenses in relation to segments are categorised based on items that are individually identifiable to that segment, while other items, wherever allocable, are apportioned to the segment on an appropriate basis. Certain items are not specifically allocable to individual segments as the underlying services are used interchangeably. The Company therefore believes that it is not practical to provide segment disclosures relating to such items and accordingly such items are separately disclosed as 'unallocated'.

(ii) Reportable segments:

An operating segment is classified as reportable segment if reported revenue (including inter-segment revenue) or absolute amount of result or assets exceed 10% or more of the combined total of all the operating segments.

The Company along with its subsidiaries and an associate are an integrated business unit which addresses the Electronics System Design and Manufacturing ("ESDM") and accordingly there is only one reportable segment called ESDM in accordance with the requirement of Ind AS 108 - "Operating segments".

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2023

46 Segment information - Disclosure pursuant to Ind AS 108 "Operating Segments" (Contd..)

(b) Geographical information

(₹ in million)

Particulars	Segment revenue*		Non-current assets**	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
(i) India	2,573.72	2,126.95	1,198.71	1,170.25
(ii) Europe and UK	5,317.11	5,005.85	1,252.68	1,271.98
(iii) North America	1,195.57	562.02	83.58	113.10
(iv) Rest of the world	143.29	104.58	-	-
Total	**9,229.69**	**7,799.40**	**2,534.97**	**2,555.33**

*Revenue by geographical area are based on the geographical location of the customers.

**Non-current assets excludes financial instruments and tax assets.

47 Share-based payments

A Description of the share based payment arrangements

The Holding Company has following share based payment arrangements:

(i) Share option plans (equity settled)

The Holding Company sponsers share option plan -

The Centum Employee Stock Option Plan ('ESOP') - 2013 plan. The details of the aforementioned plan are as follows:

(a) The Centum ESOP - 2013 plan was approved by the directors of the Holding Company in May 2013 and by the shareholders in August 2013. Centum ESOP - 2013 plan provides for the issue of 250,000 shares to the employees of the Holding Company and its subsidiaries (whether in India or outside India), who are in whole time employment with the Holding Company and/or it's subsidiaries.

The plan is administered by a Compensation committee. Options will be issued to employees of the Holding Company and/or it's subsidiaries at an exercise price, which shall not be less than the market price immediately preceding the date of grant. The equity shares covered under these options vest over a period ranging from twelve to forty eight months from the date of grant. The exercise period is ten years from the date of vesting.

The Centum Electronics Limited Restricted Stock Unit Plan 2021. The details of the aforementioned plan are as follows:

(a) The Centum Electronics Limited Restricted Stock Unit Plan 2021 was approved by the shareholders of the Holding Company in October 2021. Centum RSU - 2021 plan provides for the issue of 1,75,000 shares to the employees of the Holding Company and its subsidiaries (whether in India or outside India), who are in whole time employment with the Holding Company and/or it's subsidiaries.

The plan is administered by the Nomination and Remuneration committee. Options will be issued to employees of the Holding Company and/or it's subsidiaries at an exercise price, which shall be equal to the face value of the shares. RSUs granted under this Plan would vest not earlier than minimum vesting period of 1 (one) year or such other period as may be prescribed under applicable laws and not later than maximum vesting period of 8 (eight) years from the date of grant of such RSUs. The exercise period is 5 years from the date of last vesting of RSU.

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2023

47 Share-based payments (Contd..)

B Measurement of fair values

The fair value of employee share options has been measured using Black Scholes model. The fair value of the options and the input used in the measurement of the grant- date fair values of both the plans are as follows:

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
	Centum ESOP - 2013	Centum ESOP - 2013
Fair value at grant date	₹ 11.65 - ₹ 277.30	₹ 11.65 - ₹ 277.30
Share price at grant date	₹ 71.25 & ₹ 637.05	₹ 71.25 & ₹ 637.05
Weighted average exercise price (WAEP)	₹ 71.25	₹ 71.25
Dividend yield (%)	10%	10%
Expected life of share options (years)	1- 4 years	1- 4 years
Risk free interest rate (%)	5.70 - 8.60%	5.70 - 8.60%
Expected volatility (%)	48.31%	48.31%

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
	Centum RSU Plan - 2021	Centum RSU Plan - 2021
Fair value at grant date	₹ 420.08	-
Share price at grant date	₹ 455.65	-
Weighted average exercise price (WAEP)	₹ 10.00	-
Dividend yield (%)	2.08%	-
Expected life of share options (years)	1- 8 years	-
Risk free interest rate (%)	7.12%	-
Expected volatility (%)	56.15%	-

C Movements during the year

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, Centum ESOP - 2013 plan during the year:

Particulars	For the year ended March 31, 2023		For the year ended March 31, 2022	
	Number of options	WAEP	Number of options	WAEP
Options outstanding at April 1,	12,026	71.25	19,026	279.42
Granted during the period	-	-	-	-
Forfeited / lapsed during the period	-	-	7,000	-
Exercised during the period	-	-	-	-
Expired during the period	-	-	-	-
Options outstanding at March 31,	**12,026**	**71.25**	**12,026**	**71.25**
Exercisable at March 31,	12,026	71.25	12,026	71.25

The options outstanding as at March 31, 2023 had an exercise price of ₹ 71.25 (March 31, 2022: ₹ 71.25) and the weighted average remaining contractual life of 3.77 years (March 31, 2022: 4.77 years).

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2023

47 Share-based payments (Contd..)

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, Centum RSU - 2021 plan during the year:

Particulars	For the year ended March 31, 2023		For the year ended March 31, 2022	
	Number of options	WAEP	Number of options	WAEP
Options outstanding at April 1,	-	-	-	-
Granted during the period	1,30,400	10.00	-	-
Forfeited / lapsed during the period	15,000	10.00	-	-
Exercised during the period	-	-	-	-
Expired during the period	-	-	-	-
Options outstanding at March 31,	**1,15,400**	**10.00**	**-**	**-**
Exercisable at March 31,	-	10.00	-	-

The options outstanding as at March 31, 2023 had an exercise price of ₹.10 (March 31, 2022: Nil) and the weighted average remaining contractual life of 7.15 years (March 31, 2022: Nil).

D Expense recognised in the consolidated Ind AS statement of profit and loss

The expense recognised for employee services received during the year is shown in the following table :

(₹ in million)

Particulars of guarantees	As at March 31, 2023	As at March 31, 2022
Expense arising from equity settled share based payment transaction (refer note 34)	13.91	0.16

48 Capital management

The Group's capital management is intended to create value for the shareholders by facilitating the meeting of long term and short term goals of the Group.

The Group determines the amount of capital required on the basis of annual business plan coupled with long term and short term strategic investment and expansion plans. The funding needs are met through equity, cash generated from operations and long term and short term bank borrowings.

For the purpose of the Group's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity shareholders of the Group.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio at an optimum level to ensure that the debt related covenants are complied with.

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2023

48 Capital management (Contd..)

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Borrowings (refer note 19 and 23)	2,627.61	2,725.99
Less: Cash and cash equivalents (refer note 13)	352.71	480.44
Net debt (A)	**2,274.90**	**2,245.55**
Capital components		
Equity share capital (refer note 16)	128.85	128.85
Other equity (refer note 17)	1,978.32	1,910.83
Total capital (B)	**2,107.17**	**2,039.68**
Capital and net debt (C = (A+B))	**4,382.07**	**4,285.23**
Gearing ratio (D=(A/C))	**52%**	**52%**

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2023 and year ended March 31, 2022.

49 Disclosures on Financial instruments

This section gives an overview of the significance of financial instruments of the Group and provides additional information on balance sheet items that contain financial instruments.

The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2.3(b) and 2.3(o), to the consolidated Ind AS financial statements.

(a) Financial assets and liabilities

The following tables presents the carrying value and fair value of each category of financial assets and liabilities as at March 31, 2023 and March 31, 2022.

As at March 31, 2023

(₹ in million)

Particulars	Fair value through statement of profit or loss	Fair value through statement of other comprehensive income	Derivative instruments not in hedging relationship	Amortised cost	Total fair value	Total carrying value
Financial assets						
(i) Investments (other than investments in associates)	13.81	-	-	-	13.81	13.81
(ii) Trade receivables	-	-	-	4,115.27	4,115.27	4,115.27
(iii) Cash and cash equivalents	-	-	-	352.71	352.71	352.71
(iv) Bank balances other than cash and cash equivalents	-	-	-	262.20	262.20	262.20
(v) Other financial assets	-	0.02	-	290.85	290.87	290.87
Total	**13.81**	**0.02**	**-**	**5,021.03**	**5,034.86**	**5,034.86**
Financial liabilities						
(i) Borrowings	-	-	-	2,627.61	2,627.61	2,627.61
(ii) Lease liabilities	-	-	-	453.37	453.37	453.37
(iii) Trade payables	-	-	-	2,109.71	2,109.71	2,109.71
(iv) Put option liability	-	-	141.12	-	141.12	141.12
(v) Other financial liabilities	-	-	-	375.92	375.92	375.92
Total	**-**	**-**	**141.12**	**5,566.61**	**5,707.73**	**5,707.73**

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2023

49 Disclosures on Financial instruments (Contd..)

As at March 31, 2022

(₹ in million)

Particulars	Fair value through statement of profit or loss	Fair value through statement of other comprehensive income	Derivative instruments not in hedging relationship	Amortised cost	Total fair value	Total carrying value
Financial assets						
(i) Investments (other than investments in associates)	13.78	-	-	-	13.78	13.78
(ii) Trade receivables	-	-	-	2,768.14	2,768.14	2,768.14
(iii) Cash and cash equivalents	-	-	-	480.44	480.44	480.44
(iv) Bank balances other than cash and cash equivalents	-	-	-	333.81	333.81	333.81
(v) Other financial assets	-	-	-	364.42	364.42	364.42
Total	**13.78**	**-**	**-**	**3,946.81**	**3,960.59**	**3,960.59**
Financial liabilities						
(i) Borrowings	-	-	-	2,725.99	2,725.99	2,725.99
(ii) Lease liabilites	-	-	-	475.57	475.57	475.57
(iii) Trade payables	-	-	-	1,140.83	1,140.83	1,140.83
(iv) Put option liability	-	-	272.94	-	272.94	272.94
(v) Other financial liabilities	-	-	-	325.62	325.62	325.62
Total	**-**	**-**	**272.94**	**4,668.01**	**4,940.95**	**4,940.95**

(b) Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3, as described below:

Quoted prices in an active market (Level 1): This level of hierarchy includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists of investment in quoted equity shares and mutual fund investments.

Valuation techniques with observable inputs (Level 2): This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Valuation techniques with significant unobservable inputs (Level 3): This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2023

49 Disclosures on Financial instruments (Contd..)

(₹ in million)

Particulars	Fair value measurements at reporting date using			
	Total	Level 1	Level 2	Level 3
March 31, 2023				
Financial assets				
Investments (other than investments in associates)	13.81	-	-	13.81
Derivative assets	0.02	-	0.02	-
Financial liabilities				
Borrowings	2,627.61	-	2,627.61	-
Put option liability	141.12	-	141.12	-
March 31, 2022				
Financial assets				
Investments (other than investments in associates)	13.78	-	-	13.78
Financial liabilities				
Borrowings	2,725.99	-	2,725.99	-
Put option liability	272.94	-	272.94	-

(i) Short-term financial assets and liabilities are stated at carrying value which is approximately equal to their fair value.

(ii) Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of the amounts that the Group could have realised or paid in sale transactions as of respective dates. As such, fair value of financial instruments subsequent to the reporting dates may be different from the amounts reported at each reporting date.

(iii) There have been no transfers between Level 1, Level 2 and Level 3 for the years ended March 31, 2023 and March 31, 2022.

(c) Financial risk management objectives and policies

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, lease liabilities, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets including trade receivables, other financial assets and cash and bank balances derived from its operations.

In the course of its business, the Group is exposed primarily to fluctuations in foreign currency exchange rates, interest rates, equity prices, liquidity and credit risk, which may adversely impact the fair value of its financial instruments. The Group has a risk management policy which not only covers the foreign exchange risks but also other risks associated with the financial assets and liabilities such as interest rate risks and credit risks. The risk management policy is approved by the Board of Directors. The risk management framework aims to:

(i) create a stable business planning environment by reducing the impact of currency and interest rate fluctuations on the Group's business plan.

(ii) achieve greater predictability to earnings by determining the financial value of the expected earnings in advance.

Market risk

Market risk is the risk of any loss in future earnings, in realisable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates, equity price fluctuations, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2023

49 Disclosures on Financial instruments (Contd..)

(a) Market risk- Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

(₹ in million)

Particulars	Increase / decrease in basis points	Effect on profit before tax
March 31, 2023		
	+50	(5.27)
	-50	**5.27**
March 31, 2022		
	+50	(4.89)
	-50	**4.89**

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

(b) Market risk- Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates.

Foreign currency exposure

The following table demonstrate the unhedged exposure in USD / EURO exchange rates as at March 31, 2023 and March 31, 2022. The group's exposure to foreign currency changes for all other currencies are not material.

(₹ in million)

Particulars	Currency	March 31, 2023	March 31, 2022
Trade payables and borrowings (including short term borrowing and long term borrowing)	USD	(20.02)	(18.06)
Trade receivables and cash and cash equivalents	USD	10.77	5.69
Net assets / (liabilities) in USD in million	USD	(9.25)	(12.37)
Net assets / (liabilities) in ₹ in million	INR	(760.52)	(934.77)

(₹ in million)

Particulars	Currency	March 31, 2023	March 31, 2022
Trade payables and borrowings (including short term borrowing and long term borrowing)	EUR	(2.71)	(1.39)
Trade receivables and cash and cash equivalents	EUR	1.46	1.88
Net assets / (liabilities) in EUR in million	EUR	(1.25)	0.49
Net assets / (liabilities) in ₹ in million	INR	(111.59)	41.02

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2023

49 Disclosures on Financial instruments (Contd..)

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EURO exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities excluding derivative assets. The Group's exposure to other currency is not material.

(₹ in million)

Particulars	Change in currency	Effect on profit or loss	
		Strengthening	Weakening
March 31, 2023			
USD	5%	(38.03)	38.03
EURO	5%	(5.58)	5.58
March 31, 2022			
USD	5%	(46.74)	46.74
EURO	5%	2.05	(2.05)

The sensitivity analysis has been based on the composition of the financial assets and liabilities at March 31, 2023 and March 31, 2022 of entities within the Group having exposure other than their functional currency. The period end balances are not necessarily representative of the average debt outstanding during the period.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Financial instruments that are subject to credit risk and concentration thereof principally consist of trade receivables, investments, cash and cash equivalents and derivatives.

The carrying value of financial assets represents the maximum credit risk. The maximum exposure to credit risk was ₹ 5,034.86 million and ₹ 3,960.59 million as at March 31, 2023 and March 31, 2022, respectively, being the total carrying value of trade receivables, balances with bank, bank deposits, investments (other than investments in associates) and other financial assets.

Customer credit risk is managed by each entity / business unit based on the Group's established policy, procedures and control relating to customer credit risk management. An impairment analysis is performed at each reporting date on an individual basis for major customers. The Group does not hold collateral as security.Also refer note 12.

With respect to trade receivables, the Group has constituted the terms to review the receivables on periodic basis and to take necessary mitigations, wherever required. The Group creates allowance for all unsecured receivables based on lifetime expected credit loss based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix.

Credit risk from balances with bank and financial institutions and in respect to loans and security deposits is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Group have made certain strategic investments which have been approved by the Board of Directors.

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2023

49 Disclosures on Financial instruments (Contd..)

Liquidity risk

Liquidity risk refers to the risk that the Group cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Group has obtained fund and non-fund based working capital limits from various banks. The Group invests its surplus funds in bank fixed deposit, which carry no or low market risk.

The Group monitors its risk of a shortage of funds on a regular basis. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, etc. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be medium.

The following table shows a maturity analysis of the anticipated cash flows excluding interest obligations for the Group's financial liabilities on an undiscounted basis, which therefore differ from both carrying value and fair value. Floating rate interest is estimated using the prevailing interest rate at the end of the reporting period.

(₹ in million)

Particulars	0 - 1 years	1 to 5 years	> 5 years	Total
March 31, 2023				
Borrowings	2,047.99	577.58	2.04	2,627.61
Lease liabilities	91.79	267.80	114.08	473.67
Trade payables	2,109.71	-	-	2,109.71
Other financial liabilities	517.04	-	-	517.04
	4,766.53	**845.38**	**116.12**	**5,728.03**
March 31, 2022				
Borrowings	1,910.25	815.74	-	2,725.99
Lease liabilities	120.03	267.35	107.80	495.18
Trade payables	1,140.83	-	-	1,140.83
Other financial liabilities	598.56	-	-	598.56
	3,769.67	**1,083.09**	**107.80**	**4,960.56**

50 Disclosure under Ind AS 115

a) Timing of revenue recognition

March 31, 2023

(₹ in million)

Particulars	Performance obligation satisfied at point in time	Performance obligation satisfied over time*	Total
Sale of products	6,008.73	-	6,008.73
Sale of services	-	2,833.23	2,833.23
Management fees	-	79.95	79.95
Sales commission	11.24	-	11.24
Income from foreign subsidies	-	296.54	296.54
Total	**6,019.97**	**3,209.72**	**9,229.69**

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2023

50 Disclosure under Ind AS 115 (Contd..)

March 31, 2022

(₹ in million)

Particulars	Performance obligation satisfied at point in time	Performance obligation satisfied over time*	Total
Sale of products	4,571.95	-	4,571.95
Sale of services	-	2,761.81	2,761.81
Management fees	-	105.10	105.10
Sale of scrips	4.29	-	4.29
Sales commission	12.21	-	12.21
Income from foreign subsidies	-	344.04	344.04
Total	**4,588.45**	**3,210.95**	**7,799.40**

* The Group recognises revenue from these sources over time, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group.

b) Contract Balances:

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Trade receivables (including unbilled revenue) (refer note 12)		
- Non-current (gross)	286.83	269.12
- Current (gross)	3,927.07	2,593.04
- Impairment allowance (allowance for bad and doubtful debts)	(98.63)	(94.02)
Contract Liabilities		
Deferred revenue (refer note 26)		
- Current	485.91	385.20
Advance from customers (refer note 26)		
- Non-current	167.39	77.30
- Current	1,082.66	755.38

c) Revenue recognised during the year

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Arising out of contract liabilities as at the beginning of the year	670.26	390.00
	670.26	**390.00**

d) Revenue recognised during the year from the performance obligation satisfied upto previous year (arising out of contract modifications) amounts to ₹ Nil (March 31, 2022: ₹ Nil)

51 Interests in material partly-owned subsidiaries

Financial information of subsidiaries that have material non-controlling interests is provided below:

1 Details of material partly-owned subsidiaries

Particulars	Country of incorporation and operation	March 31, 2023	March 31, 2022
Centum Adetel Group SA	France	77.77%	64.66%

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2023

51 Interests in material partly-owned subsidiaries (Contd..)

2 Accumulated balances of material non-controlling interest:

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Centum Adetel Group SA*	(69.63)	(73.89)

* Before consolidation adjustments

3 (Loss) / profit allocated to material non-controlling interest:

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Centum Adetel Group SA*	(23.36)	(210.34)

* Before consolidation adjustments

4 Summarised financial position

The summarised financial position of the subsidiary is provided below. This information is based on amounts before inter-company eliminations and consolidation adjustments.

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Non-current assets		
Property, plant and equipment	63.83	85.46
Other intangible assets	141.72	196.82
Intangible assets under development	227.56	120.14
Right-to-use assets	415.23	432.59
Financial and other assets	554.98	525.99
Total	**1,403.32**	**1,360.99**
Current assets		
Inventories	231.73	234.36
Financial and other assets	2,279.00	2,398.64
Total	**2,510.73**	**2,632.99**
Non-current liabilities		
Financial liabilities (including borrowings)	922.81	1,153.98
Other liabilities	23.67	70.35
Total	**946.48**	**1,224.33**
Current liabilities		
Financial liabilities (including borrowings)	1,799.22	1,612.98
Other liabilities	1,481.57	1,365.77
Total	**3,280.79**	**2,978.75**
Total equity	**(313.23)**	**(209.09)**
Attributable to:		
Equity holders of parent	(243.60)	(135.20)
Non-controlling interests	(69.63)	(73.89)

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2023

51 Interests in material partly-owned subsidiaries (Contd..)

5 Summarised statement of profit and loss

The summarised financial statement of profit and loss of the subsidiary is provided below. This information is based on amounts before inter-company eliminations and consolidation adjustments.

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
I Income		
Revenue from operations	4,204.14	4,556.35
Other Income	7.49	23.94
Finance Income	6.77	7.28
Total Income	**4,218.39**	**4,587.57**
II Expenses		
Cost of materials consumed	1,145.28	1,332.04
(Increase) / decrease in inventories of work-in-progress and finished goods	(0.77)	(3.69)
Employee benefit expenses	2,384.96	2,423.62
Finance costs	112.72	114.55
Depreciation and amortisation expenses	206.47	193.72
Other expenses	479.33	503.84
Total Expenses	**4,327.99**	**4,564.09**
III Share of profit / (loss) of associates (net)	**12.44**	**(45.74)**
IV (Loss) / profit before exceptional items and tax (I-II+III)	(97.16)	(22.26)
V Exceptional items	-	585.19
VI (Loss) / profit before tax expense (IV-V)	(97.16)	(607.45)
VII Tax Expenses	-	-
VIII (Loss) / profit after tax for the year (VI-VII)	(97.16)	(607.45)
IX Other comprehensive income / (expense) (net of tax)		
(A) Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
(i) Exchange differences on translation of foreign operations	(6.63)	12.26
X Total comprehensive income for the year (VIII + IX)	(103.79)	(595.19)
Attributable to non-controlling interest	(23.36)	(210.34)

6 Summarised cashflow information:

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Cash flow from operating activities	519.53	334.30
Cash flow from investing activities	(104.87)	(104.06)
Cash flow from financing activities	(528.43)	(225.94)
Net (decrease) / increase in cash & cash equivalents	**(113.77)**	**4.30**

52 Previous year numbers have been reclassified/regrouped wherever necessary to confirm to current year classifications.

53 Hedging activities and derivatives

The Group uses foreign exchange forward contracts to manage some of its transaction exposures. These derivative instruments are not designated as cash flow / fair value hedges and are entered into for periods consistent with foreign currency exposure of underlying transactions. All transactions in derivative financial instruments are undertaken to manage risks arising from underlying business activities.

(₹ in million)

Particulars	March 31, 2023	March 31, 2022
Derivative assets (refer note 14)	0.02	-

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2023

54 As at March 31, 2023, trade payables amounting to ₹ 82.54 million, advance from customers amounting to ₹ 141.62 million and trade receivables amounting to ₹ 60.16 million towards purchase and sale of goods and services respectively, which are outstanding beyond permissible time period stipulated under the Master Circular on Import of Goods and Services and Master Circular on Export of Goods and Services issued by Reserve Bank of India ('the RBI'). Considering that the balances are outstanding for more than the stipulated time, the Company is in the process of intimating the appropriate regulatory authorities and seeking requisite approvals for extensions. The management is confident that required approvals would be received and penalties, if any that may be imposed on the Company would not be material. Accordingly, no adjustments have been made by the management to these consolidated Ind AS financial statements in this regard.

55 Other statutory information

(i) The Holding Company and its subsidiary incorporated in India does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.

(ii) The Holding Company and its subsidiary incorporated in India does not have any transactions with companies struck off.

(iii) The Holding Company and its subsidiary incorporated in India does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period,

(iv) The Holding Company and its subsidiary incorporated in India has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(v) Following are the details of the funds advanced by the Holding Company to Intermediaries for further advancing to the Ultimate beneficiaries:

(Euro. in million)

Name of the intermediary to which the funds are advanced	Date of funds advanced	Amount of funds advanced	Date on which funds are invested by intermediaries to Ultimate Benefeciaries	Amount of funds further advanced to ultimate beneficaries	Ultimate Beneficary
Centum Electronics UK Limited	May 04, 2022	1.60	June 16, 2022	1.60	Shareholders of Centum Adetel Group SA
	November 04, 2022	0.08	November 07, 2022	0.08	

The Holding Company has complied with the relevant provisions of the Foreign Exchange Management Act, 1999 (42 of 1999) and The Companies Act, 2013 for the above transactions and the transactions are not violative of the Prevention of Money laundering Act, 2022 (15 of 2003).

Complete details of the Intermediary and Ultimate Beneficiary:

Name of the entity	Registerd Address	Government Identification Number	Relationship with the Company
Centum Electronics UK Limited	16 Great Queen Street, Covenat Garden, London, WC2B 5AH	10186046	Subsidiary

As detailed above, the Ultimate Beneficiaries are shareholders of Centum Adetel Group SA from whom the Company through its step down subsidiary Centum Electronics UK Limited have further acquired additional stake of Centum Adetel Group SA during the year.

Notes to the consolidated Ind AS financial statements

for the year ended March 31, 2023

55 Other statutory information (Contd..)

(vi) The Holding Company and its subsidiary incorporated in India has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

(vii) The Holding Company and its subsidiary incorporated in India has no such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961

(viii) The Group has not been declared as a wilful defaulter by any banks or financial institutions.

56 Events after the reporting period

The board of directors have proposed dividend after the balance sheet date which are subject to approval by the shareholders at the annual general meeting. Refer note 18 for details.

57 Certain amounts (currency value or percentages) shown in the various tables and paragraphs included in these consolidated Ind AS financial statements have been rounded off or truncated as deemed appropriate by the management of the Group.

As per our report of even date

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

per Sandeep Karnani
Partner
Membership number: 061207

Place : Bengaluru, India
Date : May 27, 2023

For and on behalf of Board of Directors of **Centum Electronics Limited**

Apparao V Mallavarapu
Chairman and Managing Director
DIN: 00286308

Nikhil Mallavarapu
Whole Time Director
DIN: 00288551

Indu H S
Company Secretary
Membership number: F12285

K.S. Desikan
Chief Financial Officer

Place : Bengaluru, India
Date : May 27, 2023

Centum Electronics Limited

Corporate Identity Number (CIN) – L85110KA1993PLC013869
Registered Office: No.44, KHB Industrial Area, Yelahanka New Town, Bangalore – 560 106
Tel. No: +91 80 4143 6000 Fax No: +91 80 4143 6005
Email: investors@centumelectronics.com Website: www.centumelectronics.com

Notice of the 30th Annual General Meeting

Notice is hereby given that the Thirtieth (30th) Annual General Meeting (AGM) of the Members of **Centum Electronics Limited will be held on Friday, August 11, 2023 at 4:30 P.M. IST** through Video Conferencing / Other Audio Visual Means ("VC / OAVM") to transact the following business.

The venue of the meeting shall be deemed to be the Registered Office of the Company at No. 44, KHB Industrial Area, Yelahanka New Town, Bengaluru- 560 106.

ORDINARY BUSINESS

Item No.1 – Adoption of Standalone Financial Statements

To receive, consider and adopt the audited standalone financial statements of the Company for the financial year ended March 31, 2023, including the audited Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement, and notes to financial statements for the year ended on that date along with the reports of the Board of Directors and Auditor's thereon.

Item No.2 – Adoption of Consolidated Financial Statements

To receive, consider and adopt the audited consolidated financial statements of the Company for the financial year ended March 31, 2023, including the audited Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement, and notes to financial statements for the year ended on that date along with the report of the Auditor's thereon.

Item No.3 – Declaration of Dividend

To declare a final Dividend of ₹ 4 per equity share (i.e., 40%) of ₹ 10/- each for the financial year ended 31st March 2023.

Item No.4 - Retirement of Director by Rotation

To appoint a Director in place of Mr. Nikhil Mallavarapu (DIN: 00288551) who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

Item No.5 – Appointment of Ms. Tanya Mallavarapu (DIN: 01728446) as a Director

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 152 and all other applicable provisions of the Companies Act, 2013 ("the Act") and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), and pursuant to the recommendation and approval of the Nomination and Remuneration Committee and the Board of Directors of the Company, Ms. Tanya Mallavarapu (DIN: 01728446) who was appointed by the Board of Directors as an Additional Director with effect from 27th May, 2023 pursuant to the provisions of Section 161 of the Act and the Articles of Association of the Company, and who holds office as an Additional Director up to the date of this Annual General Meeting of the Company, and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act from a Member signifying his intention to propose Ms. Tanya Mallavarapu's candidature for the office of the Director, be and is hereby appointed as a Non-executive, Non Independent Director of the Company, liable to retire by rotation.

RESOLVED FURTHER THAT the Board of Directors and Company Secretary & Compliance Officer of the Company be and are hereby severally authorised to do all such acts, deeds and things as may be necessary, proper, or expedient to give effect to this resolution."

Item No.6 – Remuneration payable to the Cost Auditors

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. K.S. Kamalakara & Co., Cost Accountants (Firm Registration No. 000296), appointed as Cost Auditors by the Board of Directors to audit the cost records of the Company for the financial year 2023–24, be paid a remuneration of ₹1,00,000/- (Rupees One Lakh) per annum plus applicable taxes and out-of-pocket expenses that may be incurred during the course of audit.

RESOLVED FURTHER THAT the Board of Directors and Company Secretary & Compliance Officer of the Company be and are hereby severally authorised to do all such acts, deeds and things as may be necessary, proper, or expedient to give effect to this resolution."

By Order of the Board of Directors
For **Centum Electronics Limited**

Place: Bengaluru
Date: May 27, 2023

Indu H S
Company Secretary
& Compliance Officer

Registered Office:
No.44, KHB Industrial Area
Yelahanka New Town
Bengaluru – 560 106
CIN: L85110KA1993PLC013869

NOTES:

1. Ministry of Corporate Affairs ("MCA") has vide its circular dated December 28, 2022 read with circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 (collectively referred to as "MCA Circulars") permitted the holding of AGM through VC / OAVM, without the physical presence of Members. In compliance therewith, AGM of the Company is being held through VC / OAVM. Also, in compliance with MCA Circulars and SEBI Circular dated January 05, 2023 read with circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2022-23 is being sent only through electronic mode to those Members whose email addresses are registered with the Company / Depositories.

2. The Company has enabled the Members to participate at the 30th AGM through the VC / OAVM facility provided by KFin Technologies Limited (previously known as KFin Technologies Private Limited), Registrar and Share Transfer Agent. The instructions for participation by Members are given in the subsequent paragraphs. Participation at the AGM through VC / OAVM shall be allowed on a first come-first-serve basis.

3. As per the provisions under the MCA Circulars, Members attending the 30th AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.

4. The Company has provided the facility to Members to exercise their right to vote by electronic means both through remote e-voting and Insta Poll during the AGM. The process of remote e-voting with necessary User ID and Password is given in the subsequent paragraphs. Such remote e-voting facility is in addition to voting that will take place at the 30th AGM being held through VC / OAVM.

5. Members joining the meeting through VC / OAVM, who have not already cast their vote by means of remote e-voting, shall be able to exercise their right to vote through Insta Poll at the AGM. The Members who have cast their vote by remote e-voting prior to the AGM may also join the AGM through VC / OAVM but shall not be entitled to cast their vote again.

6. The Company has appointed Mr. S.P. Nagarajan, Practicing Company Secretary (Membership No. ACS 10028), who in the opinion of the Board is a duly qualified person, as a Scrutinizer who will collate the electronic voting process in a fair and transparent manner. The Scrutinizer shall within a period of two (2) working days from the date of conclusion of General Meeting, submit his report of the votes cast in favour or against, if any, to the Chairman of the Company. The result of the same will be disclosed through the Annual General Meeting proceedings. The e-voting results will also be uploaded in the website of the Company https://www.centumelectronics.com.

7. As per the provisions of the Companies Act, 2013, a member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf. Since the 30th AGM is being held through VC / OAVM as per the MCA Circulars, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies to attend and cast vote for the members will not be made available for the 30th AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.

8. Corporate Members are required to access the link https://evoting.kfintech.com and upload a certified copy of the Board Resolution authorizing their representative to attend the AGM through VC / OAVM and vote on their behalf. Institutional Investors are encouraged to attend and vote at the meeting through VC / OAVM.

9. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.

10. The Company has fixed Wednesday, August 2, 2023, as Record Date for determining the members eligible for Dividend on Equity Shares, if declared at the Annual General Meeting.

11. Subject to the provisions of the Companies Act, 2013, dividend as recommended by the Board of Directors, if approved by the members will be paid on or before Tuesday, September 5, 2023, to those members whose names appear in the Register of Members on the Record Date.

12. Pursuant to Finance Act, 2020, dividend income will be taxable in the hands of shareholders w.e.f. April 1, 2020, and the Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates. For the prescribed rates for various categories, the members are requested to refer to the Finance Act, 2020 and amendments thereof.

    A Resident individual shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source by sending an email to einward.ris@kfintech.com or investors@centumelectronics.com. Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%.

    Non-resident shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, self declaration and any other document which may be required to avail the tax treaty benefits by sending an email to einward.ris@kfintech.com or investors@centumelectronics.com.

The aforesaid declarations and documents need to be submitted by the shareholders latest by Wednesday, August 2, 2023

13. Members are requested to note that the dividends not encashed or claimed within 7 (seven) years from the date of transfer to the Unpaid Dividend Account, will as per Section 124 of the Companies Act, 2013, along with the respective shares lying in the pool account be transferred to the Investor Education and Protection Fund (IEPF). Members who have not encashed or claimed the dividend for the earlier years are requested to approach the Company / Registrar & Transfer Agent and whose shares are transferred to IEPF can claim by making an application in form IEPF-5 to IEPF Authority through Company's Nodal Officer and Registrar & Transfer Agent at the earliest. Members can file only one consolidated claim in a financial year as per the IEPF Rules.

14. Members whose shareholding is in the electronic mode are requested to direct change of address notifications and updates of savings bank account details to their respective Depository Participant(s). Members holding Shares in physical form are requested to advise any change of address or bank details immediately to our Registrars and Transfer Agent, KFin Technologies Limited. Members are also encouraged to utilize the Electronic Clearing System (ECS) for receiving dividends.

15. In accordance with the proviso to Regulation 40(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, effective from April 1, 2019, transfers of securities of the Company shall not be processed unless the securities are held in the dematerialized form with a depository. Accordingly, Members holding equity shares in physical form are urged to have their shares dematerialized to enable to transfer shares in a hassle free manner.

16. Members who hold shares in the physical form can nominate a person in respect of all the shares held by them singly or jointly. Members who hold shares in single name are advised, in their own interest, to avail of the nomination facility by filling Form No. SH-13 or Form ISR-3 (Declaration to Opt-out). Members holding shares in the dematerialised form may contact their DP's for recording the nomination in respect of their holdings.

17. Forms ISR-1, ISR-2, ISR-3, ISR-4 & SH-13 alongwith the supporting documents as stated above are required to be submitted to KFintech at the address mentioned below:

    KFin Technologies Limited (Formerly KFin Technologies Private Limited)
    Unit: Centum Electronics Limited
    Selenium Tower B, Plot 31-32, Financial District,
    Nanakramguda, Serilingampally Mandal,
    Hyderabad – 500032, Telangana,
    Toll Free No.: 1800-309-4001
    E-mail: einward.ris@kfintech.com

18. In line with the MCA Circulars, the notice of the 30th AGM along with the Annual Report 2022-23 are being sent only by electronic mode to those Members whose e-mail addresses are registered with the Company/ Depositories. Members may please note that this Notice and Annual Report 2022-23 will also be available on the Company's website at https://www.centumelectronics.com, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of KFin Technologies Limited at https://evoting.kfintech.com.

19. Members who have not registered their e-mail address are requested to register the same in respect of shares held in electronic form with the Depository through their Depository Participant(s) and in respect of shares held in physical form by writing to the Company's Registrar and Share Transfer Agent, KFin Technologies Limited, Selenium Building, Tower B, Plot No. 31 & 32, Gachibowli Financial District, Nanakramguda, Hyderabad-500 032.

20. The Statement pursuant to Section 102 (1) of the Companies Act, 2013 with respect to the Special Business set out in the Notice is annexed hereto.

21. Additional information pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of the Director seeking appointment/ re-appointment at the Annual General Meeting is furnished and forms a part of the Notice. The Directors have furnished the requisite consents / declarations for appointment /re-appointment.

22. The following documents will be available for inspection by the Members electronically during the 30th AGM. Members seeking to inspect such documents can send an email to investors@centumelectronics.com.

    a) The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013.

    b) The Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013.

23. Members are requested to send all communications relating to Shares including dividend matters to our Registrar and Share Transfer Agents at the following address:

    KFin Technologies Limited,
    Selenium Building, Tower B, Plot Nos.31 & 32, Financial District,

Nanakramguda, Serilingampally Mandal, Hyderabad – 500032
Toll Free No.1800 309 4001
Email: einward.ris@kfintech.com

24. All documents referred to in the Notice will be available for inspection at the Company's Registered Office during normal business hours on working days up to the date of the Annual General Meeting.

25. Pursuant to Section 108 of Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014 and in compliance with the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, it is mandatory to extend to the Members of the Company, the facility to vote at the Annual General Meeting (AGM) by electronic means. Members of the Company can transact all the items of the business through electronic voting system as contained in the Notice of the Meeting.

PROCEDURE AND INSTRUCTIONS FOR E-VOTING AND ATTENDING THE AGM THROUGH VC / OAVM:

26. The Company has entered into an agreement with KFin Technologies Limited (KFintech) for facilitating e-voting and for conducting the Annual General Meeting through Video Conferencing / Other Audio-Visual Means. The instructions are as follows:

    i. In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, Regulation 44 of the SEBI Listing Regulations and in terms of SEBI vide circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 in relation to e-voting Facility Provided by Listed Entities, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by KFintech, on all the resolutions set forth in this Notice. The instructions for e-voting are given in subsequent paragraphs.

    ii. However, in pursuant to SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on "e-voting facility provided by Listed Companies", e-voting process has been enabled to all the individual demat account holders, by way of single login credential, through their demat accounts / websites of Depositories / DPs in order to increase the efficiency of the voting process.

    iii. Individual demat account holders would be able to cast their vote without having to register again with the e-voting service provider (ESP) thereby not only facilitating seamless authentication but also ease and convenience of participating in e-voting process. Shareholders are advised to update their mobile number and e-mail ID with their DPs to access e-voting facility.

    iv. The remote e-voting period commences on Tuesday, August 8, 2023, at 9.00 a.m. to Thursday, August 10, 2023, at 5.00 p.m. During this period, the Members of the Company holding shares in physical form or in dematerialized form, as on the cut-off date being Friday, August 4, 2023, may cast their vote by electronic means in the manner and process set out hereinabove. The e-voting module shall be disabled for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently. Further, the Members who have cast their vote electronically shall not vote by way of poll, held at the Meeting.

    v. The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date.

    vi. Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as on the cut-off date, may obtain the login ID and password by sending a request at evoting@Kfintech.com. However, if he / she is already registered with KFintech for remote e-voting then he /she can use his / her existing User ID and Password for casting the vote.

    vii. In case of Individual Shareholders holding securities in demat mode and who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as on the cut-off date may follow steps mentioned below under "Login method for remote e-voting and joining virtual meeting for Individual shareholders holding securities in demat mode."

    viii. The details of the process and manner for remote e-voting and e-AGM are explained herein below:

    Step 1 : Access to Depositories e-voting system in case of individual shareholders holding shares in demat mode.

    Step 2: Access to KFintech e-voting system in case of shareholders holding shares in physical and non-individual shareholders in demat mode.

    Step 3: Access to join virtual meetings (AGM) of the Company on KFintech system to participate AGM and vote at the AGM.

Details on Step 1 are mentioned below:

Login method for remote e-voting for Individual shareholders holding securities in demat mode.

<table>
<tr><th>Type of shareholders</th><th>Login Method</th></tr>
<tr><td>Individual Shareholders holding securities in demat mode with NSDL</td><td>
1. User already registered for IDeAS facility:
Visit URL: https://eservices.nsdl.com
Click on the "Beneficial Owner" icon under "Login" under 'IDeAS' section.
On the new page, enter User ID and Password. Post successful authentication, click on "Access to e-voting"
Click on company name or e-voting service provider and you will be re-directed to e-voting service provider website for casting the vote during the remote e-voting period.
2. User not registered for IDeAS e-Services
To register click on link : https://eservices.nsdl.com
Select "Register Online for IDeAS" or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp
Proceed with completing the required fields.
Follow steps given in point 1
3. Alternatively by directly accessing the e-voting website of NSDL
Open URL: https://www.evoting.nsdl.com/
Click on the icon "Login" which is available under 'Shareholder/Member' section.
A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password / OTP and a Verification Code as shown on the screen.
Post successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page.
Click on Company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period.
</td></tr>
<tr><td>Individual Shareholders holding securities in demat mode with CDSL</td><td>
1. Existing user who have opted for Easi / Easiest
Visit URL: https://web.cdslindia.com/myeasi/home/login or
URL: www.cdslindia.com
Click on New System Myeasi
Login with your registered User ID and Password.
After successful login of Easi / Easiest, Option will be made available to reach e-voting page
Click on e-voting service provider name to cast your vote
2. User not registered for Easi/Easiest
Option to register is available at
https://web.cdslindia.com/myeasi/Registration/EasiRegistration
Proceed with completing the required fields.
3. Alternatively, by directly accessing the e-voting website of CDSL
Visit URL: www.cdslindia.com
Provide your demat Account Number and PAN No.
System will authenticate user by sending OTP on registered Mobile & Email as recorded in the demat Account.
After successful authentication, user will be provided links for the respective ESP, where the e- Voting is in progress.
</td></tr>
</table>

Type of shareholders	Login Method
Individual Shareholder login through their demat accounts / Website of Depository Participant	You can also login using the login credentials of your demat account through your DP registered with NSDL / CDSL for e-voting facility. Once logged-in, you will be able to see e-voting option. Once you click on e-voting option, you will be redirected to NSDL / CDSL Depository site after successful authentication, wherein you can see e-voting feature. Click on options available against company name or e-voting service provider and you will be redirected to e-voting website of service provider for casting your vote during the remote e-voting period.

Important note: Members who are unable to retrieve User ID / Password are advised to use Forgot User ID and Forgot Password option available at respective websites.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Securities held with NSDL	Please contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Securities held with CDSL	Please contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 022-23058542-43

Details on Step 2 are mentioned below:

Login method for e-voting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

(A) Members whose email IDs are registered with the Company/ Depository Participants (s), will receive an email from KFintech which will include details of e-voting Event Number (EVEN), User ID and Password. They will have to follow the below process:

i. Launch internet browser by typing the URL: https://evoting.kfintech.com

ii. Enter the login credentials (i.e. User ID and Password). In case of physical folio, User ID will be EVEN (e-voting Event Number), followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with KFintech for e-voting, you can use your existing User ID and Password for casting the vote.

iii. After entering these details appropriately, click on "LOGIN".

iv. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,$, etc.,). It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.

v. You need to login again with the new credentials.

vi. On successful login, the system will prompt you to select the "EVEN" i.e., 'Centum Electronics Limited - AGM" and click on "Submit"

vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR/AGAINST" taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the Member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.

viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/ demat accounts.

ix. Cast your votes by selecting an appropriate option and click on 'SUBMIT'. A confirmation box will be displayed. Click 'OK' to confirm, else 'CANCEL' to modify. Once you confirm, you will not be allowed to modify your vote subsequently. During the voting period, you can login multiple times till you have confirmed that you have voted on the resolution.

x. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to cast its vote through remote e-voting together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at email id cs@nagarajsp818.com with a copy marked to evoting@kfintech.com. The scanned image of the above-mentioned documents should be in the naming format "Corporate Name_Even No."

xi. In case of any queries/grievances, you may refer the Frequently Asked Questions (FAQs) for members and e-voting User Manual available at the 'download' section of HYPERLINK "https://evoting.kfintech.com/"https://evoting.kfintech.com or call KFin on 1800 309 4001 (toll free).

(B) Members whose email IDs are not registered with the Company/Depository Participants(s), and consequently the Annual Report, Notice of AGM and e-voting instructions cannot be serviced, will have to follow the below process:

i. Members who have not registered their email address and in consequence the Annual Report, Notice of AGM and e-voting instructions cannot be serviced, may temporarily get their email address and mobile number provided with KFintech, by accessing the link: https://ris.kfintech.com/clientservices/mobilereg/mobileemailreg.aspx.

Members are requested to follow the process as guided to capture the email address and mobile number for sending the soft copy of the notice and e-voting instructions along with the User ID and Password. In case of any queries, member may write to einward.ris@kfintech.com.

ii. Alternatively, member may send an e-mail request at the email id: einward.ris@kfintech.com along with scanned copy of the signed copy of the request letter providing the email address, mobile number, self-attested PAN copy and Client Master copy in case of electronic folio and copy of share certificate in case of physical folio for sending the Annual report, Notice of AGM and the e-voting instructions.

iii. After receiving the e-voting instructions, please follow all steps above to cast your vote by electronic means.

Details on Step 3 are mentioned below:

Instructions for all the shareholders, including Individual, other than Individual and Physical, for attending the AGM of the Company through VC /OAVM and e-voting during the meeting.

i. Member will be provided with a facility to attend the AGM through VC / OAVM platform provided by KFintech. Members may access the same at https://emeetings.kfintech.com/ by using the e-voting login credentials provided in the email received from the Company/ KFintech. After logging in, click on the Video Conference tab and select the EVEN of the Company. Click on the video symbol and accept the meeting etiquettes to join the meeting. Please note that the members who do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned above.

ii. Facility for joining AGM though VC / OAVM shall open atleast 15 minutes before the commencement of the Meeting.

iii. Members are encouraged to join the Meeting through Laptops/ Desktops with Google Chrome (preferred browser), Safari, Internet Explorer, Microsoft Edge, Mozilla Firefox 22.

iv. Members will be required to grant access to the webcam to enable VC / OAVM. Further, Members connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

v. As the AGM is being conducted through VC / OAVM, for the smooth conduct of proceedings of the AGM, Members are encouraged to express their views / send their queries in advance mentioning their name, demat account number / folio number, email id, mobile number at investors@centumelectronics.com. Questions / queries received by the Company till Wednesday, August, 9, 2023, shall only be considered and responded during the AGM.

vi. The Members who have not cast their vote through remote e-voting shall be eligible to cast their vote through e-voting system available during the AGM. E-voting during the AGM is integrated with the VC / OAVM platform. The Members may click on the voting icon displayed on the screen to cast their votes.

vii. A Member can opt for only single mode of voting i.e., through Remote e-voting or voting at the AGM. If a Member casts votes by both modes, then voting done through Remote e-voting shall prevail and vote at the AGM shall be treated as invalid.

viii. Facility of joining the AGM through VC / OAVM shall be available for atleast 2000 members on first-come-first-serve basis.

ix. Institutional Members are encouraged to attend and vote at the AGM through VC / OAVM.

OTHER INSTRUCTIONS:

I. Speaker Registration: The Members who wish to speak during the meeting may register themselves as speakers for the AGM to express their views. They can visit https://emeetings.kfintech.com and login through the User ID and Password provided in the mail received from KFintech. On successful login, select 'Speaker Registration' which will open from Monday, August 7, 2023 to Wednesday, August 9, 2023. Members shall be provided a 'queue number' before the meeting. The Company reserves the right to restrict the speakers at the AGM to only those Members who have registered themselves, depending on the availability of time for the AGM.

II. Post your Question: The Members who wish to post their questions prior to the meeting can do the same by visiting https://emeetings.kfintech.com. Please login through the User ID and Password provided in the mail received from KFintech. On successful login, select 'Post Your Question' option which will opened from Monday, August 7, 2023 at 9:00 a.m. to Wednesday, August 9, 2023 at 5:00 p.m.

III. In case of any query and/or grievance, in respect of voting by electronic means, Members may refer to the Help & Frequently Asked Questions (FAQs) and e-voting user manual available at the download section of https://evoting.kfintech.com (KFintech Website) or contact Mr. N Shiva Kumar, Deputy Manager at evoting@kfintech.com or call KFintech's toll free No. 1-800-309-4001 for any further clarifications.

IV. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on Friday, August 4, 2023, being the cut-off date, are entitled to vote on the Resolutions set forth in this Notice. A person who is not a member as on the cut-off date should treat this Notice for information purposes only. Once the vote on a resolution(s) is cast by the Member, the Member shall not be allowed to change it subsequently.

V. The results of the electronic voting shall be declared to the Stock Exchanges after the AGM. The results along with the Scrutinizer's Report, shall also be placed on the website of the Company.

27. Members who may require any technical assistance or support before or during the AGM are requested to contact KFin Technologies Limited at toll free number 1-800-3094-001 or write to them at evoting@kfintech.com.

28. A video guide assisting the members attending e-AGM either as a speaker or participant is available for quick reference at URL https://emeetings.kfintech.com/, under the "How It Works" tab placed on top of the page.

By Order of the Board of Directors
For Centum Electronics Limited

Place: Bengaluru
Date: May 27, 2023

Indu H S
Company Secretary &
Compliance Officer

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013

Item No.5:

To appoint Ms. Tanya Mallavarapu (DIN: 01728446) as Non-Executive Non Independent Director of the Company.

Pursuant to provisions of Section 152 of the Companies Act, 2013 ("the Act") read with the applicable rules made thereunder, the Board of Directors of the Company ("Board") at its meeting held on 27th May, 2023, on the basis of the recommendation of the Nomination and Remuneration Committee ("NRC"), had appointed Ms. Tanya Mallavarapu (DIN: 01728446) as an Additional Director with effect from 27th May, 2023.

In accordance with the provisions of Section 161 of the Act read with the applicable rules made thereunder and the Articles of Association of the Company, Ms. Tanya Mallavarapu being an Additional Director, holds office up to the date of the 30th Annual General Meeting ("AGM"). The Company has received a notice in writing from a Member of the Company under Section 160 of the Act proposing the candidature of Ms.Tanya Mallavarapu for the office of a Director of the Company.

Ms. Tanya Mallavarapu is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. She is not debarred from holding the office of a Director by virtue of any order of the Securities and Exchange Board of India or any other such authority.

A brief profile of Ms. Tanya Mallavarapu, is given in the particulars of Directors under the AGM Notice and report on Corporate Governance.

Ms. Tanya Mallavarapu is the daughter of Mr. Apparao V Mallavarapu, Chairman and Managing Director and Dr. Swarnalatha Mallavarapu. She is the sister of Mr. Nikhil Mallavarapu, Whole-time Director.

None of the other Directors, Key Managerial Personnel or their relatives are in any way, concerned or interested in the said Resolutions.

The Board recommends the Ordinary Resolution set out at Item No. 5 of the Notice for approval by the members.

Item No. 6:

The provisions of Section 148 of the Companies Act, 2013 and the Companies (Cost Records and Audit) Rules, 2014 mandates the Company to get its cost records audited every year. The Board of Directors has considered the appointment of M/s. K.S. Kamalakara & Co., Cost Accountants (Firm Registration No. 000296) as the Cost Auditors of the Company for the financial year 2023-24 at a remuneration of ₹1,00,000/- (Rupees One Lakh) apart from applicable taxes and out-of-pocket expenses, if any.

Ratification of remuneration payable to Cost Auditors needs to be done by the Shareholders of the Company in terms of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, due to which consent of the Members is sought for ratification of the remuneration payable to the Cost Auditors for the financial year 2023-24.

The Board of Directors recommends the Ordinary Resolution as set out in Item No.6 of the Notice for the approval of the Shareholders.

None of the Promoters, Directors, Key Managerial Personnel or their relatives are interested, financially or otherwise, if any in the Resolution No.6 of the accompanying Notice except to the extent of their Shareholding, if any in the Company

By Order of the Board of Directors
For Centum Electronics Limited

Place: Bengaluru
Date: May 27, 2023

Indu H S
Company Secretary &
Compliance Officer

Details of the Director seeking appointment at the 30th Annual General Meeting [Pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meeting]

1.Mr. Nikhil Mallavarapu

Date of birth	18.09.1986
Date of appointment	13.02.2020

Profile:

Mr. Nikhil Mallavarapu holds Masters and Bachelors Degrees in Electrical and Computer Engineering from Carnegie Mellon University, USA. He also holds a MBA from the INSEAD Business School in France.

No. of shares held in the Company	5,89,929
Names of listed entities in which he holds the Directorship as on March 31, 2023	Centum Electronics Limited
Chairman/Member of the Committees of the listed entities Board as on March 31, 2023	Member of Stakeholders Relationship Committee and Risk Management Committee
Inter-se relationship with other Directors	Mr. Nikhil Mallavarapu is the son of Mr. Apparao V Mallavarapu, Chairman & Managing Director, Dr. Swarnalatha Mallavarapu and brother of Ms. Tanya Mallavarapu

Mr. Nikhil has been associated with the Company since from August 2012. He has served in different leadership positions including Manager- New Projects at SEBU, Vice President - Corporate Development at Centum Adetel, President- EMS BU. Prior to joining Centum, Nikhil worked at the multinational semiconductor company- Analog Devices, as product engineer in the MEMS sensors division.

2.Ms. Tanya Mallavarapu

Date of birth	09.02.1989
Date of appointment	27.05.2023

Profile:

Tanya is the founder of TMR Design Co. LLP an interdisciplinary design firm that emphasises on innovation, creativity and functionality in a wide array of industries from healthcare, residential, commercial and hospitality. Prior to this Tanya served as a marketing executive in the luxury retail industry, involved in building marketing strategies for global retail expansion. She launched an Indian based luxury brand across cities including New York, Hong Kong, London and Delhi. Prior to this she worked as a business analyst at Intuit creating revenue models and marketing strategies to launch the newly developed GoPayment product.

Tanya completed her Master's Degree in Economics from Duke University, in U.S. She graduated from the University of Southern California with a Bachelor's Degree in Business Administration and was on the Dean's List.

No. of shares held in the Company	-
Names of Listed entities in which she holds the Directorship as on 27th May, 2023	Centum Electronics Limited
Inter-se relationship with other Directors	Ms. Tanya Mallavarapu is the daughter of Mr. Apparao V Mallavarapu, Chairman & Managing Director, Dr. Swarnalatha Mallavarapu and sister of Mr. Nikhil Mallavarapu, Whole-time Director.

Notes

Notes

Centum Electronics Limited

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