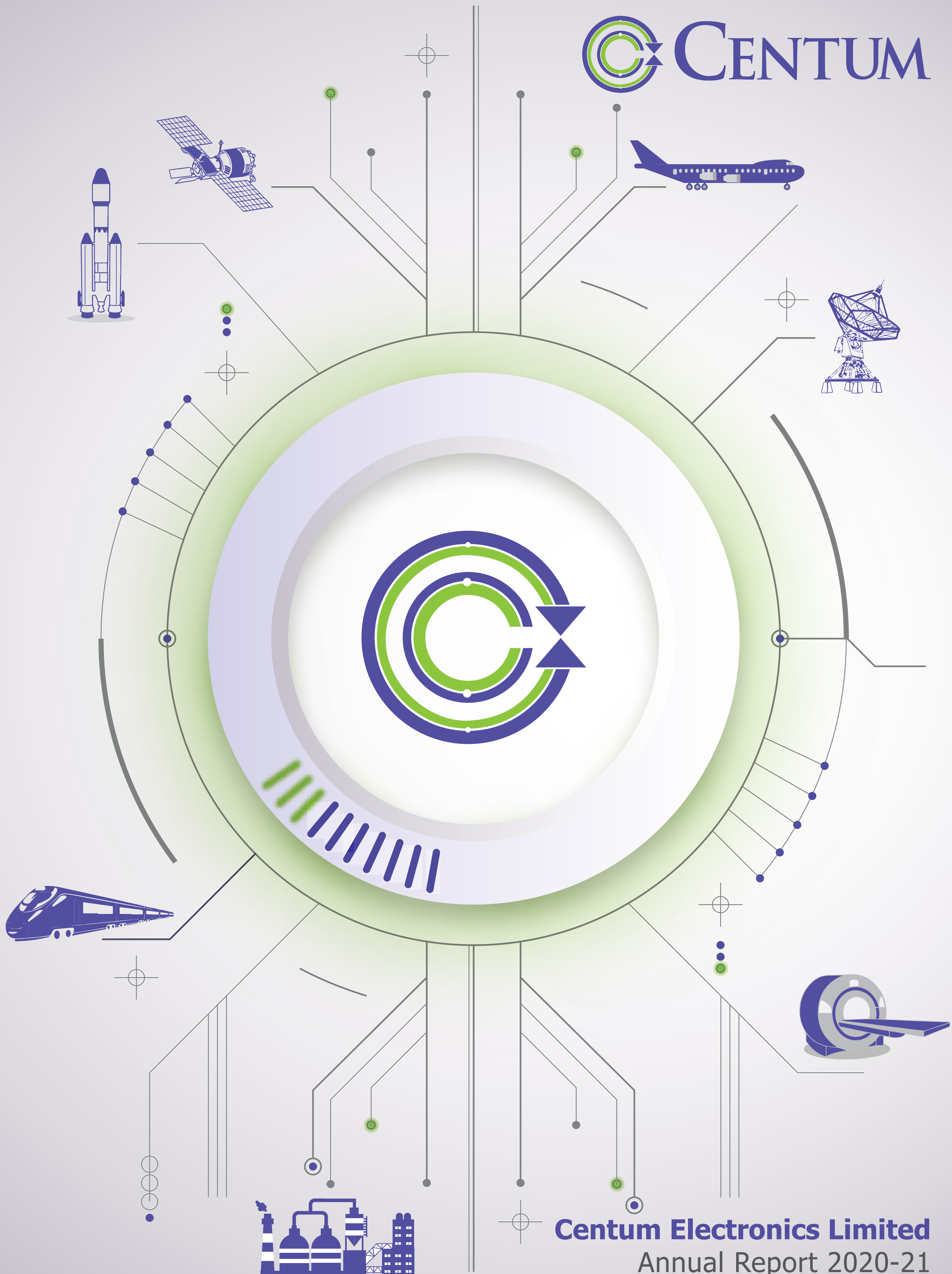
CENTUM



Centum Electronics Limited

Annual Report 2020-21

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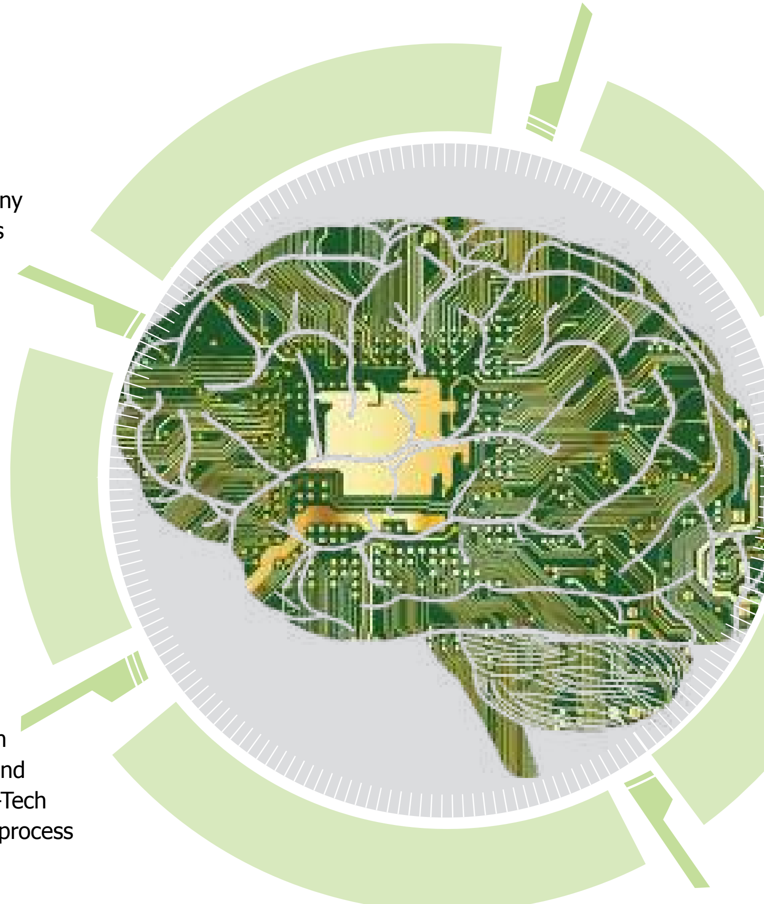
Forward-Looking Statements

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.

Company Overview



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 27 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.

Vision

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

Our Values

Customer Relationship

Customer relationship is the heart of every business and more so at Centum. Customers are not just one of the stakeholders for our business but our reason to do business, maintaining delightful Customer Relationship is our forte.

Teamwork

At Centum, Teamwork is coming together of a group of highly motivated people who are committed to achieving organization goal and willing to be held accountable at the same time for their actions and results.

Openness & Trust

The first and foremost aspect of openness is trust Fairness Centum values its employees and believes in a work environment encompassing Openness & Trust, in all of its communications and actions.

Integrity

At Centum, Integrity is the foundation of our reputation. We follow highest ethical and moral standards, and display honesty in all our actions, methods and measures.

Excellence

At Centum, we strive for Excellence in all that we do however big or small the task may be, and are never content with being the second best.

Social Responsibility

As a responsible corporate citizen Centum endeavors to have a positive impact on the greater society that we serve. Social responsibility is intertwined in our self-belief and work ethics.

Looking back at some major events in Financial Year 2021

Centum Electronics Limited Receives DRDO's Prestigious Defense Technology Absorption Award

Centum Electronics Limited was awarded the prestigious Defense Technology Absorption Award 2018 by the Defense Research and Development Organization (DRDO), India's premier research and development organization for military and defense technology. The award was handed over to CMD, Mr. Apparao V Mallavarapu by Hon Raksha Mantri Shri Rajnath Singh at a ceremony hosted at DRDO HQ on December 18, 2020. The award was conferred on Centum Electronics Limited, in recognition of their outstanding contribution towards the absorption of critical technology in defense space systems and pioneering in the development of Space Grade Hardware of onboard Satellite based Electronic Warfare Payload for Kautilya.

Centum was honored by the Hon. Chief Minister Shri B. S. Yediyurappa for the Company's contribution towards establishing a Modular and Mobile ICU at the K C General Hospital, Malleshwaram, in Bengaluru. Our Executive Director, Mr. Nikhil Mallavarapu received the Memento on behalf of the Company.

Centum is indeed honored to receive the first Patent in India. Our Company embarked on this journey about 5 years ago and decided to focus on Intellectual Property creation, which is in today's world the most important form of value creation. A company or individual's performance is measured by their patents, trademarks, and copyrights today.

We are happy to share that the SEBU has already filed almost a dozen patents in just the last four years, with the first one being granted in September of 2020.

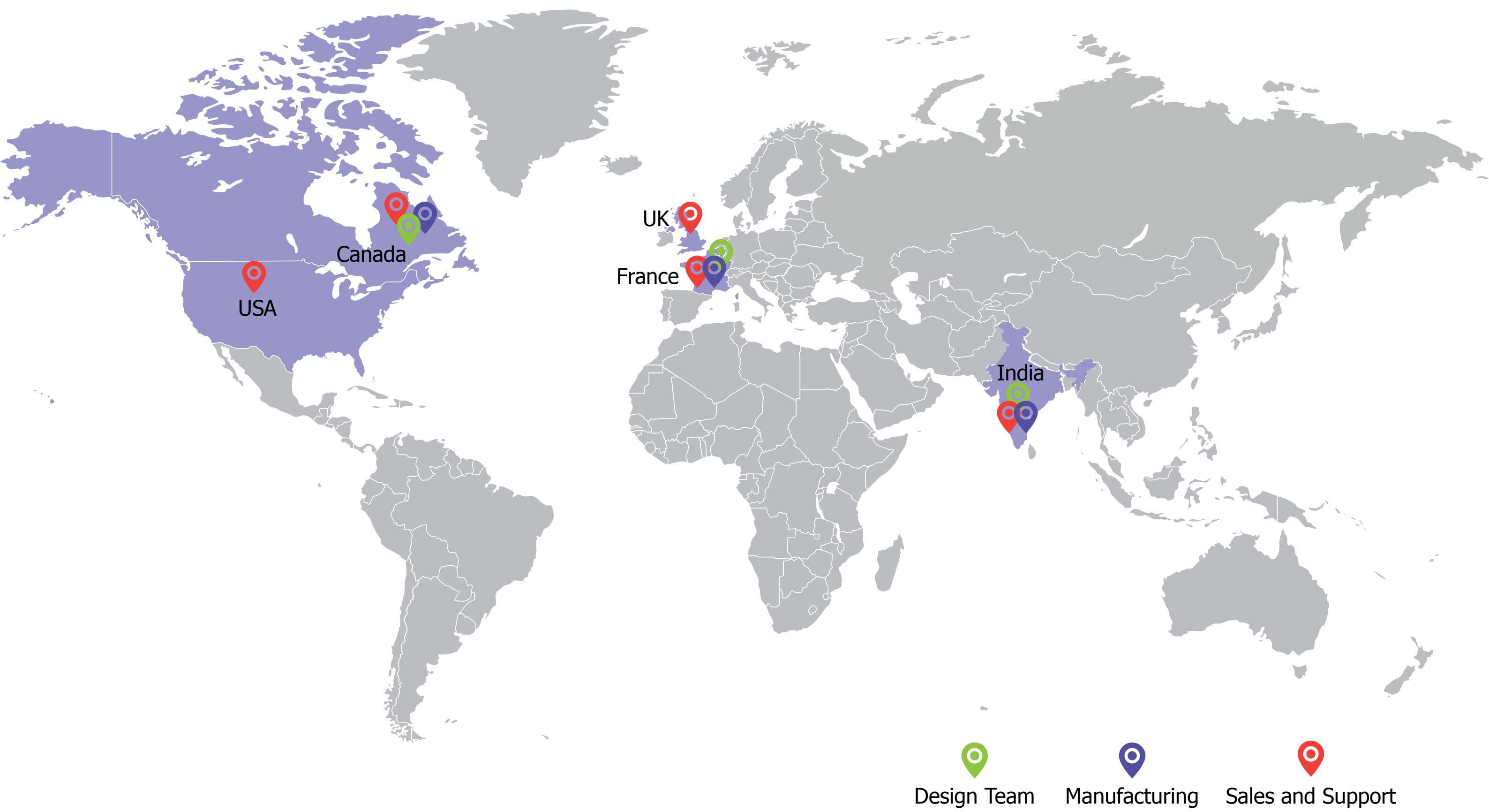
Centum received the Baker Hughes supplier award at Baker Hughes global supplier conference on 24th September in recognition for the teamwork and achievements in SVI qualifications and production ramp up.

Key Visitor: Centum Electronics Limited Bangalore had the privilege of hosting the Brazilian delegation led by the Honorable Minister of Science, Technology and Innovation Mr. Marcos Cesar Pontes. Along with him were the President of Brazilian Space Agency Mr. Carlos Augusto Teixeira de Moura, Director of Brazil's National Institute of Space Research Mr. Clezio Marcos de Nardin and many other senior delegates from the ministry. The delegation is visiting India mainly for the launch of their satellite Amazonia-1 by PSLV C51. Our CMD, Mr. Apparao Mallavarapu welcomed the delegation and shared the Centum journey and the leadership team presented the capabilities in Defense, Aerospace and Space sectors. This was followed by a visit of the state-of-the-art, high technology design and manufacturing facility. Both the teams exchanged technical information and expressed their willingness to work on the potential areas of cooperation.

The first working day of the year at Centum started with an excellent visit of the Consul General of France, Dr. Marjorie Vanbaelinghem to the Yelahanka and Devanahalli Facility at Bangalore. The Company had an opportunity to showcase its Infrastructure, Capabilities and Journey. Centum had a fruitful discussion about its association and future plans with France.

Centum Adeneo India inaugurated a dedicated lab facility for electronics hardware and test bench integration activities.

Our Global Footprint



Our Offerings

Defence & Aerospace

Space

Industrial

Transport

Medical

Manufacturing Facilities

Canada

Design Department
France

Micro Electronics Manufacturing, Bangalore

Facility in Bangalore Aerospace Park and EMS Manufacturing, Bangalore

Our Service 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

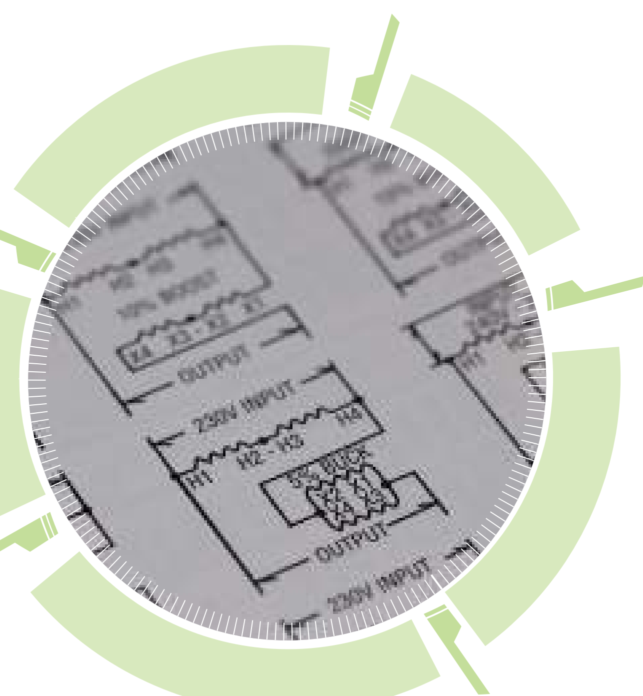
Aftermarket / Life Cycle Support

- Value engineering
- Obsolescence mgmt.
- Cost analysis
- Test tools mgmt.
- Product migration

ER&D Services - 34%

EMS - 34%

BTS - 32%



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 to

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. 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. 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.

Defense

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 Defense programs that span across the land, air and naval systems with applications in Missiles, Electronic Warfare, Radar, Military Communications, and fire control amongst many.

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 signaling applications. Centum has also developed proprietary technologies for Passenger Information Systems. Our products have been deployed on board trains in North America, Europe, Asia and Australia.

Automotive

The automotive industry is going through a dynamic transformation with new players entering the market introducing disruptive technologies incorporating electronics for applications such as autonomous driving, electric powertrain architecture, connectivity among others. Centum's strong knowledge and experience of developing products to the required safety standards as well as past references in developing similar products for the aerospace and rail transport domains has positioned us well to support our customers as they develop new products and technologies to stay ahead.

Industrial and 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 PowerGrid Infrastructure, Oil and Gas, automation, control and measurement among others. Centum's expertise in energy conversion and storage technology has helped customers develop customized Microgrid solutions.

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 applications that include digital radiography, infusion pumps, ultrasound equipment, patient monitoring devices, customized room controls for operation theaters among others.

Financial Highlights - Consolidated

(₹ in Millions)

Statement of Profit & Loss Account	2020-21	2019-20	2018-19	2017-18	2016-17
Total Income	**8,232**	**8,986**	**9,375**	**7,941**	**7,337**
Earnings Before Interest Tax Depreciation and Amortization (EBITDA)*	895	980	1,038	398	558
Earnings Before Interest and Tax (EBIT)	500	720	831	247	630
Earnings Before Tax (EBT) @	205	352	481	29	446
Earnings After Tax (EAT) @	131	278	484	20	360
Earnings per Share	13.3	15.8	30.5	(7.3)	27.0
Dividend per Share	4.0	2.5	5.0	1.0	5.0
Book Value per Share	186	178	189	168	182

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

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

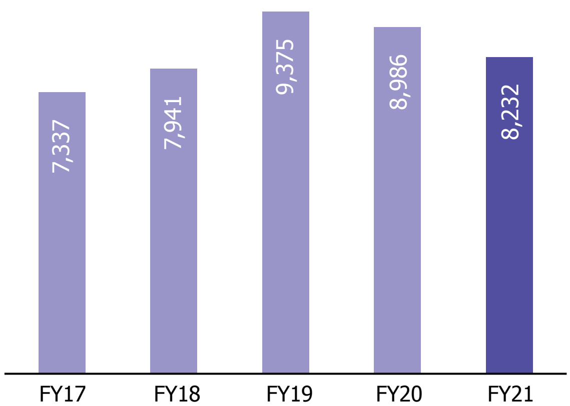
Balance Sheet	2020-21	2019-20	2018-19	2017-18	2016-17
Property, Plant and Equipment and Intangible Assets	2,162	2,222	2,186	2,652	2,617
Investments	488	401	120	144	449
Net Assets (Current and Non-Current)	2,919	2,923	3,093	2,964	2,035
Net assets (held for disposal)	-	-	603	296	-
	5,275	**5,021**	**5,584**	**5,783**	**4,792**
Share Capital	129	129	129	129	128
Reserves & Surplus	2,272	2,171	2,309	2,032	2,188
Debt	2,874	2,721	3,146	3,622	2,477
	5,275	**5,021**	**5,584**	**5,783**	**4,792**

Key Ratios	2020-21	2019-20	2018-19	2017-18	2016-17
EBITDA (% to Revenue from Operations)	11.0%	11.1%	11.2%	5.1%	7.9%
Fixed Assets (No of times)	3.8	4.0	4.3	3.0	2.8
EAT @ / Total Income	2%	3%	5%	0%	5%
Return on Capital Employed (%)	9.5%	14.3%	14.9%	4.3%	13.1%
Return on Networth (%)	5%	12%	20%	1%	16%

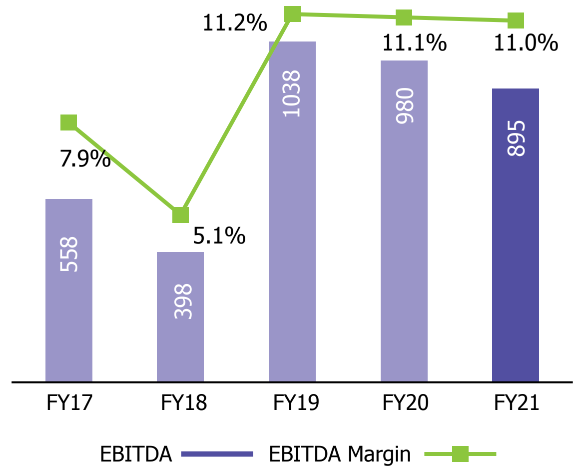
@ Before exceptional item & share of profit / loss from associate / discontinuing operations, including other income and finance income

**(Current assets - current liabilities excluding borrowings)*365/revenue from operations

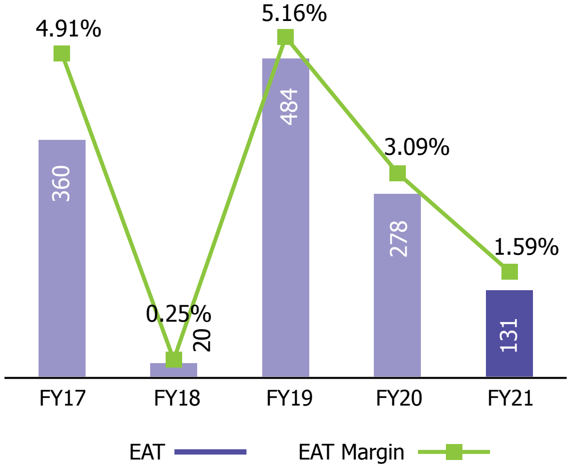
Total Income



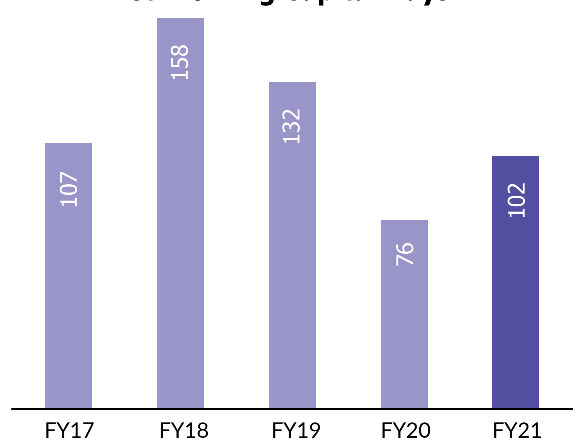
EBITDA & EBITDA Margin (%)



EAT & EAT Margin (%)

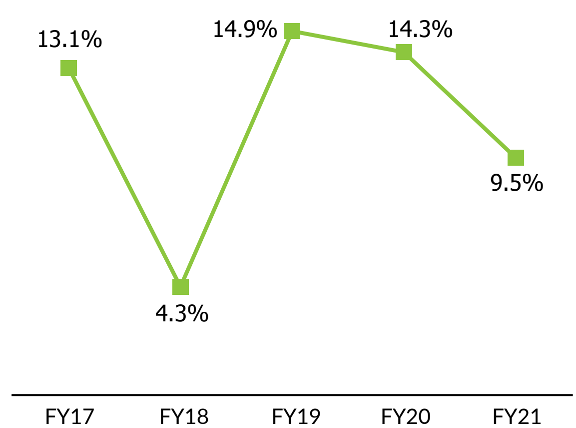


Net Working Capital Days **



Debt to Equity

ROCE



Letter to Shareholders

Dear Shareholders,

The human race is facing possibly one of the worst global health crises of the 21st century. The Covid-19 pandemic has also had an adverse impact on the global economy. The economic and social disruption caused by the pandemic has devastated tens of millions of people who are at risk of falling into extreme poverty. Millions of enterprises have been facing an existential threat with a large section of world's workforce at the risk of losing their livelihoods.

Covid-19 and the disruptions caused by it are both emotional and economic. Now the issues we are seeing are, lockdown induced impact on demand, supply-chain issues, availability of workforce, etc. have adversely impacted the Global Electronics System Design and Manufacturing (ESDM) sector also. And we at Centum Electronics too have not been spared from this carnage. Many of the sectors that we were catering to like Airlines, Defense, Space, and Transportation all witnessed significant slowdown.

During this time, although there was not a lot that the Company could do to control the external existences, we introspected and focused on maintaining our sales and margins momentum, improving our balance sheet strength, cash flows and operational efficiencies. I am happy to inform that we made significant progress on these fronts. We closed the financial year ended 2021 with a Consolidated Total Income of ₹ 8,232 million, with an EBITDA of ₹ 895 million, representing an EBITDA Margin of 10.95%, and the profit before tax from continued operations of ₹ 194 million. On the balance sheet front, there has been a reduction in inventories, receivables as well as payables resulting in a better working capital cycle. We also reduced the debt on our books this year by ₹ 455 million on Centum Electronics - Standalone Balance sheet. Along with these improvements, we have also implemented sustainable cost-productive measures that have resulted in a significant savings in the expenditure levels as compared to the previous year. Our Engineering services business which is essentially Europe based was impacted by the pandemic resulting in low utilization levels is now on a recovery path. Since a low in H1 20-21, we expect to have a better performance of the French Subsidiary from this year onwards.

While we are battling the effects of covid, the electronic industry is suffering from another problem and that is severe shortages of components and materials. This has effected the lead times as well as the prices of materials and components. This shortage is having serious disruptions in supply chains across all industries starting with D&A, Space, Automotive, Industrial, etc. Lead times which typically were in the range of 16 to 20 weeks is now commonly quotes as 40 to 50 weeks. While on one side the demand is strong, and we have a strong order book the challenge is fulfilling the demand. Market reports say this will continue into 2022 also. We are working with our customers and suppliers to mitigate this risk but revenues for Q1 and Q2 of 21-22 will be impacted before we see the results of the mitigating actions we have taken.

While Covid-19 may has created significant challenges, it has also accelerated industries worldwide to de-risk their manufacturing and supply chain footprint to ensure business continuity. This has resulted in a "China plus One" strategy with India being a strong contender. Electronics manufacturing has a critical role to play in India's growth story. The Government of India through its Atma-Nirbhar Bharat initiative has been putting a very high emphasis on growing the ESDM industry by encouraging self-reliance and promoting various policies to provide an impetus to manufacturing in India including the reduction of corporate taxes, PLI Scheme, etc. GOI has brought in significant focus on indigenization and procurement of Defence & Aerospace products from India. To accelerate this, they have brought 101 products under a negative list that cannot be imported and another 108 list of products under a positive list to accelerate indigenization. They are also making structural changes such as corporatizing the ordnance factories to increase the pace of self-reliance. All these initiatives may take some time to fructify but these are all setting a clear direction for the way forward which will bring significant opportunities for your Company. To be able to address these significant opportunities, the Company has invested and strengthened its Sales and Marketing efforts.

"Centum stands on a strong footing to garner these potentially large upcoming market opportunities. Shifting global supply chains and our unique value proposition is positioning your Company on to an ever-promising future and I beckon all our stakeholders in our journey towards a stronger Centum."

Centum stands on a strong footing to garner these potentially large upcoming market opportunities. Shifting global supply chains and our unique value proposition is positioning your Company on to an ever-promising future and I beckon all our stakeholders in our journey towards a stronger Centum. I conclude by placing my sincere appreciation to all our stakeholders, especially our employees, who have put the Company first even during the pandemic. Our journey towards excellence remains fueled by your unstinting support and confidence, I thank you for that.

Stay safe, Stay healthy, and get vaccinated!

Sincerely,

Apparao V Mallavarapu

Board of Directors

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

Mr. Apparao V Mallavarapu (Rao) founded Centum Electronics in the year 1993. Under his able leadership Centum has grown to become one of the largest electronics companies in India. He has initiated and successfully managed joint ventures with several multi-national companies. He has been recognized as "Electronics Man of the Year" and "Champion of Innovation" by a premier organization.

Mr. Nikhil Mallavarapu
Executive 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. S Krishnan
Independent Director

Mr. S. Krishnan has close to 40 years of rich experience in the areas of Electronics Design, Manufacturing Process Technology and Quality Assurance. He served as the head of Design and Engineering at Centum since its inception until his retirement in 2004 was instrumental in the companies growth. Mr. Krishnan served in the microelectronics group of Bharat Electronics Limited (BEL) prior to joining Centum.

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.

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. Manoj Nagrath
Independent Director

Mr. Manoj Nagrath is the Managing Partner of the firm S.P. Nagrath & Co. LLP, Chartered Accountants, a highly reputed accounting advisory firm with offices in New Delhi and Bangalore. He has advised several large multinationals on a range of cross-border and domestic transactions. Mr Nagrath became a member of the Institute of Chartered Accountants of India in 1983.

Dr. Swarnalatha Mallavarapu
Non-Executive Director

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. Kavitha Dutt Chitturi
Independent Director

Mrs. Kavitha Dutt Chitturi is the Joint Managing Director at KCP Ltd., a diversified company involved in the manufacture of Cement, Heavy Engineering, Sugar and Power Generation. Under Kavitha's stewardship, KCP has also ventured into the hospitality industry. She is Chairperson FICCI, Tamil Nadu State Council and has served as Joint Managing Director of The KCP Limited, Kavitha, among other responsibilities, also holds full charge of the Human Resource functions of the Group.

Leadership Team

Apparao V Mallavarapu
Chairman & Managing Director,
Centum Group

Francois Sebes
CEO, Centum Adetel Group

Nikhil Mallavarapu
Executive Director,
Centum Electronics Limited

K S Desikan
Group CFO
Head of Strategy & IT

Vinod Chippalkatti
President
Strategic Electronics Business Unit

Sathya Doraisamy
President
Electronics Manufacturing Service (EMS)

Suresh Iyer
Chief Growth Officer

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
Executive Director

Mr. S Krishnan
Independent Director

Mr. Pranav Patel
Independent Director

Mr. P Thiruvengadam
Independent Director

Mr. Rajiv C Mody
Independent Director

Mr. Manoj Nagrath
Independent Director

Dr. Swarnalatha Mallavarapu
Non-Executive Director

Ms. Kavitha Dutt Chitturi
Independent Director

Chief Financial Officer

Mr. Desikan K S

Company Secretary and Compliance Officer

Mr. Nagaraj K V

Internal Auditors

KPMG

Audit Committee

Mr. Manoj Nagrath, Chairman
Mr. Apparao V Mallavarapu, Member
Mr. S Krishnan, Member
Mr. Pranav Kumar N Patel, Member
Mr. P Thiruvengadam, Member

Nomination & Remuneration Committee

Mr. Manoj Nagrath, Chairman
Mr. S Krishnan, Member
Mr. Rajiv C Mody, Member
Mr. Apparao V Mallavarapu, Member

Stakeholders' Relationship Committee

Mr. Manoj Nagrath, Chairman
Mr. Apparao V Mallavarapu, Member
Mr. S Krishnan, Member

CSR Committee

Mr. P Thiruvengadam, Chairman
Mr. S Krishnan, Member
Dr. Swarnalatha Mallavarapu, Member

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

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 Private 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
Citi Bank N.A.
Kotak Mahindra Bank Limited
YES Bank Limited
HDFC Bank Limited

Management Discussion & Analysis

1. Global Economy Overview

The financial year 2020-2021 brought unprecedented level of disruptions led but the global pandemic, impacting employee well-being and global supply-chain. It has exposed many systemic vulnerabilities of the connected world economy. Building economic, social, and environmental resilience must guide the recovery from the crisis. For several months, uncertainties and panic paralysed most economic activities in both developed and developing economies. The pandemic has exposed the systemic vulnerability of the world economy. World gross product fell by an estimated 4.3 percent in 2020, the sharpest contraction of global output since the Great Depression Building economic, social, and environmental resilience must guide the recovery from the crisis.

Unfortunately, in India, the second wave, which started in mid-March of 2021, has a much bigger economic impact due to continuous lock-down in many states for many months at a stretch. With the strict lockdown and vaccination drive, we hope the spread of virus will be contained, the economy will bounce back in the second half of FY 21-22, and the anticipated recovery will sustain next year.

2. Company Overview

Centum Electronics is a leading Electronics System Design & Manufacturing Company that provides mission critical services and solutions to customers engaged in the Defence, Aerospace, Space, Medical, Transportation and Industrial segments that demand high reliability products and services. With deep domain expertise in design, development, and manufacturing of complex products, Centum is a strategic supplier and partner to large global OEMs and public entities such as Indian DPSUs, Ordinance Factories, DRDO and ISRO. Your Company has an established global footprint with multiple design & manufacturing locations in Europe, North America, and India. More than 75% of the Company 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."

With extensive design & development expertise and leading-edge technologies, Centum is now a strategic supplier to many Fortune 500 companies. 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.

3. Industry Overview

Electronics are pervasive and form an integral part of several industries including Consumer Electronics, IT, Telecom, Medical, Strategic Electronics (Defence, Space, Aerospace), Industrial, Automotive & Transportation.

Covid-19 pandemic has impacted some industry segments such as Civil Aerospace and Automotive more severely; recovery to the level of 2019 may take long according to many experts in these segments. Other sectors, on the other hand, should recover immediately after the lockdowns are lifted and normalcy takes place.

Several macro trends point toward a very positive medium-term outlook for the Electronics Industry in India.

- Under the clarion call of Atmanirbhar Bharat by the Honorable Prime Minister of India to make the nation "Self Reliant", Government of India has announced specific policies to promote manufacturing in India. This includes
  - o the reduction of corporate taxes,
  - o announcement of schemes to incentivize manufacturing including capital investment, and
  - o disincentivizing imports.
- The US-China Trade war has triggered many US companies to revisit their supply chains in light of the tariffs levied on import of electronic items from China.
- The Covid-19 pandemic 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 for several companies.

a. Defence:

The global defense spending in 2020 is estimated to have been USD 1,981 billion; this was 2.6% higher in real terms compared to the 2019. This increase is attributed to the increasing geopolitical uncertainty and growing tension in the Middle East and Asia.

India's defence manufacturing sector has been witnessing a CAGR of 3.9% between 2016 and 2020. The Indian Government has set the defence production target at USD 25 billion by 2025. Defence exports in the country witnessed strong growth in the last two years. India targets to export military hardware worth USD 5 billion in the next 5 years. The Indian defence manufacturing industry may be a critical segment for the economy. The industry is likely to accelerate with rising concerns of national security. Over the last five years, India has been ranked among the top importers of defence equipment.

b. Aerospace:

The Aerospace business has two segments, one Civil Aerospace and the other Military Aerospace.

The civil Aerospace industry globally is among the most severely impacted segments as a result of the COVID-19 pandemic. The large aerospace OEMs estimate a reduction of 40% or more in aircraft deliveries in the short term; the medium-term impacts would depend on the health of airlines as some of the airlines may face bankruptcies and seek Government bailouts. Some level of consolidation is also expected in the aerospace segment.

The Military aerospace market is not affected by Covid except to the extent of lockdowns and the market is expected to be stable as Governments are the customer for this segment.

c. Space:

The number of satellites and launches have steadily increased over the past 5 years in support of applications such as communications, defence, earth observation, and other scientific missions. The demand for more satellites remains strong as transponder capacities need to be augmented to support increasing data/broadband and DTH requirements. ISRO's Human Space flight program, other scientific and earth observation missions, and Ministry of Defense's (MoD) objective to strengthen India's space warfare capabilities provide further impetus to the sector over the medium term. The announcement of privatization in the space sector last year has not yet translated to any significant increase in the space market. While the privatization offers further opportunity over time, we do not expect to see any significant upturn in the short term.

Accelerating adoption of small satellites for their lower cost potential offers the growth near-term growth opportunities. There is a growing demand for new applications in this segment.

d. Transportation:

The global passenger rail transport market is expected to grow from USD 221.18 billion in 2020 to USD 247.56 billion in 2021 at a compound annual growth rate (CAGR) of 11.9%. The growth is mainly due to the companies re-arranging their operations and recovering from the COVID-19 impact, which had earlier led to restrictive containment measures involving social distancing, remote working, and the closure of commercial activities that resulted in operational challenges. The market is expected to reach USD 307.39 billion in 2025 at a CAGR of 6%. Asia Pacific was the largest region in the global passenger rail transport market, accounting for 42% of the market in 2020. Western Europe was the second largest region accounting for 37% of the global passenger rail transport market.

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.

e. Industrial:

The Industrial Sector address a wide range of applications such as Oil & Gas, Industrial Automation for process industries, Electrification, and Utilities. Electrification and power grid infrastructure projects are expected to remain relatively stable. Due to the US-China trade war and large multinationals moving to a "China plus One" strategy, India should be able to address a bigger share of manufacturing than in the past.

f. Medical:

The Medical devices industry is a growing segment and has attracted more attention in the wake of the Covid-19 pandemic. Product categories that cater to the diagnosis and treatment of COVID clearly see a surge in demand as healthcare providers and Governments continue to expand infrastructure to meet the demand. Demand for remote monitoring and devices that enable telemedicine and predictive diagnostics is respected to remain robust; such areas continue to attract more investment. Regulation and a growing share of healthcare spend in emerging economies are also key focus themes in this segment in the near to medium term.

India faces a considerable gap between the current demand and supply of medical devices, which is creating opportunities for manufacturing devices in India. To boost domestic manufacturing of medical devices and attract investments in India, the department of pharmaceuticals has launched a Production Linked Incentive (PLI) scheme for domestic manufacturing of medical devices, with a total outlay of funds worth INR 3,420 Crores for the period FY21-FY28.

4. Strategy & Business Outlook

Your Company has a clear strategy to focus on global markets in the high reliability segments of Strategic Electronics, Medical, Industrial and Transportation where product complexity, long product life cycles and stringent customer requirements result in high entry barriers.

Your Company's strategy is to be a one-stop-shop solution provider and has therefore developed strong end-to-end capabilities to work with customers from concept to commissioning and life-cycle management. Customers have the flexibility to choose from Engineering Services, Manufacturing Services, or turn-key Build-to-Specification solutions, or a combination thereof in a form of a solution.

Growth being one of the main strategic priorities for the coming years, we are investing in the required resources in India, Europe and North America. As the delivery of these services is quite distinct, the Company is organized into 3 operating business units.

a. Electronic Manufacturing Services:

The Company's EMS Services include manufacturing solutions focused on high reliability, high complexity products in high technology segments. Centum offers a wide range of manufacturing solutions from Printed Circuit Board Assemblies to Complex Finished products, Line Replaceable Units (LRU) and full system integration. The Company helps its customers realize challenging products by having customer-focused teams that leverage the 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 to achieve their goals of lower Total Cost of Ownership and reduced time-to-market among others. Centum's EMS division is well recognized as a leading supplier of high complexity products for international companies. Having established a strong track record of execution, your Company has been integrated into the global supply chain of large OEMs as a strategic supplier.

The strategy, going forward, is to focus on Medium to High volume business. We are also making investment in Digitalization and Automation which will help to improve operational efficiencies and productivity.

As mentioned in last year annual report, due to US-China trade war and Covid-19, we were experiencing an increasing number of opportunities from US and Europe for our EMS business. These have resulted in new customers with medium to high volume products, in the areas of hydrogen fuel cells, electric mobility and industrial tools. The focus for the year will be to complete the process of qualification and ramp up of these New Product Introductions (NPI).

We are a single source for 80% of the products manufacture and we saw reduction in demand from our customers in the last year due to Covid. However, we expect to see the revival in demand for these products in the second half of FY 21-22.

Significant supply chain challenges being faced worldwide due to shortage of semi-conductor components and increase in lead times, which are expected to impact revenues in H1-FY22, however, we are working with our customers and suppliers to minimise the impact as much as possible.

The focus on material cost reduction and operational efficiencies will continue to ensure competitive solutions to our customers.

b. Engineering R&D Services:

Engineering Services involve conceptualizing, designing and certifying of Electronic components or systems such as Hardware, Embedded Software, FPGA, Analog, Radio Frequency products, and Power Electronics. 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.

Apart from the above, cross selling of ER&D services by the EMS division and Strategic Electronic division, is a strategic initiative that is being put in place to increase the growth of ER&D.

This division has a strong domain expertise in designing and developing critical electronics and software solutions for large OEMs in the high reliability segments.

In FY 20-21, there has been an impact on Aerospace and Automotive segments due to Covid-19. However, we have been able to redeploy these resources to other sectors which are stable or have potential for growth. We are seeing a revival of demand in the areas of Defence & Military Aerospace and also Transport and expect to grow in these areas.

We will also focus on aggressively leveraging the India Design Centre for competitiveness and increase in the market share.

c. Strategic Electronics:

The Strategic Electronics Division provides Built to Specification services which includes taking a project from conceptualization to mass production quickly and efficiently. Centum's unique positioning with a full range of integrated capabilities make it the ideal product realization partner. Customers choose turn-key build to spec offering due to 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.

As we see a huge potential in the Defence business and to ensure that we give adequate focus, the sale & marketing team has been bifurcated into two separate verticals of Defence & Space, with both being led by experienced professionals.

Your Company has established itself as a key player in the Indian Defence & Space industry by working closely with customers and partners to design, develop and manufacture critical sub-systems and systems in Missiles, Satellites, Electronic Warfare, Optronics, Radar, Communications among others.

In addition to the above products which are expected to continue, your Company is working closely with customers to contribute to new projects in the Defence satellites and land systems domains. The establishment of the Defence Space Agency by Indian armed forces presents opportunities for your Company which has established a long and credible space heritage. Also, a major focus area for defence procurement is expected to be around munitions and infantry combat vehicles. Your Company is working toward opportunities to supply various electronics products in this domain of land systems. However, due to the gestation periods and uncertainties associated with defence procurement and qualification, the timelines for realizing these products may be stretched.

5. Risk Factors

Covid-19 pandemic has created an unprecedented health and economic crisis; when this crisis will be behind us remains uncertain. The effect has been on people, supply-chains, and markets.. We have taken actions such as vaccinating the whole Company including the age group of 18-45 and other actions such as strict adherence to Social Distancing, Masking to minimize the risk internally.

Some of the Government customers are applying Liquidated Damages (LD) on delayed deliveries even though the delay is attributable to Covid.

There have been severe electronic component shortage and increased lead times which is affecting the supply chain and the delivery of the products to the customers. Predictions are that this shortage will continue for 12 to 18 months.

The new Space Policy announced by Government of India still requires further clarification. While it may present further opportunities, the lack of clarity also brings some inherent risks.

The products and services offered by the Company are hi-tech and complex, the approval and certification cycles can get much longer than originally planned. This can result in delays in deliveries affecting the revenues.

Also, some of the products are very complex with only a handful of companies in the world that are capable of developing them and so the risk of product development in terms of additional costs & time is high.

The Govt of India procurement policy necessitates that the L1 bidder be 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 and this may impact the opportunities for your Company.

Some of the projects that are awarded as Build To Print (BTP), which assumes that the designs are complete in all respects, are actually not so and the burden of design also falls on your Company. Due to this, margins are lower than expected and also results in time delays.

In some cases of Built To Spec (BTS) projects, especially the ones awarded in the D&A segment, customers expect to receive the ownership of design which has not been paid for. In addition, the customer uses our design in floating a BTP tender as a public tender. This causes the problem of not being able to capture the value over the life of the product.

In the BTP business where the material content is normally high, and the customer provides the demand in the form of forecast which is used for procurement of materials. 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 see significant growth opportunities for manufacturing in India, the increased demand for skilled manpower poses the risk of talent retention to your Company.

However, the Company continues to enhance its Risk Management capabilities with high focus and mitigate the risks mentioned above.

6. Human Resources

Your Company has some of the best talent coming from various domains. A great deal of emphasis is placed on ensuring a rewarding experience for the associates working in your Company. Special attention is given for training and upgrading of peoples’ skills, providing excellent working conditions, benchmark with other large companies while rewarding the employees. As on March 31, 2021, the employee strength of the Company was 1742.

The Kaizen, 5S and Lean Six Sigma initiatives have been in place and have been institutionalized with all the employees of the Company taking active part in the same. This has helped in improving the operational excellence continuously and the Company has seen the benefits of this in the form of better customer satisfaction.

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.

8. Financial condition

A. Consolidated

i. Share capital

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

ii. Borrowings

The Loans have reduced by ₹ 79 million from ₹ 3,246 million as on March 31, 2020 to ₹ 3167 million as on March 31, 2021.

iii. Fixed Assets

The Capital expenditure in relation to Property, Plant & Equipment for 2020-21 is ₹ 246 million.

iv. Working Capital

Inventories has reduced by ₹ 416 million from ₹ 2,358 million as on March 31, 2020 to ₹ 1,942 million as on March 31, 2021.

Receivables have decreased by ₹ 328 million from ₹ 2,489 million as on March 31, 2020 to ₹ 2,161 million as on March 31, 2021.

Current liabilities have decreased by ₹ 1,490 million from ₹ 7,191 million as on March 31, 2020 to ₹ 5,701 million as on March 31, 2021.

v. Cash flows

Particulars	₹ in Million
Cash flows from Operating activities	809
Cash inflows in Financing activities	(662)
Cash outflows in Investing activities	119

vi. Results of Operations

The business operations for 2020-21 resulted in the Company, achieving sales of ₹ 8,174 million as against ₹ 8,833 million for 2019-20.

The Profit/(Loss) before tax for the year 2020-21 is ₹ 194 million as against ₹ 242 for the year 2019-20.

vii. Key financial parameters

Particulars	FY21	FY20
Debt /Equity [1]	1.20	1.18
Debtors Turnover Ratio (Days) [2]	104	108
Inventory Turnover Ratio (Days)[3]	227	243
Current Ratio [4]	1.09	0.98
Interest Coverage Ratio without exceptional items[5]	1.69	1.95
Operating Profit Margin [6]	6%	8%
EAT Margin[7]	2%	3%

[1] Long term borrowing + short term borrowing excluding current maturities / 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] Finance cost/ EBIT

[6] Operating profit/ total income

[7] EAT/ total income

Reason for variation (>25%): Key financial parameters improved in FY 21 over FY 20 due to improved operational performance and better business matrix.

B. Standalone

i. Share capital

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

ii. Borrowings

The Loans have decreased by ₹ 455 million from ₹ 1,847 million as on March 31, 2020 to ₹ 1392 million as on March 31, 2021.

iii. Fixed Assets

The Capital expenditure in relation to Property, Plant & Equipment for 2020-21 is ₹ 128 million.

iv. Working Capital

Inventories has reduced by ₹ 459 million from ₹ 2,204 million as on March 31, 2020 to ₹ 1,745 million as on March 31, 2021.

Receivables has decreased by ₹ 704 million from ₹ 1,700 million as on March 31, 2020 to ₹ 996 million as on March 31, 2021.

Current liabilities has decreased by ₹ 1,134 million from ₹ 3,714 million as on March 31, 2020 to ₹ 2,580 million as on March 31, 2021.

v. Cash flows

Particulars	₹ in Million
Cash flows from Operating activities	939
Cash inflows in Financing activities	(694)
Cash outflows in Investing activities	(196)

vi. Results of Operations

The business operations for 2020-21 resulted in the Company, achieving sales of ₹ 4,245 million as against ₹ 4,824 million for 2019-20.

The Profit /(Loss) before tax for the year 2020-21 is ₹ 331 million as against ₹ 348 million for the year 2019-20.

vii. Key financial parameters

Particulars	FY21	FY20
Debt /Equity [1]	0.51	0.72
Debtors Turnover Ratio (Days) [2]	116	135
Inventory Turnover Ratio (Days)[3]	285	290
Current Ratio[4]	1.25	1.15
Interest Coverage Ratio without exceptional items[5]	2.91	2.26
Operating Profit Margin[6]	12%	13%
EAT Margin[7]	6%	5%

[1] Long term borrowing + short term borrowing excluding current maturities / 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] Finance cost / EBIT

[6] Operating profit/total income

[7] EAT/total income

Reason for variation (>25%): Key financial parameters improved in FY 21 over FY 20 due to improved operational performance and better business matrix.

Board's Report

Dear Members,

We have pleasure in presenting the Twenty Eighth Annual Report on the business and operations of the Company together with the Audited Statement of Accounts for the financial year ended March 31, 2021.

1. Financial Highlights:

(₹ in Millions)

Particulars	Consolidated		Standalone	
	2020-21	2019-20	2020-21	2019-20
Total Income	8,232	8,986	4,284	4,867
Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA)*	895	980	625	713
Depreciation	453	414	158	132
Finance Cost	295	368	174	277
Earnings Before Tax**	205	352	331	348
Earnings After Tax**	131	278	240	250

* Excludes other income and finance income

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

2. Performance:

During the current year of operations, your Company has registered a consolidated total income of ₹ 8,232 million compared to previous financial year total income of ₹ 8,986 million. Your Company has earned a net profit after tax of ₹ 131 million for the financial year.

At standalone level, a total income of ₹ 4,284 million compared to previous financial year total income of ₹ 4,867 million. Further, your Company has earned a net profit of ₹ 240 million for the year.

3. Subsidiaries:

a. Centum Adetel Group S.A.

During the year, Centum Adetel Group S.A. the subsidiary company (excluding discontinuing operations), has registered total income of ₹ 4,183 million and incurred a net loss of ₹ 68 million.

b. Centum Electronics UK Limited

During the year, Centum Electronics UK Limited, a wholly owned subsidiary company, has registered total income of ₹ 1 million and incurred a net loss of ₹ 0.02 million.

c. Centum Adeneo India Private Limited

During the year, Centum Adeneo India Private Limited, a wholly owned subsidiary company, has registered revenue of ₹ 151 million and earned a net profit after tax of ₹ 5.6 million for the year.

A statement containing the salient features of the financial statements of subsidiaries as required in Form AOC-1 is enclosed as **Annexure-1** to this Report.

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 subsidiary and related detailed information will be kept at the Registered Office of the Company and will be available to investors seeking information at any time.

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:

During the year, your Company has paid an interim dividend of ₹ 2/- (i.e.20%) per equity share based on the approval provided by the Board of Directors at their Meeting held on February 10, 2021 and recommended a final dividend of ₹ 2 (i.e.20%) per equity share totaling to ₹ 4/- (i.e.40%) per equity share face value of ₹ 10/-each for the financial year 2020-21. The final dividend recommended is subject to approval of the Shareholders in the ensuing Annual General Meeting of the Company.

The total dividend payout was ₹ 51.54 million for the year.

6. Share Capital:

During the year, there was no changes in the share capital of the Company. As on March 31, 2021 the authorised share capital of the Company is ₹ 15,50,00,000/- divided into 1,55,00,000 equity share 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.

7. Debentures:

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

8. Depository System:

Your Company's equity shares are tradable only in electronic form. As on March 31, 2021, 99.15% of the Company's total paid up equity share capital representing 1,27,75,892 shares are in dematerialised form.

9. Transfer to Investor Protection Fund:

During the year, the Company transferred ₹ 1,39,544/- to the Investor Education and Protection Fund, the amount in unpaid Interim Dividend Account opened in 2013-14 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 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 Investor Education and Protection Fund Authority. The Company has accordingly transferred 3,900 shares to the demat account of the Investor Education and Protection Fund Authority.

10. Risk Management:

Your Company has a robust Risk Management policy. Your Company regularly assess the risks and ensures that the risk mitigation plans are in place.

11. 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 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 observed.

12. Directors and Key Managerial Personnel:

The Board of Directors of the Company as on March 31, 2021 comprises of 9 Directors out of which 2 are Executive Directors, 1 Non- Executive Director and 6 are Non-Executive Independent Directors. The composition of the Board of Directors is in due compliance of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Pursuant to the provisions of Section 152 of the Companies Act, 2013 and the Articles of Association of the Company, Dr. Swarnalatha Mallavarapu, Director (DIN: 00288771) will retire by rotation at the Twenty Eighth Annual General Meeting and being eligible, has offered herself for re-appointment.

Pursuant to applicable provisions of the Companies Act, 2013, the Nomination and Remuneration Committee and the Board of Directors at their respective Meetings held on June 15, 2021, have recommended and approved the re-appointment of Mr. Thiruvengadam P (DIN: 00016375) as an Independent Director of the Company for a second consecutive term with effect from February 8, 2021 to December 27, 2025 which is subject to approval of Shareholders at the ensuing Annual General Meeting of the Company. Due notices under Section 160 of the Companies Act, 2013 have been received from a Shareholder of the Company proposing the re-appointment of Mr. Thiruvengadam P as an Independent Director of the Company at this Annual General Meeting.

The Notice convening the Annual General Meeting includes the proposals for the appointment of the Directors. Brief resume of the Directors proposed to be re-appointed, nature of their expertise in specific functional areas and names of the Companies in which they hold directorship/ membership/ chairmanship of the Board or Committees, as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 have been provided as an annexure to the Notice convening the Twenty Eighth Annual General Meeting.

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

Mr. Apparao V Mallavarapu, Chairman & Managing Director, Mr. K S Desikan, Chief Financial Officer and Mr. Nagaraj K V, 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:

A calendar of Meetings is prepared and circulated in advance to the Directors.

During the year, the Company has convened 6 (Six) Meetings of the Board of Directors and 4 (four) Meetings of the Audit Committee. The details of which are given in the Corporate Governance Report. The Intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

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 meets the criteria of independence as laid down under Section 149 (6) of the Act and Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 fiscal 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 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 the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

13. 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, 2021, 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, 2021 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 confirms 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, 2021.

14. 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 46 forming part of the standalone financial statements.

15. 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 materially 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 being obtained for the transactions which are of a 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 43 to financial statement which sets out the related party disclosures.

16. Auditors:

a. **Statutory Auditors**

The Members at the Twenty Fourth Annual General Meeting of the Company held on July 11, 2017, approved the appointment of M/s. S.R Batliboi & Associates LLP, Chartered Accountants (Firm registration number: 101049W/E300004) as Statutory Auditors of the Company to hold office for a period of five years from the conclusion of 24th Annual General Meeting till the conclusion of the 29th Annual General Meeting.

The Report of the Statutory Auditors for the financial year 2020-21 does not contain any qualification on the financial statements of the Company.

b. Secretarial Audit

The Board has appointed Ms. Aarthi G Krishna, Practicing Company Secretary (CP No.5645), to conduct Secretarial Audit for the financial year 2020-21. The Secretarial Audit Report for the financial year ended March 31, 2021 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

The Board of Directors of the Company have appointed M/s. K.S. Kamalakara & Co., Cost Accountants (Registration No. 10625) as Cost Auditors of the Company for the financial year 2020–21 at a fee of ₹ 1,00,000/- plus applicable taxes and out of pocket expenses. The remuneration payable to Cost Auditors has been ratified by the Shareholders at the Twenty Seventh Annual General Meeting of the Company pursuant to provisions of Section 148 of the Companies Act, 2013.

17. Corporate Governance:

Your Company believes in adopting best practices of Corporate Governance. A report on Corporate Governance along with a Certificate from a Practicing Company Secretary confirming the compliance for the year ended March 31, 2021 as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is forming part of this Annual Report.

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

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

19. 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.

20. 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.

During the year under review, there are no such instances to report.

21. 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.

22. 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 there under. 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.

The Company has not received any complaint of sexual harassment during the financial year 2020-21.

23. Annual Return:

In terms of Section 92 (3) of the Companies Act, 2013 read with the Rules framed thereunder, the extract of the Annual Return of the Company for the financial year 2020-21 is available on the Company's website https://www.centumelectronics.com/annual-return/.

24. Management Discussion and Analysis Report:

The Management's Discussion and Analysis Report for the year under review, as stipulated under SEBI (LODR) Regulations, 2015 is forming part of the Annual Report.

25. Business Responsibility Report:

As required under Regulation 34 of SEBI (LODR) Regulations, 2015, the Business Responsibility Report is provided in a separate section and forms part of the Annual Report.

26. 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.

The particulars prescribed under Guideline 12.1 of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 is enclosed as **Annexure-6** to this report.

27. Awards and Recognitions:

During the year under review, your Company and its Top Management has received the following awards and recognitions:

i. Centum Electronics Limited was awarded the prestigious Defense Technology Absorption Award 2018 by the Defense Research and Development Organization (DRDO), India's premier research and development organization for military and defense technology. Hon'ble Raksha Mantri Shri Rajnath Singh has handed over the award to Mr. Apparao V Mallavarapu, Chairman and Managing Director of the Company at a ceremony hosted at DRDO HQ on 18th December, 2020. The award was conferred on Centum, in recognition of the outstanding contribution towards the absorption of critical technology in defense space systems and pioneering in the development of Space Grade Hardware of onboard Satellite based Electronic Warfare Payload for Kautilya.

ii. The Company has received the Certificate of appreciation and acknowledgement for the financial support extended towards establishing Modular and Mobile Intensive Care Unit at the Government K C General Hospital, Malleswaram, Bengaluru. On behalf of the Company, Mr. Nikhil Mallavarapu, Executive Director has received the Memento from Hon'ble Chief Minister of Karnataka Shri B. S. Yediyurappa on February 8, 2021.

iii. The Company has received the grant of the first patent for Centum in India. This is a journey Centum embarked upon about 5 years ago and decided to focus on the creation of Intellectual Properties, which in today's world is the most important form of value creation for the Company. The Company's business unit Strategic Electronics Business Unit has already moved ahead and filed almost 10 plus patents in the last 4 years. The first one got granted on September 30, 2020.

28. 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 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.

29. 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: June 15, 2021

Apparao V Mallavarapu
Chairman & Managing Director

S. Krishnan
Director

Annexure - 1

Form AOC - 1

Statement containing salient features of the financial statement of subsidiaries, associate companies and joint ventures
[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	Reporting currency	Share capital	Reserves	Total Assets	Total Liabilities (excl. capital & reserves)	Investments (excluding in subsidiaries)	Turnover	Profit/ (Loss) before taxation	Provision for taxation	Profit/ (Loss) after taxation	Pro-posed dividend	% of Shareholding by the company
1	Centum Adeneo India Private Ltd	INR	1	(5)	103	108	-	151	10	4	6	-	100%
2	Centum Electronics UK Limited	EUR	611	59	1,068	399	-	1	(0)	-	(0)	-	100%
3	Centum Adetel Group SA ("CAG")	EUR	407	875	3,091	1,911	101	278	(46)	-	(46)	-	64.66%
4	Centum Adetel Transportation System SAS ("CATS")	EUR	753	4	855	467	369	118	(6)	-	(6)	-	held by CAG 100%
5	9308-4929 Québec Inc (Centum Adetel Solution Canada)	CAD	5	42	656	609	-	399	3	-	3	-	held by CATS 100%
6	9301-3936 Québec Inc (Centum Adetel Equipment Canada)	CAD	3	(38)	520	555	-	790	34	-	34	-	held by CATS 100%
7	Centum Adetel Synergies SARL	EUR	1	(26)	45	70	-	92	3	-	3	-	held by CAG 100%
8	Centum Adeneo SAS	EUR	47	636	3,487	2,805	-	3,298	(46)	-	(46)	-	held by CAG 100%
9	Centum Adeneo CRD SAS	EUR	0	(56)	228	284	-	443	3	-	3	-	held by CAG 100%
10	Centum Adeneo Belgium	EUR	1	5	41	36	-	67	(3)		(3)	-	held by CAG 100%

Part "B" : Associates

(in ₹ Million)

Sl. No.	Name of Associates	Currency	Shares of Associate held by the company on the year end			Networth attributable to Shareholding as per latest audited Balance Sheet	Profit / (Loss) for the year	OCI for the year
			Number in million	Amount of Investment in Associates	Extend of Holding %			
1	Ausar Energy SAS	EUR	1	27	held by CAG 30.45%	28	(11)	4
2	HOLIWATT (formerly known as Centum Adetel Transportation SAS)	EUR	0	369	held by CAG 35%	142	-	-

Form No. MR-3

SECRETARIAL AUDIT REPORT*

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021

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

To
The Members,
Centum Electronics Limited
Bengaluru

CIN L85110KA1993PLC013869
Authorised Capital ₹ 15.50 Crores

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, 2021 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, 2021 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, 1992;[1]

   (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;[2,3]

   (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;[4]

   (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;[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, 2009;[2]
   and

   (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.[5]

(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;[6]

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 Mr. Apparao Mallavarapu as Managing Director of the Company for a period of five years with effect from 1st August, 2020.

(ii) Obtained the approval of the Shareholders for appointment of Mr. Nikhil Mallavarapu as Executive Director of the Company for a period of five years with effect from 13th February, 2020.

(iii) Obtained the approval of the Shareholders for appointment Ms. Kavitha Dutt Velagapudi as Women Independent Director for a period of five years with effect from 25th March, 2020.

AARTHI GOPALAKRISHNA

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

Place: Bengaluru
Date: June 15, 2021
UDIN: F005706C000463944

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

[1] Replaced with SEBI(Prohibition of Insider Trading) Regulations, 2015

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

[3] Replaced with SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018

[4] Replaced with SEBI (Share Based Employee Benefits) Regulations, 2014

[5] Replaced with SEBI (Buy-back of Securities) Regulations, 2018.

[6] and SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015.

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: June 15, 2021

AARTHI GOPALAKRISHNA
FCS# 5706 CP# 5645

Annexure - 3

Information Pursuant to the Section 134(3)(m) of the Companies Act, 2013

1. CONSERVATION OF ENERGY:

The Company continues to accord priority to energy conservation. Company's 'energy saving' team is committed to minimize the energy consumption and is implementing several energy saving projects. Consistent efforts are being made for identifying potential areas for energy saving.

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

- Conversion of CFL & Tube lights to LED in Office area, production tables & in Laminar flow to reduce the power consumption.
- Installed automatic ON / Off timer-based control to Office Ahu's & Restroom Exhausts, Building external lights for effective control on power consumption & cost.
- Reduced the tonnage of package unit in Screening production floor as per the heat load requirement to reduce power consumption & cost.
- Annual Maintenance of HT & LT panel is carried out to ensure there is no loose contacts and losses.
- Power factor improvement is achieved to 0.99 by replacing inefficient capacitors with new capacitors.
- Monitored LT voltage & if found to be less, discussed with BESCOM and improved the Voltage.
- Regularly monitored the top 5 power guzzlers like HVAC system, Process Chillers, air compressors etc. on daily basis and fixed the limits to control the consumption & cost.
- Consumption monitoring and control is done for Nitrogen gas on daily basis resulting in better control on usage.
- Damaged Cooling tower fills are replaced for improving efficiency of chillers.
- Regular maintenance of HVAC & Air Compressor systems is done to run it at maximum efficiency.
- Switching off power & gases to machines which is not in production plan on daily basis to reduce idle power consumption.
- Air pressure optimization is done based on production machine requirement to reduce power consumption in compressor.
- Regular leakage checking in gas and air pipelines, arresting leakages if any immediately is done to conserve resources.
- Use of Solar and Wind Power up to 70% of our energy consumption through open access policy is done on monthly basis, which reduces our carbon footage.
- Thermography study is done for all electrical panels and corrective action is done as a part of predictive maintenance.
- Office area AHU's are operated with time schedule on working days to control power consumption.
- Installation of timers for Production area Air handling units and exhausts is done to operate as per schedule.
- HVAC system is controlled through BMS automation to run efficiently and optimum as per production process requirement.
- Descaling of Condenser units are done at regular frequency to improve the performance of Chillers.
- Installation of VFD for Condenser Circulation pumps with temperature feedback automation is implemented to reduce Power consumption.
- Installed additional Condenser coil with localized cooling system which reduces the load on centralized HVAC system which in turn reduces power consumption.
- Procured and installed an Energy Efficient Chiller which consumes 0.66 kwh/tr in place of high energy consuming chiller which consumes 1.1kwh/ tr.

2. TECHNOLOGY AND RESEARCH & DEVELOPMENT:

Technology Development:

- The Company has the established capability to design embedded systems Products for defense and Space applications with the following areas of technical expertise:
  - □ High speed and high density designs targeted to Vertex 5 Xilinx FPGA
  - □ Interface of RF ADCs (3.2 GSPS) and RF DAC (3GSPS) with space grade Virtex5 FPGA
  - □ Design and development of the IP core for high frame rate Camera interface
  - □ Techniques for fault tolerant and error tolerant logics
  - □ Highly densed and complex 16 layered PCB designed with 3 nos. of 1752 pin (CCGA) xilinx FPGAs and 2 nos. of 624 pin (CCGA) RF ADCs designed and developed
  - □ Implementation of FFT based frequency and phase estimation
  - □ Data cube formation of an acquired image (motion compensated way)
  - □ Cam link interface to capture real time image from the sensor

- Implementation of crash and drop simulation.
- Design and development of Complete payload for Space application followed with RF, Digital, Power supply and all other supporting subsystem.

New Processes Qualification and Improvements:

- **LPM:** Low Pressure Molding (LPM) with Silicon based coating material (hot-melt) is a process typically used to encapsulate and environmentally protect electronic components. The purpose is to protect electronics against moisture, dust dirt and vibration. Process Qualified for one of our Industrial Products Customer with our new LPM machine.
- Enhanced our SMT Lines placement capability for qualifying fine pitch BGA /connector of less than 0.4mm.
- Qualified for backward compatibility for Sn/Pb ++ with Hybrid Reflow profile in PCBA Assemblies.
- Rotating Wave Pallet designed for more flexibility in fine tuning the soldering and to improve the Barrel Fillet issues for through hole components in PCBA's.
- CCGA (Ceramic Column Grid Array) package placement qualification in our SMT Assembly Lines.
- As part of Single Machine Risk Mitigation plan, New X-Ray machine procured and have qualified all the products as backup and to de-risk the Customer on-time deliveries.
- Automation done in Squeeze and Stencil Maintenance Tracking through Shop floor Management software and eliminated manual paper works.

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

(i) Specific areas in which R&D carried out by the Company

- Development of 165W Cascaded Push pull converter
- Development of 40W Hybridized Triple output DC-DC Converter
- Development of GaNFET Based Fly-back Synchronous converter
- Development of S Band PSU Type-1 and S Band PSU Type-4 Unit for Space Application.
- Development of 32W Hybridized DC-DC Converter BBM.
- Development of 24V High Power DC-DC Converter BBM.
- ASIC & MEMS sensor Packaging HMC
- Development of Receiver (High Frequency)
- Development of Transmitter (High Frequency)
- Development of Synthesizer
- Development of Digitally Tunable Filter
- Development of ASDL RF Rx System for Airborne Application

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

- Published 16 papers
- 3 Patents Published, 4 Patents Applied

(iii) Future Plan of Action

- Design of Subsystems in the Tank Electronics area
- Design and Implementation of Microcontroller based space grade Cooler Electronics System
- Hybridised dc-dc converters for Space sector
- Development of Imaging Payload Electronics for Space
- Design and development of C-Band PLDRO
- Heat pipe technology- flexible heat pipes, micro heat pipe
- Design and implementation of Heat pipe for Electronics components, sub-assembly or assembly cooling
- Medium scale Liquid Cold Plate(600W) design and development

(iv) Expenditure on R & D

(₹ in Millions)

For the year ended March 31	2020-2021	2019-2020
A. Capital	17.37	52.40
B. Recurring	69.17	65.77
C. Total	86.54	118.18
Total R&D expenditure as a % of total turnover	2.02%	2.4%

3. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Foreign Exchange Earnings was ₹ 2,736 Million and Outgo was ₹ 2,054 Million for the year ended March 31, 2021.

Annexure - 4

Annual Report on Corporate Social Responsibility (CSR) Activities

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

As a part of Corporate Governance Report, the Company has in place Corporate Social Responsibility 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'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
Mr. Thiruvengadam P	Independent Director	Chairman
Mr. S. Krishnan	Independent Director	Member
Dr. Swarnalatha Mallavarapu	Non – Independent Director	Member

3. The Company has formulated CSR Policy and is available at Investor page on the Company website:

https://www.centumelectronics.com/wp-content/themes/bezel-wp/pdf/corporate-governance/Corporate-Social-Responsibility-Policy.pdf

4. The details of Impact assessment of CS 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	2017-18	-	-
2	2018-19	-	-
3	2019-20	-	-
	Total	**-**	**-**

6. Average net profits of the Company as per Section 135(5): ₹ 22,95,29,587/-

7. a. 2% of the average Net Profit of the Company as per section 135(5): ₹ 45,90,592/-

b. Surplus arising out of the CSR projects or 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) = ₹ 45,90,592/-

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)
47,05,000	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)	Mode of implementation through implementation agency*
				State	District			
1.	Mathru Blind School	Education	Yes	Karnataka	Bangalore	17,05,000	Yes	Not Applicable
2.	Donation Insulated Container - Rinac India	Health care	Yes	Karnataka	Bangalore	10,00,000	Yes	Not Applicable
3.	Donation to MAP	Art & Culture	Yes	Karnataka	Bangalore	20,00,000	Yes	Not Applicable
	Total					**47,05,000**		

d. Amount spent in Administrative Overheads: Nil

e. Amount spent in Impact Assessment: Not Applicable

f. Total amount spent for the Financial Year: ₹ 47,05,000/-

g. Excess amount for set off:

Sr. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the Company as per section 135(5)	45,90,592
(ii)	Total amount spent for the Financial Year	47,05,000
(iii)	Excess amount spent for the financial year [(ii) -(i)]	1,14,408
(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)]	1,14,408

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 financials year:

Not Applicable

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

Not Applicable.

Place: Bengaluru
Date: June 15, 2021

Apparao V Mallavarapu
Managing Director

Thiruvengadam P
Chairman of CSR Committee

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

1. The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2020-21, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2020-21 are as under:

Sl. No.	Name of the Director/KMP and Designation	% increase in Remuneration in the Financial Year 2020-21	Ratio of remuneration of each Director/ to median remuneration of employees
1	Apparao V Mallavarapu	-8%	35.77
	Chairman and Managing Director		
2	Nikhil Mallavarapu *	-	35.46
	Executive Director		
3	S. Krishnan #	114%	1.69
	Non-Executive Director		
4	Manoj Nagrath #	114%	1.69
	Non-Executive Director		
5	Rajiv C Mody #	154%	1.44
	Non-Executive Director		
6	Pranav Kumar N Patel #	114%	1.69
	Non-Executive Director		
7	Swarnalatha Mallavarapu **	-	1.36
	Non-Executive Director		
8	Thiruvengadam P #	114%	1.69
	Non-Executive Director		
9	Kavitha Dutt Chitturi **	-	1.44
	Non-Executive Director		
10	K. S. Desikan	3%	Not applicable
	Chief Financial Officer		
11	Nagaraj K V	-2%	Not applicable
	Company Secretary		

(i) * 2019-20 remuneration is for part of the year

** There was no remuneration paid during the year 2019-20

The increase in remuneration is mainly due to increase in Commission paid to Independent Directors for the financial year 2020-21

(ii) During the financial year, there was a increase of 16.64% in the median remuneration of employees

(iii) There were 1242 permanent employees on the rolls of Company as on March 31, 2021

(iv) Average percentage increase in the salaries of employees other than the managerial personnel in the last financial year i.e., 2020-21 was 10.27% and increase in the managerial personnel for the same financial year was 43.23%

(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

Annexure - 6

Employee Stock Option Plan

Particulars prescribed under Guideline 12.1 of the SEBI (Employee Stock Option scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and forming part of the Board's Report:

Sr No.	Particulars	Centum ESOP-2013	
1	Total Size of ESOP	2,50,000 shares (each option represents one share)	
2	Options granted	2,49,998	
3	Pricing Formula	Closing price, prior to the date of the meeting of the Compensation Committee in which Options are granted.	
4	Options vested	231,030	
5	Options exercised	213,754	
6	Number of shares arising as a result of exercise of option	213,754	
7	Options lapsed/surrendered/forfeited	17,218	
8	Variation of terms of options	NA	
9	Money realized by exercise of options	₹ 15,229,974	
10	Total number of options in force	19,026	
11	Grant to senior management personnel	Vinod S Chippalkatti	14,609
		Desikan K S	14,609
		Sandhya Thyagarajan	14,198
		Sanjay Puri	7,000
12	Employees receiving more than 5% of the options in a year	NIL	
13	Employees receiving grants equal or more than 1% of the issued capital	NA	
14	Diluted EPS pursuant to issue of shares on exercise of options calculated in accordance with Ind AS 20	₹ 18.60	
15	Impact on Net Profit and EPS	Profit before tax decreased by ₹ 0.49 Million.	EPS decreased by ₹ 0.03
16	Method used to estimate the fair value of options	Black Scholes model	
17	Significant Assumptions used:		
	a. Dividend Yield	10%	
	b. Risk free interest rate	1-4 years	
	c. Expected Life of Option	5.7-8.6%	
	d. Expected Volatility	48.31%	

For and on behalf of the Board

Place: Bengaluru
Date: June 15, 2021

Apparao V Mallavarapu
Chairman & Managing Director

S Krishnan
Director

Corporate Governance Report

1) Company's Philosophy on Code of Governance

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.

2) Board of Directors

a) Composition:

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.

As on March 31, 2021, the Board of Directors of the Company comprises of 9 Directors out of which 6 being Independent Non-Executive Directors. The composition of Board is in due compliance of Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The composition of the Board of Directors as at March 31, 2021 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 Board Committees Membership/ Chairmanship ***	Name of other Listed entities & category of Directorships*
Mr. Apparao V Mallavarapu	Executive and Non-Independent	Chairman & Managing Director	66,04,715 51.26	2	3	-
Mr. Nikhil Mallavarapu	Executive and Non-Independent	Whole Time Director	5,89,929 4.58	-	-	-
Mr. S. Krishnan	Non-Executive and Independent	Director	83 0.00	-	4	-
Mr. Manoj Nagrath	Non-Executive and Independent	Director	-	1	3	-
Mr. Rajiv C Mody	Non-Executive and Independent	Director	-	2	3	1. Sasken Technologies Ltd – CMD
Mr. Pranav Kumar N Patel	Non-Executive and Independent	Director	-	-	1	-
Dr. Swarnalatha Mallavarapu	Non-Executive and Non-Independent	Director	3,69,150 2.87	1	1	-
Mr. Thiruvengadam P	Non-Executive and Independent	Director	-	6	10	1. Fine Organic Industries Ltd – ID

Name of the director	Category	Designation	No. of shares held and percentage to paid up share capital	Number of other Directorships **	Number of Board Committees Membership/ Chairmanship ***	Name of other Listed entities & category of Directorships*
Ms. Kavitha Dutt	Non-Executive and Independent	Director	-	8	10	1. The K.C.P. Limited - JMD 2. DCM Shriram Industries Ltd - ID 3. Apollo Hospitals Enterprise Limited – ID

* CMD – Chairman and Managing Director; ID – Independent Director; JMD – Joint Managing Director
**Only the Directorships of the Indian Companies have been taken into consideration.
*** List includes Centum Electronics Limited.

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.

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

Global Business	Understanding of global business dynamics, across various geographical markets, industry verticals and regulatory jurisdictions.
Strategy and Planning	Appreciation of long-term trends, strategic priorities and experience in guiding and leading management teams to make decisions in uncertain environments by value creation.
Governance	Experience in developing governance practices, serving the best interests of all stakeholders, maintaining board and management accountability, building long-term effective stakeholder engagements and driving corporate ethics and values.

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 2020-21 are as follows:

Sl. No.	Day & Date
1	Wednesday, May 6, 2020
2	Tuesday, July 28, 2020
3	Friday, August 28, 2020
4	Wednesday, November 11, 2020
5	Thursday, December 10, 2020
6	Wednesday, February 10, 2021

The necessary quorum was present in all the Board Meetings. The maximum gap between any two meetings did not exceed 120 days. 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	6	Yes
Mr. Nikhil Mallavarapu	6	Yes
Mr. S. Krishnan	6	Yes
Mr. Manoj Nagrath	6	Yes
Mr. Rajiv C Mody	6	Yes
Mr. Pranav Kumar N Patel	6	Yes
Dr. Swarnalatha Mallavarapu	6	Yes
Mr. Thiruvengadam P	6	Yes
Ms. Kavitha Dutt	6	Yes

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 2020-21. The Code of Conduct is available on the Company's website (https://www.centumelectronics.com/corporate-governance/).

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 gives 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.

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/corporate-governance/.

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 2020-21 the Meeting of the Independent Directors was held on February 10, 2021 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 functions of the Audit Committee include:

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 (Ind AS).
- 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's 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	4
3.	Mr. S. Krishnan	Member	4	4
4.	Mr. Pranav Kumar N Patel	Member	4	4
5.	Mr. Thiruvengadam P	Member	4	4

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 July 27, 2020, August 27, 2020, November 10, 2020 and February 9, 2021.

During the year, the Company has increased the sitting fees from ₹ 20,000/- per meeting (Board and Audit Committee) to ₹ 30,000/- per meeting in July 2020. Subsequently, the Company has paid a sitting fee of ₹ 30,000/- per meeting attended in person/through Video conference.

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 meeting for the financial year 2020-21 was as follows:

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

The Nomination & Remuneration Committee Meetings was held on July 28, 2020.

The Company Secretary acts as the Secretary to the Committee.

The terms of reference of the Nomination & Remuneration Committee inter–alia includes the following:

1. 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;

2. To formulate criteria for evaluation of performance of independent directors and the Board;

3. To devise a policy on Board diversity;

4. 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;

5. 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;

6. 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/corporate-governance/

The details of remuneration paid /payable to the Directors for the year ended March 31, 2021 are as follows:

(Amount in ₹)

Name of the Director	Salary & Perquisites	Sitting Fees	Commission	Total
Mr. Apparao V Mallavarapu	84,90,240	-	82,66,996	1,67,57,236
Mr. Nikhil Mallavarapu	98,07,579	-	68,67,892	1,66,75,471
Mr. S. Krishnan	-	2,70,000	5,00,000	7,70,000
Mr. Manoj Nagrath	-	2,70,000	5,00,000	7,70,000
Mr. Rajiv C Mody	-	1,60,000	5,00,000	6,60,000
Mr. Pranav Kumar N Patel	-	2,70,000	5,00,000	7,70,000
Dr. Swarnalatha Mallavarapu	-	1,20,000	5,00,000	6,20,000
Mr. Thiruvengadam P	-	2,70,000	5,00,000	7,70,000
Ms. Kavitha Dutt	-	1,60,000	5,00,000	6,60,000

c) Stakeholders' Relationship Committee:

In compliance with the provisions of Section 178 of the Companies Act, 2013 and 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 composition of the Stakeholders' Relationship committee is as follows:

Name	Particulars
Mr. Manoj Nagrath	Chairman
Mr. Apparao V Mallavarapu	Member
Mr. S. Krishnan	Member

Mr. Nagaraj K V, 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 is as follows:

Status of complaints from the stakeholders from April 1, 2020 to March 31, 2021

Sl. No.	Nature of Complaints	Opening Balance	Received	Redressed	Pending
1.	Non receipt of securities	NIL	3	3	NIL
2.	Non receipt of Dividend Warrants	NIL	96	96	NIL
3.	Non receipt of Annual reports	NIL	0	0	NIL
4.	Others	NIL	184	184	NIL
	Total	**NIL**	**283**	**283**	**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 composition of the CSR committee is as follows:

Name	Particulars
Mr. Thiruvengadam P	Chairman
Mr. S. Krishnan	Member
Dr. Swarnalatha Mallavarapu	Member

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.

Subsidiary Companies

The Company has the following subsidiary companies:

1. Centum Adeneo India Private Limited, a wholly owned Indian Subsidiary company.
2. Centum Electronics UK Limited, UK based company.
3. Centum Adetel Group S.A., French based company.

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/corporate-governance/. The Company has material subsidiary which meets the criteria mentioned in the policy.

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.

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 pricing basis. There are no materially 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. 43 of the notes to the accounts of the 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.

4) Disclosures

a) Fees Paid to Statutory Auditors:

During the year ended March 31, 2021 fees paid to Statutory Auditors are as follows:

(Amount in ₹)

Particulars	Fees (Excluding GST)
Audit and related services	57,50,000
Fees paid for Subsidiary	7,00,000
Total	**64,50,000**

b) Compliance with Statutory/legal requirements:

During the year, there are no non-compliances by the Company. Except the one mentioned below, 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.

Name of the Authority	Details of observations & action taken	Remarks
BSE Limited	Delay in disclosure of final dividend record date/ book closure date for the financial year 2019-20 as per Regulation 42 of SEBI LODR Regulations, 2015. Fine levied as per SEBI SOP Circular No. SEBI/HO/CFD/CMD/CIR//P/2020/12 dated January 22, 2020	The Company has paid the fine as there was a one working day delay while intimating the Stock Exchanges on the final Dividend record date for the financial year 2019-20.
National Stock Exchange of India Limited	Delay in disclosure of final dividend record date/ book closure date for the financial year 2019-20 as per Regulation 42 of SEBI LODR Regulations, 2015. Fine levied as per SEBI SOP Circular No. SEBI/HO/CFD/CMD/CIR//P/2020/12 dated January 22, 2020	The Company has paid the fine as there was a one working day delay while intimating the Stock Exchanges on the final Dividend record date for the financial year 2019-20.

c) Compliance with Accounting Standards:

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

d) 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/BAAN-ERP and has a strong monitoring and reporting process resulting in financial discipline and accountability.

e) 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.

f) Certification from Company Secretary in Practice:

None of the Directors of the Company have been debarred or disqualified from being appointed or continuing as directors of companies 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.

g) 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 there under. A reference disclosure on the same is also made in the Board's Report forms part of the Annual Report.

The Company has not received any complaint of sexual harassment during the financial year 2020-21.

h) 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
2017-18	September 14, 2018	No. 44, KHB Industrial Area, Yelahanka New Township Bangalore - 560 106	11.30 A.M	-
2018-19	August 13, 2019	Chambers Hall, Hotel 'Radisson Blu Atria Bengaluru', No.1, Palace Road, Bengaluru 560 001	11.00 A.M	2
2019-20	September 18, 2020	Meeting held through Video Conference from the Registered Office: No.44, KHB Industrial Area, Yelahanka New Town, Bangalore – 560 106	4.00 P.M	4

1. A special resolution was passed through Postal Ballot dated February 26, 2018.

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.

In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated January 13, 2021 read with circulars dated May 5, 2020, April 8, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") and SEBI Circulars dated January 15, 2021 and May 12, 2020, Notice of the AGM along with the Annual Report 2020-21 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 2020-21 will also be available on the Company's website viz. https://www.centumelectronics.com/annual-report/, 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, Bangalore – 560 106
3	Compliance Officer	Nagaraj K V
4	Date, time & venue of the 28th AGM	Thursday, August 12, 2021 at 4:00 p.m. The Company is conducting meeting through Video Conferencing 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	2020-2021
6	Record Date for Dividend	Tuesday, August 3, 2021

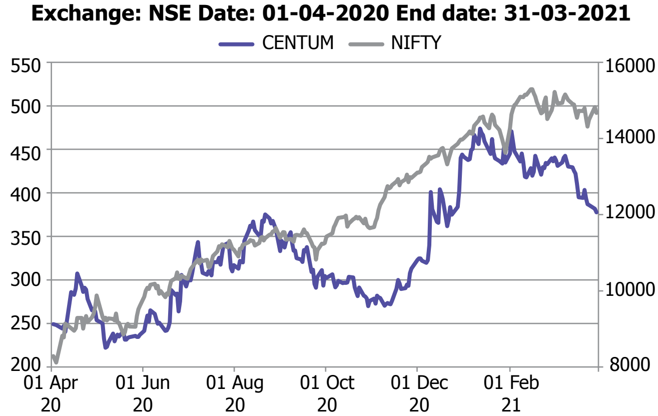
7	Dividend	The Board of Directors of the Company have recommended a dividend of ₹ 2.00/- (20%) per equity share. Dividend, if approved in the ensuing Annual General Meeting will be paid to those Shareholders, whose name appear in the Register of Members as on August 3, 2021.	
8	Listing in Stock Exchanges	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 all the Stock Exchanges where the shares of the Company are listed.	
11	Details of Credit Ratings	Total Bank Loan Facilities Rated	₹ 355.7 Crores
		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

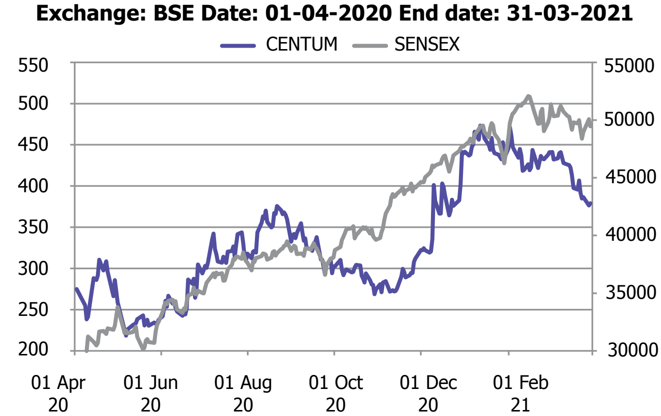
Month	National Stock Exchange of India Limited (NSE)			BSE Limited (BSE)		
	High	Low	Total Turnover (in Lakhs)	High	Low	Total Turnover (in Lakhs)
April	330.00	217.95	118.20	315.00	229.50	6.12
May	264.85	213.05	154.95	260.00	210.55	76.07
June	325.00	232.50	918.72	322.75	235.70	245.38
July	355.00	288.35	1604.88	355.00	293.00	136.12
August	393.00	306.05	1707.41	400.00	310.00	158.15
September	363.05	283.25	914.47	369.95	281.00	135.86
October	309.90	260.00	385.21	315.00	261.25	70.89
November	314.85	262.75	477.52	315.05	258.60	308.35
December	473.00	311.00	5972.49	472.00	312.40	587.06
January	481.50	425.00	1734.52	477.00	427.65	211.37
February	487.15	407.50	1150.41	490.00	410.00	209.11
March	450.80	375.00	675.95	484.80	373.35	319.53

The performance of the stock in National Stock Exchange of India Limited and BSE Limited for the period from April 1, 2020 to March 31, 2021 was as follows:

Exchange: NSE Date: 01-04-2020 End date: 31-03-2021



Exchange: BSE Date: 01-04-2020 End date: 31-03-2021



8) Dematerialisation of shares

The ISIN for the Equity Shares of the Company is INE320B01020. A total of 1,27,75,892 Equity Shares aggregating to 99.15% of the total shares of the Company are in dematerialised form as on March 31, 2021.

9) Registrars and Share Transfer Agents

For Share related matters, Members are requested to correspond with the Companies Registrar and Transfer Agents – KFin Technologies Private Limited quoting their Folio No./ DP ID & Client ID at the following Address.

KFin Technologies Private Limited
(Formerly Karvy Fintech Private Limited)
Selenium Tower B, Plot Nos.31 & 32, Financial District
Nanakramguda, Serilingampally Mandal, Hyderabad – 500032
Ph No.: +91 40 6716 2222, Fax No.: 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
3.	Mr. Nagaraj K V	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.

The Company has delegated the power of share transfers to KFin Technologies Private 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, 2021 is as follows:

Category (Amount)	No. of Shareholders	%	Amount	%
1-5000	7362	92.30	60,42,540	4.69
5001- 10000	268	3.36	20,97,320	1.63
10001- 20000	141	1.77	20,99,210	1.63
20001- 30000	48	0.60	11,57,170	0.89
30001- 40000	32	0.40	11,19,350	0.87
40001- 50000	22	0.28	10,07,290	0.78
50001- 100000	47	0.59	34,75,240	2.70
100001 & Above	56	0.70	11,18,49,690	86.81
Total	**7976**	**100.00**	**12,88,47,810**	**100.00**

12) Shareholding Pattern

Categories of Shareholders as on March 31, 2021 is as follows:

Category	No. of Shares	% to Total Shares
Promoters & Promoter Group	75,76,478	58.80
Employees	1,88,006	1.46
Mutual Funds	8,45,838	6.56
Financial Institutions / Banks	100	0.00
Non-Resident Indians	20,376	0.16
Non-Resident Indian Non Repatriable	22,190	0.17
Indian Public	31,80,632	24.69
Clearing Members	3,900	0.03
Body Corporates	4,59,723	3.57
IEPF	76,797	0.60
HUF	5,10,741	3.96
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 2020-21.

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 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/investor-relations/.

During the year under review, the Company has transferred ₹ 1,39,544/- to Investor Education and Protection Fund Account which was pertaining to Unpaid Dividend Account Centum Electronics Limited 2013-14 and remained as unclaimed for a period of 7 years from the date of transfer to refund 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	2013-14 - Final	01-08-2014	1.50	19-08-2021
2	2014-15 - Interim	30-01-2015	1.00	24-02-2022
3	2014-15 - Final	07-08-2015	2.00	31-08-2022
4	2015-16 - Interim	08-02-2016	1.00	02-03-2023
5	2015-16 - 2nd Interim	25-03-2016	2.00	12-04-2023
6	2016-17 - Interim	14-02-2017	2.00	26-02-2024
7	2016-17 - Final	11-07-2017	3.00	19-07-2024
8	2017-18 - Interim	13-02-2018	1.00	25-02-2025
9	2018-19 - Interim	06-02-2019	1.00	10-03-2026
10	2018-19 - Final	13-08-2019	4.00	19-09-2026
11	2019-20- Final	18-09-2020	2.50	24-10-2027
12	2020-21 - Interim	10-02-2021	2.00	18-03-2028

14) Transfer of the 'Shares' into 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.

15) Financials Release Dates for 2021-22

Quarter	Release Date (tentative & subject to change)
1st Quarter ending June 30, 2021	Second week of August 2021
2nd Quarter ending September 30, 2021	Second week of November 2021
3rd Quarter ending December 31, 2021	Second week of February 2022
4th Quarter ending March 31, 2022	Last week of May 2022

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,
Bangalore – 560 106
Telephone: +91 80 41436000
Fax : +91 80 41436005

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

Location I	Location II
Centum Electronics Limited No. 44, KHB Industrial Area, Yelahanka New Town, Bangalore – 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, Bangalore – 562 129. Telephone: +91 80 71214000 Fax: +91 80 71214005

17) Non-mandatory information

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. Internal Auditors reports directly to the Audit Committee.

By order of the Board
For Centum Electronics Limited

Place: Bengaluru	**Apparao V Mallavarapu**	**S Krishnan**
Date: June 15, 2021	Chairman & Managing Director	Director

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, 2020 to 31st March, 2021. 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: June 15, 2021
UDIN: F005706C000463891

AARTHI G KRISHNA
Practicing Company Secretary
FCS 5706, CP No.5645

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, 2021 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
1	Mr. Apparao Venkata Mallavarapu	00286308	08.01.1993
2	Mr. Seetharama Subramanian Krishnan	01807344	11.09.2007
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	Mr. Nikhil Mallavarapu	00288551	13.02.2020
9	Ms. Kavitha Dutt Velagapudi	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: June 15, 2021
UDIN: F005706C000463845

AARTHI G KRISHNA
Practicing Company Secretary
FCS 5706, CP No.5645

Compliance Certificate Pursuant to Regulation 17(8) of Sebi (Listing Obligations and Disclosure Requirements) Regulations, 2015

The Board of Directors,
Centum Electronics Limited
No.44, KHB Industrial Area,
Yelahanka New Town, Bangalore – 560 106

This is to certify that:

a. We have reviewed financial statements and the cash flow statement for the financial year ended March 31, 2021 and that to the best of our knowledge and belief:

   (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ended March 31, 2021, which are fraudulent, illegal or violative of the Company's Code of Conduct.

c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. We have not come across any reportable deficiencies in the design or operation of such internal controls.

d. We have indicated to the Auditors and the Audit Committee:

   (i) that there are no significant changes in internal control over financial reporting during the year;

   (ii) that there are no significant changes in accounting policies during the year; and

   (iii) that there are no instances of significant fraud of which we have become aware.

e. We further declare that all Board Members and Senior Management personnel have affirmed compliance with the Code of Conduct for the financial year 2020-2021.

For **CENTUM ELECTRONICS LIMITED**

Apparao V Mallavarapu	**K S Desikan**	Bangalore
Managing Director	Chief Financial Officer	June 15, 2021

Business Responsibility Report

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company: L85110KA1993PLC013869
2. Name of the Company: Centum Electronics Limited
3. Registered address: No.44, KHB Industrial Area, Yelahanka New Town, Bangalore - 560 106
4. Website: www.centumelectronics.com
5. E-mail id: investors@centumelectronics.com
6. Financial Year reported: 2020-21
7. Sector(s) that the Company is engaged in (industrial activity code-wise):

   The Company is engaged in Electronic System Design and Manufacturing (ESDM).

   As per National Industrial Classification (NIC) 2008, Industrial activity code for other Manufacturing is Division 32, Group 329.
8. List three key products/services that the Company manufactures/provides (as in balance sheet):
   i. Electronics Systems, Subsystems and Modules
   ii. Printed circuit boards Assembly
   iii. Design Services
9. Total number of locations where business activity is undertaken by the Company:
   (a) Number of International Locations: 3 (Three) – France, UK and Canada
   (b) Number of National Locations: 1 (one) – Karnataka
10. Markets served by the Company:

    Domestic and International

    Defence & Aerospace, Space, Medical, Transport & Automotive

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital (₹): 129 million
2. Total Turnover (₹) : 4,284 million
3. Total profit after taxes (₹): 240 million
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%): 2% of the average net profit of last 3 years
5. List of activities in which expenditure in 4 above has been incurred:
   a) Promoting Education
   b) Rural Development Projects
   c) Health Care
   d) Disaster Management

SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company/ Companies?

   The Company has 2 Subsidiaries.
2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s).

   No. At the Group level, Centum Electronics Limited undertakes various Business Responsibility (BR) initiatives and encourages its subsidiaries to actively participate in the same.
3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

   No.

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR.

   No director has been specifically nominated. The Corporate Social Responsibility (CSR) Committee of the Board comprising of Mr. Thiruvengadam P, Mr. S. Krishnan and Dr. Swarnalatha Mallavarapu drive the social responsibility initiatives.

(a) Details of the BR head

   No directors / employees have been nominated as BR Head. The Corporate Social Responsibility (CSR) Committee of the Board comprising of Mr. Thiruvengadam P, Mr. S. Krishnan and Dr. Swarnalatha Mallavarapu drive the social responsibility initiatives.

2. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)

S. No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1.	Do you have a policy/ policies on the BR Principles?	Y	Y	Y	Y	Y	N	Y	Y	Y
2.	Has the policies being formulated is in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	N	Y	Y	Y
3.	Does the policies conform to any national / international standards? If yes, specify? (50 words)	The policies are in due compliance of the applicable Indian Laws. The policies/ practices broadly confirms to the National Voluntary Guidelines issued by Ministry of Corporate Affairs.								
4.	Has the policies being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	N	Y	Y	Y
		All policies are not required to 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 and Managing Director of the Company.								
5.	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	N	Y	Y	Y
6.	Indicate the link for the policy to be viewed online?	www.centumelectronics.com								
7.	Has the policies been formally communicated to all relevant internal and external stakeholders?	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) Policy for the benefit of employees and managers. It is an employee self service and manager self Service portal. We upload all the HR policies in HRIS system with access controls.								
8.	Does the company have in-house structure to implement the policies	Y	Y	Y	Y	Y	N	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	N	Y	Y	Y
10.	Has the company carried out independent audit/ evaluation of the working of these policy by an internal or external agency?	Y	Y	Y	Y	Y	N	Y	Y	Y

3. Governance related to BR

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.

The Company views business responsibility as a part and parcel of its business. 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.

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The Company is publishing the Business Responsibility Report as applicable from the previous year 2019-20 which is forming part of Annual Report. The link of the webpage is https://www.centumelectronics.com/annual-report/.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1:

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?

   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 supplier, 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.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

   The Stakeholders' Relationship Committee reviews the Shareholders complaints and the redressal measures taken by the Registrar & Transfer Agents/ Company relating to their resolutions. During the financial year 2020-21, a total of 99 complaints were received and redressed.

Principle 2:

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities

   a) Electronic Boards for digital X-ray Detectors to check infection in lungs especially during Covid19 pandemic

   b) Power Controllers

   c) Control & automation electronics for innovative flood barrier system for the city of Venice, Italy

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

   (a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

   Electronic Boards for digital X-ray Detectors are used in the process of diagnosing diseases.

   Micro electronic based Power Controllers are light weight and consumes less power.

   The Company is certified for Environment Management System ISO14001: 2015. Energy & Water conservation is done as objectives in each Process with optimization.

   The Company has also defined, documented, implemented & maintained Environment, Occupational Health and Safety Policy (EOHS) for continual improvement. EOHS Policy is defined as per the site-specific requirements and is appropriate to the nature, scale, safety activities.

   (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

   The Company has received satisfactory feedbacks from its Customers.

3. Does the company have procedures in place for sustainable sourcing (including transportation)?

   (a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

   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 Minerals. Centum with the support of its Customers and suppliers had to respond to this global challenge and take action to support responsible minerals sourcing.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

   (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

   Yes. 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.

5. Does the company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

   Yes. The percentage of recycling of products and waste is greater than 10%. Wastewater is recycled as per the permissible processes. The electronic waste is disposed through authorized recycler as per statutory requirements.

Principle 3:

1. Please indicate the Total number of employees.

   1242 employees as on March 31, 2021.

2. Please indicate the Total number of employees hired on temporary/contractual/casual basis.

   14 contractual employees as on March 31, 2021.

3. Please indicate the Number of permanent women employees.

   360 women employees as on March 31, 2021.

4. Please indicate the Number of permanent employees with disabilities:

   1 employee as on March 31, 2021.

5. Do you have an employee association that is recognized by management.

   There is no employee association in the Company.

6. What percentage of your permanent employees is members of this recognized employee association?

   Not Applicable.

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
1	Child labour/forced labour/involuntary labour	Nil	Nil
2	Sexual harassment	Nil	Nil
3	Discriminatory employment	Nil	Nil

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

   (a) Permanent Employees = Around 90%

   (b) Permanent Women Employees = Around 95%

   (c) Casual/Temporary/Contractual Employees = Nil

   (d) Employees with Disabilities = 100%

Principle 4:

1. Has the company mapped its internal and external stakeholders? Yes/No

   Yes. The major ones being employees, suppliers, contractors, customers, investors, lending institutions, regulatory and statutory authorities.

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.

   All stakeholders are equal to the Company.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

   All stakeholders are equal due to which there are no special initiatives for any category of stakeholders.

Principle 5:

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

   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 at its group level and includes contractors.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

   The Company has not received any complaints pertaining human rights from any stakeholder for the financial year ended on March 31, 2021.

Principle 6:

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.

   Not Applicable

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

   Yes

3. Does the company identify and assess potential environmental risks? Y/N

   Yes.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

   No specific project.

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc., Y/N. If yes, please give hyperlink for web page etc.

   The Company has taken initiatives for converting CFL bulbs to energy efficient LED Lights. The details of the same are forming part of our Board's Report annexure on Conservation of Energy. The link of the webpage is https://www.centumelectronics.com/annual-report/

   Further, the Company encourages its employees to stay near to work place. This helps employees to reduce travel time to office and back which in turn helps employees better work life balance and also to reduce carbon footprint by avoiding travel.

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

   Yes.

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on the end of Financial Year.

   Nil.

Principle 7:

1. Is your company a member of any trade and chamber or association? If Yes, name only those major ones that your business deals with:

   Yes. The major trade bodies are:

   (a) The Federation of Indian Chambers of Commerce and Industry (FICCI)

   (b) Confederation of Indian Industry (CII)

   (c) Electronic Industries Association of India (ELCINA)

   (d) Indo-French Chamber of Commerce and Industry

   (e) Indo-American Chamber of Commerce

   (f) India Electronics and Semiconductor Association (IESA)

   (g) Bangalore Chamber of Industry and Commerce

   (h) Software Technology Parks of India (STPI)

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes, specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

   Yes. The Company does work for public good on its own and along with trade bodies and industry colleagues from time to time.

Principle 8:

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes, details thereof.

   Yes. The details are contained in Annexure-4 to the Board's Report forming part of this Annual Report. (CSR disclosures).

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

   The programmes are a combination of internal as well as external organisation.

3. Have you done any impact assessment of your initiative?

   Impact assessments are done.

4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.

   The details of the same are contained in Annexure-4 to the Board's Report forming part of this Annual Report (CSR disclosures).

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

   Community Development is one of the important aspect which we take into consideration. We are closely monitoring the actual CSR spend by the respective authorities from time to time.

Principle 9:

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year?

   The Company does not have any major complaints/ consumer cases pending as on March 31, 2021.

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./ Remarks (additional information).

   Yes. The display of product information is carried out as per the Customer's instructions from time to time.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on the end of financial year. If so, provide details thereof, in about 50 words or so.

   No.

4. Did your company carry out any consumer survey/ consumer satisfaction trends?

   Yes, We are a customer centric organisation and customer satisfaction is of utmost importance. Customer feedback is taken right from the design and manufacturing stage till the customer gets delivery of our products.

Standalone Financial Statements

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 2021, 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, 2021, 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 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.

Emphasis of Matter

We draw attention to the note no 56 to the accompanying Ind AS financial statements for the year ended March 31, 2021 which describes the uncertainties and management assessment of the financial impact of the outbreak of Corona virus (COVID-19) on the business operations, liquidity position and recoverability of assets of the Company and its subsidiaries. In view of the highly uncertain economic environment, a definitive assessment of the aforesaid impact on the subsequent periods is dependent upon circumstances as they evolve. Our opinion is not modified in respect of this matter.

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, 2021. 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.

Key audit matters	How our audit addressed the key audit matter
Allowance for inventory obsolescence (as described in note 2.3(k), note 11 and note 42 of the standalone Ind AS financial statements)	
The Company held an inventory balance of ₹ 1,745.49 million as at March 31, 2021, 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.	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 42 on significant accounting estimates and judgements and Note 11 on Inventories to the standalone Ind AS financial statements.
Impairment testing of investments in a subsidiary (as described in note 2.3(l), note 5 and note 42 of the standalone Ind AS financial statements)	
As at March 31, 2021, the carrying amount of investment in Centum Electronics UK Limited, a subsidiary of the Company is ₹ 613.59 million which has underlying investment in Adetel Group SA ('Adetel'). Adetel has incurred losses in the earlier years whereby the carrying value of the investment in Adetel as at March 31, 2021, 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, 2021, 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.	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 42 on significant accounting estimates and judgements and Note 5 pertaining to the disclosures of investment in subsidiary to the standalone Ind AS financial statements.

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.

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, 2021 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, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 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) The matter described in Emphasis of Matter above, in our opinion, may have an adverse effect on the functioning of the Company;

   (f) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;

   (g) 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;

   (h) In our opinion, the managerial remuneration for the year ended March 31, 2021 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;

   (i) 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 46 (C) to the standalone Ind AS financial statements;

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per **Sandeep Karnani**
Partner
Membership Number: 061207
UDIN: 21061207AAAACY9064

Place: Bengaluru
Date: June 15, 2021

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')

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(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) According to the information and explanations given to us by the management of the Company and audit procedures performed by us, the title deeds of immovable properties included in property, plant and equipment's are pledged with the banks in connection with the borrowings and not available with the Company. Further, as explained to us, registration of title deeds is in progress in respect of an immovable property aggregating ₹ 37.47 million.

(ii) The inventory, except goods in transit, has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification.

(iii) According to the information and explanations given to us by the management of the Company and audit procedures performed by us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us by the management of the Company, provisions of section 185 of the Act in respect of loans and advances to directors including entities in which they are interested is not applicable. In our opinion and according to the information and explanations given to us, provisions of section 186 of the Act in respect of loans and advances given, investments made and guarantees and securities given have been complied with by the Company.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(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 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 provident fund, employees' state insurance, income-tax, duty of customs, goods and service tax, cess and other statutory dues as applicable to the Company have generally been regularly deposited with the appropriate authorities.

(b) According to the information and explanations given to us and audit procedures performed by us, undisputed dues in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, goods and service tax, cess, provident fund and other material statutory dues as applicable 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 INR 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	4.40	April 01– 2017 to March 31, 2021	Various dates	Not paid

(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, goods and service tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount (in INR million)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Disallowance of exemptions	1.89	Financial year 2007-2008	Commissioner of Income Tax (Appeals) - Bangalore
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	52.52 (3.54)*	Financial year 2009-2010 to 2014-2015	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	Financial year 2017-2018	Additional Commissioner Central tax (Appeals)

* Amount in parenthesis represents the payment made under protest.

(viii) In our opinion and according to the information and explanations given to us by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government or dues to debenture holders.

(ix) According to the information and explanations given to us by the management of the Company, the Company has not raised any money way of initial public offer / further public offer / debt instruments. In our opinion and according to the information and explanations given to us by the management of the Company, the Company has utilized the monies raised by way of term loans for the purposes for which they were raised.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the standalone Ind AS financial statements and according to the information and explanations given to us by the management of the Company, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given to us by the management of the Company, and audit procedures performed by us, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given to us by the management of the Company and audit procedures performed by us, transactions with the related parties are in compliance with section 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) According to the information and explanations given to us by the management of the Company and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) of the Order are not applicable to the Company and, not commented upon.

(xv) According to the information and explanations given to us by the management of the Company and audit procedures performed by us, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S.R. Batliboi & Associates LLP**
ICAI Firm Registration Number: 101049W/E300004
Chartered Accountants

per **Sandeep Karnani**
Partner
Membership Number: 061207
UDIN: 21061207AAAACY9064

Place: Bengaluru
Date: June 15, 2021

Annexure 2 to the Independent Auditor's Report of Even Date on the Ind AS standalone Financial Statements of Centum Electronics Limted

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, 2021 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, 2021, 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: 21061207AAAACY9064

Place: Bengaluru
Date: June 15, 2021

Standalone Balance Sheet

as at March 31, 2021

Corporate Identity Number (CIN): L85110KA1993PLC013869 **(₹ in Million)**

	Notes	March 31, 2021	March 31, 2020
ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	3	1,075.23	1,115.56
(b) Capital work-in-progress	3a	22.77	13.51
(c) Goodwill	4	36.35	36.35
(d) Other intangible assets	4	54.54	53.99
(e) Right-of-use assets	46 a	36.93	20.93
(f) Financial assets			
(i) Investments	5	637.17	489.20
(ii) Loans	6	20.86	20.96
(iii) Other financial assets	7	160.99	279.38
(g) Deferred tax assets (net)	8	18.45	28.20
(h) Non-current tax assets (net)	9	33.54	33.54
(i) Other non-current assets	10	13.42	25.92
		2,110.25	**2,117.54**
(2) Current assets			
(a) Inventories	11	1,745.49	2,204.06
(b) Financial assets			
(i) Trade receivables	12	996.16	1,699.65
(ii) Cash and cash equivalents	13	104.53	55.19
(iii) Bank balances other than cash and cash equivalents	13	187.08	97.06
(iv) Loans	15	0.34	0.33
(v) Other current financial assets	14	55.30	57.24
(c) Other current assets	16	143.77	130.93
		3,232.67	**4,244.46**
Total assets (1+2)		**5,342.92**	**6,362.00**
EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity share capital	17	128.85	128.85
(b) Other equity	18	2,417.85	2,234.53
		2,546.70	**2,363.38**
Liabilities			
(2) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	20	113.98	196.94
(ii) Lease liabilities	46 a	12.59	24.07
(iii) Other non-current financial liabilities	21	-	2.00
(b) Government grants	22	34.44	16.46
(c) Net non-current employee defined benefit liabilities	23	55.38	45.03
		216.39	**284.50**
(3) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	24	1,196.55	1,494.23
(ii) Lease liabilities	46 a	19.71	5.68
(iii) Trade payables	25		
Total outstanding dues of micro enterprises and small enterprises		50.89	25.61
Total outstanding dues of creditors other than micro enterprises and small enterprises		536.88	1,110.14
(iv) Other current financial liabilities	26	183.44	270.99
(b) Government grants	22	7.87	3.68
(c) Other current liabilities	27	469.39	686.10
(d) Net current employee defined benefit liabilities	28	6.26	6.16
(e) Provisions	29	32.94	34.52
(f) Liabilities for current tax (net)	30	75.90	77.01
		2,579.83	**3,714.12**
Total equity and liabilities (1+2+3)		**5,342.92**	**6,362.00**
Summary of significant accounting policies	2.3		

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date.

For **S.R. Batliboi & Associates LLP**
ICAI Firm Registration Number: 101049W/E300004
Chartered Accountants

per **Sandeep Karnani**
Partner
Membership Number: 061207

Place: Bengaluru
Date: June 15, 2021

For and on behalf of Board of Directors of
Centum Electronics Limited

Apparao V Mallavarapu
Chairman and Managing Director
DIN: 00286308

S. Krishnan
Director
DIN: 01807344

Nagaraj K.V
Company Secretary
Membership number: 35639

K. S. Desikan
Chief Financial Officer

Place: Bengaluru
Date: June 15, 2021

Standalone Statement of Profit and Loss

for the year ended March 31, 2021

(₹ in Million)

		Notes	March 31, 2021	March 31, 2020
I	**Income**			
	Revenue from operations	31	4,245.27	4,823.78
	Other income	32	18.99	10.09
	Finance income	33	19.61	33.13
	Total income		**4,283.87**	**4,867.00**
II	**Expenses**			
	Cost of materials consumed	34	2,348.15	2,860.98
	(Increase) / decrease in inventories of work-in-progress and finished goods	35	178.34	(57.47)
	Employee benefits expense	36	678.53	767.42
	Finance costs	37	173.81	276.58
	Depreciation and amortization expenses	38	158.21	131.54
	Other expenses	39	415.58	540.13
	Total expenses		**3,952.62**	**4,519.18**
III	**Profit/(loss) before tax (I - II)**		**331.25**	**347.82**
IV	**Tax expenses**	40		
	(a) Current tax		79.43	104.26
	(b) Adjustment of tax relating to earlier period		2.69	-
	(c) Deferred tax expense / (credit)		9.34	(6.81)
	Total tax expenses		**91.46**	**97.45**
V	**Profit/ (loss) for the year (III - IV)**		**239.79**	**250.37**
VI	**Other comprehensive income (net)**			
	(A) (i) Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
	- Re-measurement gains / (losses) on defined benefit plans		1.43	2.80
	(ii) Income tax effect		(0.41)	(0.81)
	(B) (i) Other comprehensive income to be reclassified to profit or loss in subsequent periods		-	-
	(ii) Income tax effect		-	-
	Total other comprehensive income for the year		**1.02**	**1.99**
VII	**Total comprehensive income for the year (V + VI)**		**240.81**	**252.36**
VIII	**Earnings per equity share (nominal value of ₹ 10 each)**	41		
	Basic (₹)		18.61	19.43
	Diluted (₹)		18.60	19.42
	Summary of significant accounting policies	2.3		

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date.

For **S.R. Batliboi & Associates LLP**
ICAI Firm Registration Number: 101049W/E300004
Chartered Accountants

per **Sandeep Karnani**
Partner
Membership Number: 061207

Place: Bengaluru
Date: June 15, 2021

For and on behalf of Board of Directors of
Centum Electronics Limited

Apparao V Mallavarapu
Chairman and Managing Director
DIN: 00286308

S. Krishnan
Director
DIN: 01807344

Nagaraj K.V
Company Secretary
Membership number: 35639

K. S. Desikan
Chief Financial Officer

Place: Bengaluru
Date: June 15, 2021

Standalone Statement of Cash Flows

for the year ended March 31, 2021

(₹ in Million)

		March 31, 2021	March 31, 2020
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit/(loss) before tax	331.25	347.82
	Non-cash adjustments to reconcile profit/(loss) before tax to net cash flows:		
	Depreciation and amortization expenses	158.21	131.54
	Provisions no longer required, written back	(1.82)	(0.64)
	Fair value (gain) / loss on financial instruments	(2.17)	1.84
	Net foreign exchange differences (unrealised)	3.89	73.28
	Provision for expected credit loss / bad debts written off	65.44	41.17
	Government grants	(9.95)	(3.69)
	Employee share based options	0.49	0.49
	Finance income	(19.61)	(33.13)
	Finance costs	173.81	276.58
	Operating profit before working capital changes	**699.54**	**835.26**
	Working capital adjustments:		
	Decrease / (increase) in inventories	458.57	47.17
	Decrease / (increase) in trade receivables	635.86	179.01
	(Increase) / decrease in other assets	(4.42)	(15.95)
	Decrease / (increase) in trade payables, provisions and other liabilities	(759.60)	(235.24)
	Cash generated from / (used in) operations	**1,029.95**	**810.25**
	Direct taxes paid (net of refunds)	(90.72)	(153.78)
	Net cash (used in) / from operating activities	**939.23**	**656.47**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of property, plant and equipment, including intangible assets and capital advances	(127.82)	(182.31)
	Purchase of non-current investments	(147.65)	(0.50)
	Proceeds from sale of non-current investments	-	93.93
	Investment in bank deposits (having original maturity of more than three months) and other bank balances	28.37	23.29
	Loan given to related party	-	(4.50)
	Interest received	18.75	23.32
	Government grant received	32.12	-
	Net cash (used in) / from investing activities	**(196.23)**	**(46.77)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from long term borrowings	-	50.00
	Repayment of long term borrowings	(160.38)	(134.24)
	Payment of lease liabilities	(18.92)	(8.12)
	Proceeds / repayment of short term borrowings (net)	(296.19)	(186.37)
	Proceeds from issue of equity shares	-	0.27
	Finance costs paid	(160.13)	(261.62)
	Dividend paid (including dividend distribution tax and amount transferred to Investor Education & Protection Fund)	(58.18)	(61.79)
	Net cash (used in) / from financing activities	**(693.80)**	**(601.87)**
	Net (decrease)/increase in cash and cash equivalents (A+B+C)	49.20	7.83
	Cash and cash equivalents at the beginning of the year	55.19	45.06
	Effect of exchange differences on cash and cash equivalents held in foreign currency	0.14	2.30
	Cash and cash equivalents at the end of the year	**104.53**	**55.19**
	Total cash and cash equivalents (Note 13)	**104.53**	**55.19**

Standalone Statement of Cash Flows

for the year ended March 31, 2021

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 including dividend distribution tax (refer note 26)	Long term borrowings (including current maturities of long term borrowings) (refer note 20 and 26)	Short term borrowings (refer note 24)	Lease Liabilities (including current portion of lease liabilities) (refer note 46(a))	Derivatives not designated as hedges - Interest rate swap (refer note 51)
As at April 01, 2020	**2.85**	**353.05**	**1,494.23**	**29.75**	**2.00**
Cash flows	(58.18)	(160.38)	(296.19)	(18.92)	-
Non-cash changes					
Foreign exchange fluctuations (gain) / loss	-	2.54	(1.49)	-	-
Changes in fair values	-	-	-	-	(1.85)
Accretion of interest	-	-	-	4.06	-
Recognition of lease liabilities (refer note 46 (a))	-	-	-	17.41	-
Dividend declared during the year	57.98	-	-	-	-
As at March 31, 2021	**2.65**	**195.21**	**1,196.55**	**32.30**	**0.15**
As at April 01, 2019	**2.53**	**428.34**	**1,626.04**	**-**	**0.16**
Cash flows	(61.79)	(84.24)	(186.37)	(8.12)	-
Non-cash changes					
Foreign exchange fluctuations (gain) / loss	-	17.15	54.56	-	-
Changes in fair values	-	-	-	-	1.84
Accretion of interest	-	-	-	2.58	-
Recognition of lease liabilities (refer note 46 (a))	-	-	-	27.09	-
Reclass of lease liabilities (refer note 46 (a))	-	(8.20)	-	8.20	-
Dividend declared during the year including dividend distribution tax	62.11	-	-	-	-
As at March 31, 2020	**2.85**	**353.05**	**1,494.23**	**29.75**	**2.00**
Summary of significant accounting policies	2.3				

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date

For **S.R. Batliboi & Associates LLP**
ICAI Firm Registration Number: 101049W/E300004
Chartered Accountants

per **Sandeep Karnani**
Partner
Membership Number: 061207

Place: Bengaluru
Date: June 15, 2021

For and on behalf of Board of Directors of
Centum Electronics Limited

Apparao V Mallavarapu
Chairman and Managing Director
DIN: 00286308

S. Krishnan
Director
DIN: 01807344

Nagaraj K.V
Company Secretary
Membership number: 35639

K. S. Desikan
Chief Financial Officer

Place: Bengaluru
Date: June 15, 2021

Standalone Statement of changes in equity

for the year ended March 31, 2021

(a) Equity share capital

Equity shares of ₹ 10 each issued, subscribed and fully paid

Particulars	Number	₹ in Million
At April 01, 2019	**12,881,118**	**128.81**
Issue of share capital (refer note 17)	3,723	0.04
At March 31, 2020	**12,884,841**	**128.85**
Issue of share capital (refer note 17)	-	-
At March 31, 2021	**12,884,841**	**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)	Share based payments reserve (refer note 18)	Capital reserve (refer note 18)	
For the year ended March 31, 2021						
As at April 01, 2020	**28.07**	**440.26**	**1,763.10**	**1.62**	**1.48**	**2,234.53**
Profit / (loss) for the year	-	-	239.79	-	-	239.79
Cash dividends (refer note 19)	-	-	(57.98)	-	-	(57.98)
Share based payment (refer note 47)	-	-	-	0.49	-	0.49
Remeasurement of defined benefit plans*	-	-	1.02	-	-	1.02
As at March 31, 2021	**28.07**	**440.26**	**1,945.93**	**2.11**	**1.48**	**2,417.85**
For the year ended March 31, 2020						
As at April 01, 2019	**27.84**	**440.26**	**1,572.85**	**1.24**	**1.37**	**2,043.56**
Profit / (loss) for the year	-	-	250.37	-	-	250.37
Issue of share capital (refer note 17)	0.23	-	-	-	-	0.23
Cash dividends (refer note 19)	-	-	(51.52)	-	-	(51.52)
Dividend distribution tax (refer note 19)	-	-	(10.59)	-	-	(10.59)
Share based payment (refer note 47)	-	-	-	0.49	-	0.49
Exercise of share options (refer note 47)	-	-	-	(0.11)	0.11	-
Remeasurement of defined benefit plans*	-	-	1.99	-	-	1.99
As at March 31, 2020	**28.07**	**440.26**	**1,763.10**	**1.62**	**1.48**	**2,234.53**

* 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 financial statements.

As per our report of even date

For **S.R. Batliboi & Associates LLP**
ICAI Firm Registration Number: 101049W/E300004
Chartered Accountants

per **Sandeep Karnani**
Partner
Membership Number: 061207

Place: Bengaluru
Date: June 15, 2021

For and on behalf of Board of Directors of
Centum Electronics Limited

Apparao V Mallavarapu
Chairman and Managing Director
DIN: 00286308

S. Krishnan
Director
DIN: 01807344

Nagaraj K.V
Company Secretary
Membership number: 35639

K. S. Desikan
Chief Financial Officer

Place: Bengaluru
Date: June 15, 2021

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

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 43.

The standalone financial statements were approved by the Board of Directors and authorised for issue in accordance with a resolution of the directors on June 15, 2021.

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 financial statements are listed below. Such accounting policies have been applied consistently to all the periods presented in these standalone financial statements, unless otherwise indicated.

2.1. Basis of Preparation

The standalone 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 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 (INR 000,000), except when otherwise indicated.

2.2. Change in accounting policies and disclosures:

New Standards and amendments:

(i) Amendments to Ind AS 116: Covid-19-Related Rent Concessions.

The amendments provide relief to lessees from applying Ind AS 116 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under Ind AS 116, if the change were not a lease modification.

The amendments are applicable for annual reporting periods beginning on or after the April 1, 2020. This amendment had no significant impact on the standalone financial statements of the Company.

(ii) Amendments to Ind AS 1 and Ind AS 8: Definition of Material

The amendments provide a new definition of material that states, "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the standalone financial statements.

A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the standalone financial statements of, nor is expected to be any future impact to the Company.

These amendments are applicable prospectively for annual periods beginning on or after April 1, 2020. The amendments to the definition of material are not expected to have a significant impact on the Company's standalone financial statements.

(iii) Amendments to Ind AS 107 and Ind AS 109: Interest Rate Benchmark Reform

The amendments to Ind AS 109 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no significant impact on the standalone financial statements of the Company as it does not have any interest rate hedge relationship.

The amendments to Ind AS 107 prescribe the disclosures which entities are required to make for hedging relationships to which the reliefs as per the amendments in Ind AS 109 are applied. These amendments are applicable for annual periods beginning on or after April 1, 2020. These amendments are not expected to have significant impact on the standalone financial statements of the Company.

2.3. Summary of significant accounting policies

a. Current versus non-current classification

The Company presents assets and liabilities in the standalone 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 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:

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

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 financial statements on a recurring 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 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.

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

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

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.

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 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

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 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,

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either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually 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.

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.

<u>Company as a lessor</u>

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 (pre-tax) is determined based on the weighted average cost of capital

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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 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 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 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 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:

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

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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.

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 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 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.

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q. Cash and cash equivalents

Cash and cash equivalent in the standalone 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.

t. Foreign currencies

The standalone 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.

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

3. Property, Plant and Equipment

(₹ in Million)

	Freehold land	Leasehold improvements	Building	Plant and equipments	Electrical installations	Computers	Office equipments	Furniture and fixtures	Vehicles	Leased computer	Leasehold land	Total
At cost / deemed cost												
As at April 1, 2019	**4.41**	**4.00**	**439.57**	**510.30**	**79.22**	**17.45**	**37.44**	**35.00**	**5.56**	**6.95**	**114.61**	**1,254.51**
Additions	-	-	60.12	167.36	14.63	7.39	0.57	16.88	-	-	-	266.95
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
Reclass to right-of-use asset (Note 46 (a))	-	-	-	-	-	-	-	-	-	(6.95)	-	(6.95)
As at March 31, 2020	**4.41**	**4.00**	**499.69**	**677.66**	**93.85**	**24.84**	**38.01**	**51.88**	**5.56**	**-**	**114.61**	**1,514.51**
Additions	-	-	0.89	77.44	-	1.04	0.82	2.64	10.29	-	-	93.12
Disposal during the year	-	(4.00)	-	-	-	-	-	-	-	-	-	(4.00)
As at March 31, 2021	**4.41**	**-**	**500.58**	**755.10**	**93.85**	**25.88**	**38.83**	**54.52**	**15.85**	**-**	**114.61**	**1603.63**
Accumulated Depreciation												
As at April 1, 2019	**-**	**3.84**	**34.87**	**174.79**	**21.30**	**14.34**	**18.22**	**9.50**	**4.23**	**0.97**	**-**	**282.06**
Charge for the year	-	0.07	16.02	76.52	8.28	4.91	6.76	3.97	1.33	-	-	117.86
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
Reclass to right-of-use asset (Note 46 (a))	-	-	-	-	-	-	-	-	-	(0.97)	-	(0.97)
As at March 31, 2020	**-**	**3.91**	**50.89**	**251.31**	**29.58**	**19.25**	**24.98**	**13.47**	**5.56**	**-**	**-**	**398.95**
Charge for the year	-	0.09	17.55	90.18	9.00	2.75	6.81	5.23	1.84	-	-	133.45
Disposal during the year	-	(4.00)	-	-	-	-	-	-	-	-	-	(4.00)
As at March 31, 2021	**-**	**-**	**68.44**	**341.49**	**38.58**	**22.00**	**31.79**	**18.70**	**7.40**	**-**	**-**	**528.40**
Net block												
As at March 31, 2021	**4.41**	**-**	**432.14**	**413.61**	**55.27**	**3.88**	**7.04**	**35.82**	**8.45**	**-**	**114.61**	**1,075.23**
As at March 31, 2020	**4.41**	**0.09**	**448.80**	**426.35**	**64.27**	**5.59**	**13.03**	**38.41**	**-**	**-**	**114.61**	**1,115.56**

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, 2020: ₹ 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 20 and 24 for details of borrowings.

(c) Building includes a property located in RMZ Latitude having a gross block of ₹ 38.76 million (March 31, 2020 : ₹ 38.76 million) which is pending to be registered in the name of the Company.

(d) The Company during the year ended March 31, 2018 had adopted Ind AS under section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) rules, 2015 and relevant amendment rules issued thereafter. The Company had availed the exemption available under Ind AS 101, wherein the carrying value of property, plant and equipment has been carried forward at the amount as determined under the previous GAAP as at April 01, 2016.

3a. Capital work-in-progress **(₹ in Million)**

	Capital work-in-progress
As at April 1, 2019	**70.65**
Additions	209.81
Capitalised during the year	(266.95)
As at March 31, 2020	**13.51**
Additions (refer note 43)	102.38
Capitalised during the year	(93.12)
As at March 31, 2021	**22.77**

4. Other intangible assets and goodwill

(₹ in Million)

	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, 2019	**36.35**	**37.36**	**9.51**	**46.87**	**83.22**
Additions	-	45.79	-	45.79	45.79
Disposals	-	-	-	-	-
As at March 31, 2020	**36.35**	**83.15**	**9.51**	**92.66**	**129.01**
Additions	-	16.93	-	16.93	16.93
Disposals	-	-	-	-	-
As at March 31, 2021	**36.35**	**100.08**	**9.51**	**109.59**	**145.94**
Amortization					
As at April 1, 2019	**-**	**25.57**	**4.59**	**30.16**	**30.16**
Charge for the year	-	7.10	1.41	8.51	8.51
Disposals	-	-	-	-	-
As at March 31, 2020	**-**	**32.67**	**6.00**	**38.67**	**38.67**
Charge for the year	-	14.98	1.40	16.38	16.38
Disposals	-	-	-	-	-
As at March 31, 2021	**-**	**47.65**	**7.40**	**55.05**	**55.05**
Net block					
As at March 31, 2021	**36.35**	**52.43**	**2.11**	**54.54**	**90.89**
As at March 31, 2020	**36.35**	**50.48**	**3.51**	**53.99**	**90.34**

(a) Also, refer note 3(b) for details.

(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, on December 1, 2015 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.

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

The aforementioned goodwill is tested for impairment annually. As at March 31, 2021 and March 31, 2020, the goodwill is not impaired.

(c) The Company during the year ended March 31, 2018 had adopted Ind AS under section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) rules, 2015 and relevant amendment rules issued thereafter. The Company had availed the exemption available under Ind AS 101, wherein the carrying value of other intangible assets / goodwill has been carried forward at the amount as determined under the previous GAAP as at April 01, 2016.

4a. Intangible assets under development **(₹ in Million)**

	Intangible assets under development
As at April 1, 2019	**29.53**
Additions	16.26
Capitalised during the year	(45.79)
As at March 31, 2020	**-**
Additions	16.93
Capitalised during the year	(16.93)
As at March 31, 2021	**-**

5. Financial assets: Investments

(₹ in Million)

	March 31, 2021	March 31, 2020
Investment carried at cost		
-Unquoted equity shares		
i. Subsidiary Company Centum Electronics UK Limited [1] (refer note 43) 6,630,900 equity shares (March 31, 2020: 5,233,900) equity shares of GBP 1 each, fully paid up.	613.59	474.44
Centum Adeneo India Private Limited [2] 100,000 (March 31, 2020: 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. [3] 74,184 equity share (March 31, 2020: 74,184) equity shares of USD 0.01 each, fully paid up.	13.26	13.26
iii. Investment in Mutual Fund		
Aditya Birla Sun Life Corporate Bond [4]	9.32	0.50
108,515.69 (March 31, 2020: 6391.19) units of ₹ 85.90 each (March 31, 2020: ₹ 78.25)		
Total Investments (i+ii+iii)	**637.17**	**489.20**
Aggregate value of unquoted investments	637.17	489.20

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, 2021, the Board of Directors of Company further acquired 10.51% 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 is higher than the net worth of Centum Adetel Group SA.

However, 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 Centum Electronics UK Limited is appropriate.

b) During the year ended March 31, 2020, the management of 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), subsidiary of Centum Adetel Group SA. Centum Adetel Group SA has a put option to sale its remaining 35% stake at a fixed price amounting to amounting to EUR 3.96 million plus interest at the rate of 6% p.a as per the aforesaid sale agreement and has 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 the HOLIWATT to commence negotiation with other parties including its shareholders. Centum Adetel Group SA is evaluating the impact of the aforesaid action. However, considering there is a committed contract for the sale of the balance 35% stake at a fixed price, the management believes that at this stage there is no reason to consider any impact on the carrying value of its investment in Centum Adetel Group SA, a step down subsidiary of Centum Electronics UK Limited.

2 The Company vide its letter dated March 21, 2017 sought clarification from the Reserve Bank of India ('the RBI') regarding the permissibility of the investment by overseas subsidiary of the Company as subscribers to the Memorandum of Association of Centum Adeneo India Private Limited ("CAIPL") under the Foreign Exchange Management (Transfer or issue of any foreign security) Regulations, 2004 (Notification 120/2004 RB, dated 7 July 2004). RBI vide its letter dated July 18, 2018 expressed its inability to accede to the request of the Company with regard to infusion of capital by it's overseas subsidiaries. Further the Company based on the legal opinion obtained, is of the veiw that the above rejection by RBI do not have any impact on the incorporation of CAIPL under the applicable laws of India and CAIPL can change the initial subscribers to the Memorandum of Association. Accordingly, the Company, acquired 100% interest in CAIPL during the year ended March 31, 2019 from Centum Adetel Group i.e. it's foreign subsidiary.

3. 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.

4. Refer note 20 (2).

6. Loans (non - current)

(₹ in Million)

	March 31, 2021	March 31, 2020
Unsecured, considered good		
Carried at amortised cost	20.86	20.96
Security deposits (refer note 43)	**20.86**	**20.96**

7. Other non-current financial assets

(₹ in Million)

	March 31, 2021	March 31, 2020
Non-current bank balance (refer note 13)	140.99	259.38
Loan to related party (refer note 43)[1]	20.00	20.00
	160.99	**279.38**

1. Loans are non-derivative financial instruments which generate a fixed or variable interest income for the Company. The carrying value may be affected by the changes in the credit risk of the counter parties.

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

8. Deferred tax assets (net)

(₹ in Million)

		March 31, 2021	March 31, 2020
Deferred tax liability			
Property, plant and equipments: Impact of difference between tax depreciation and depreciation / amortization charged for the financial reporting		(43.66)	(44.49)
	(A)	**(43.66)**	**(44.49)**
Deferred tax assets			
Impact of expenditure charged to the statement of profit and loss but allowed for tax purposes on payment basis		30.10	29.60
Impact of deferred revenue		14.64	14.32
Impact of provision for expected credit losses		15.64	28.31
Others		1.73	0.46
	(B)	**62.11**	**72.69**
Deferred tax assets (net)	**(A+B)**	**18.45**	**28.20**
Movement for the year		**9.75**	**22.56**
Reconciliation to the statement of profit and loss			
Expense / (credit) during the year as above		9.75	22.56
Tax expense / (income) during the period recognized in OCI		0.41	0.81
MAT credit utilised / (created) during the year		-	28.56
Expense / (credit) during the year		9.34	(6.81)

9. Non-current tax assets (net)

(₹ in Million)

	March 31, 2021	March 31, 2020
Advance income tax (net of provision for current tax and including tax paid under protest)	33.54	33.54
	33.54	**33.54**

10. Other non-current assets

(₹ in Million)

		March 31, 2021	March 31, 2020
Capital advances			
Unsecured, considered good		0.50	7.47
	(A)	**0.50**	**7.47**
Prepaid expenses		7.43	13.17
	(B)	**7.43**	**13.17**
Balance with statutory / government authorities			
Unsecured, considered good		5.49	5.28
	(C)	**5.49**	**5.28**
Total other non-current assets	**(A+B+C)**	**13.42**	**25.92**

11. Inventories (valued at the lower of cost and net realisable value)

(₹ in Million)

	March 31, 2021	March 31, 2020
Raw materials	1,267.02	1,546.37
[Includes raw material in transit ₹ 90.00 million (March 31, 2020: ₹ 88.12 million)]		
Work-in-progress	416.69	619.28
Finished goods	61.49	37.24
Stores and spares	0.29	1.17
	1,745.49	**2,204.06**

12. Trade receivables

(₹ in Million)

	March 31, 2021	March 31, 2020
Carried at amortised cost		
Receivables from related parties (refer note 43)	106.56	246.79
Other trade receivables	889.60	1,452.86
Total trade receivables	**996.16**	**1,699.65**

Break-up for security details:

(₹ in Million)

	March 31, 2021	March 31, 2020
Trade receivables:		
Unsecured, considered good	1,058.31	1,812.16
Trade Receivables which have significant increase in credit risk	-	-
Trade Receivables - credit impaired	-	-
	1,058.31	**1,812.16**
Impairment Allowance (allowance for bad and doubtful debts)		
Unsecured, considered good	(62.15)	(112.51)
Trade Receivables which have significant increase in credit risk	-	-
Trade Receivables - credit impaired	-	-
Total trade receivables	**996.16**	**1,699.65**

- 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 49(c) for details pertaining to Expected Credit Loss.

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

13. Cash and cash equivalents

(₹ in Million)

		March 31, 2021	March 31, 2020
Balances with banks:			
- On current accounts		57.34	17.92
- On exchange earners foreign currency (EEFC) accounts		46.02	35.21
Cash on hand		1.16	2.06
	(A)	**104.53**	**55.19**
Other bank balances			
Balance with banks			
- On current account[1]		2.65	2.85
- On margin money accounts[2]		325.42	353.59
		328.07	**356.44**
Amount disclosed under other non-current financial assets (refer note 7)		(140.99)	(259.38)
		(140.99)	**(259.38)**
	(B)	**187.08**	**97.06**
Total cash and cash equivalents	**(A+B)**	**291.61**	**152.25**

1. Includes balance in unclaimed dividend account ₹ 2.65 million (March 31, 2020: ₹ 2.85 million).
2. A charge has been created over the deposits towards various guarantees in favour of customer, statutory authorities and letter of credit facility.
3. Balances with banks on current accounts does not earn interest.

14. Other current financial assets

(₹ in Million)

	March 31, 2021	March 31, 2020
Carried at amortised cost		
Staff advances	0.68	1.10
Interest accrued on fixed deposits and others	10.76	9.80
Interest accrued on loan to related party (refer note 43)	1.44	1.54
Scrips receivables	42.42	44.80
	55.30	**57.24**

15. Loans (current)

(₹ in Million)

	March 31, 2021	March 31, 2020
Unsecured, considered good		
Carried at amortised cost		
Security deposits (refer note 43)	0.34	0.33
	0.34	**0.33**

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

16. Other current assets

(₹ in Million)

	March 31, 2021	March 31, 2020
Unsecured considered good		
Prepaid expenses	37.09	36.59
Balance with statutory / government authorities	19.14	2.99
Advance to suppliers and other advances	87.54	91.35
	143.77	**130.93**

17. Equity share capital

	Equity shares of ₹ 10 each	
	In Numbers	(₹ in Million)
Authorised share capital:		
At April 01, 2019	**15,500,000**	**155.00**
Increase / (decrease) during the year	-	-
At March 31, 2020	**15,500,000**	**155.00**
Increase / (decrease) during the year	-	-
At March 31, 2021	**15,500,000**	**155.00**

(a) Issued equity share capital:

Equity shares of ₹ 10 each issued, subscribed and fully paid

	In Numbers	(₹ in Million)
At April 01, 2019	**12,881,118**	**128.81**
Issue of equity shares (refer note 47)	3,723	0.04
At March 31, 2020	**12,884,841**	**128.85**
Issue of equity shares (refer note 47)	-	-
At March 31, 2021	**12,884,841**	**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.

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

(c) Details of shareholders holding more than 5% shares in the Company

Name of Shareholder	March 31, 2021		March 31, 2020	
	No. of shares held	% holding in class	No. of shares held	% holding in class
Equity shares of ₹ 10 each fully paid				
Apparao V Mallavarapu*	6,604,715	51.26%	6,604,715	51.26%
Nikhil Mallavarapu*	589,929	4.58%	589,929	4.58%
Swarnalatha Mallavarapu*	369,150	2.86%	369,150	2.86%
M S Swarnakumari*	12,684	0.10%	12,684	0.10%
HDFC Trustee Company Limited	845,838	6.56%	917,656	7.12%

*Represents shareholders in promoter's group

(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 47.

18. Other equity

		(₹ in Million)
Securities premium		
Balance as at April 01, 2019		27.84
Add: Received during the year on account of issue of equity shares		0.23
Balance as at March 31, 2020		**28.07**
Add: Received during the year on account of issue of equity shares		-
Balance as at March 31, 2021	**(A)**	**28.07**
General reserve		
Balance as at April 01, 2019		440.26
Balance as at March 31, 2020		440.26
Balance as at March 31, 2021	**(B)**	**440.26**
Retained earnings		
Balance as at April 01, 2019		1,572.85
Profit / (loss) for the year		250.37
Less: Cash dividends		(51.52)
Less: Dividend distribution tax		(10.59)
Add: Remeasurement of post-employee benefit obligations		1.99
Balance as at March 31, 2020		**1,763.10**
Profit / (loss) for the year		239.79
Less: Cash dividends		(57.98)
Add: Remeasurement of post-employee benefit obligations		1.02
Balance as at March 31, 2021	**(C)**	**1,945.93**

		(₹ in Million)
Share based payments reserve		
Balance as at April 01, 2019		1.24
Add: Options granted during the year		0.49
Less: Transferred to capital reserve on exercise of stock options		(0.11)
Balance as at March 31, 2020		**1.62**
Add: Options granted during the year		0.49
Balance as at March 31, 2021	**(D)**	**2.11**
Capital reserve		
Balance as at April 01, 2019		1.37
Add: Amount transferred on exercise of share options		0.11
Balance as at March 31, 2020		**1.48**
Balance as at March 31, 2021	**(E)**	**1.48**
Total other equity	**(A+B+C+D+E)**	
Balance as at March 31, 2020		**2,234.53**
Balance as at March 31, 2021		**2,417.85**

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 of the Company earned till date net of appropriations.

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 Company recognizes the exercise or cancellation of vested options of the Company's equity-settled share-based payments to capital reserve.

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

19. Distribution made and proposed

(₹ in Million)

	March 31, 2021	March 31, 2020
Dividends on equity shares declared and paid:		
Final dividend for the year ended on March 31, 2020: ₹ 2.5 per share (March 31, 2019: ₹ 4 per share)	32.21	51.52
Dividend distribution tax on final dividend	-	10.59
Interim dividend for the year ended on March 31, 2021: ₹ 2 per share (March 31, 2020: Nil)	25.77	-
	57.98	**62.11**
Proposed dividend on equity shares [1,2]		
Final dividend for the year ended on March 31, 2021: ₹ 2 per share (March 31, 2020: ₹ 2.5 per share)	25.77	32.21
	25.77	**32.21**

1. Proposed dividend on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including dividend distribution tax thereon) as at March 31st.
2. The Board of Directors of the Company at its meeting held on June 15, 2021 had recommended a final dividend of 20 % (i.e. ₹ 2.00 per equity share) for the year ended March 31, 2021.

20. Non-current financial liabilities: Borrowings

(₹ in Million)

	March 31, 2021	March 31, 2020
Term loan		
From bank		
Foreign currency term loan (secured) (refer note 26 for details of Current maturities of long term borrowings)[1]	-	26.87
From Financial Institution		
Indian rupee term loan (unsecured) (refer note 26 for details of Current maturities of long term borrowings)[2]	113.98	170.07
	113.98	**196.94**
The above amount includes		
Secured borrowings	-	26.87
Unsecured borrowings	113.98	170.07
	113.98	**196.94**

1. Foreign currency term loan represents term loan taken from a bank and secured by way of:
   (a) First pari-passu charge on current assets including stock and receivables of the Company;
   (b) First pari-passu charge on present and future fixed assets of the Company; and
   (c) First pari-passu 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.

   The term loan carries an interest rate of 4.25 % per annum (p.a.) (March 31, 2020: 4.25% p.a.) on the outstanding amount of the loan payable at quarterly rests. The term loan is repayable in sixteen equal quarterly instalments from September 2017. The loan is repayable in next one year and hence been classified under current maturties of long term borrowings.
2. The Indian rupee term loan of ₹ 136.57 million (March 31, 2020: ₹ 171.05 million) including current maturity of ₹ 38.28 million (March 31, 2020; ₹ 33.59 million) from a Financial Institution carries an interest rate of 12% per annum (p.a.) (March 31, 2020:

12% p.a) on the outstanding amount of loan payable. The term loan is repayable in Sixty One unequal monthly instalments from April 2019. The Indian rupee term loan of ₹ 32.61 million (March 31, 2020: ₹ 47.66 million) including current maturity of ₹ 16.92 million (March 31, 2020 : ₹ 15.05 million) from a Financial Institution carries an interest rate of 11.75% per annum (p.a.) (March 31, 2020: 11.75% p.a) on the outstanding amount of loan payable. The term loan is repayable in Thirty Six equal monthly instalments from February 2020. The loans are secured by:

(a) Mortgage on Residential Property of Swarnalata Mallavarapu situated at site no. A-11 and A-12, Manyatha Residency, Rachenahalli Village, K. R. Puram, Hobli, Bengaluru.

(b) Personal Guarantee of Mrs.Swarnalata Mallavarapu to be restricted to the collateral mortgaged and the value of unpaid loan

(c) 4 undated cheques ('UDC') for ₹ 50.00 Million each and 4 undated cheques of ₹ 12.5 million each respectively.

(d) 3 post dated cheques ('PDC') for ₹ 4.45 Million each and 2 electronic clearing service mandate form with undertaking for ₹ 1.66 million each.

(e) Invest in SIP-MF (Debt Fund) of ₹ 0.5 Million per month for 24 months

21. Other non-current financial liabilities

(₹ in Million)

	March 31, 2021	March 31, 2020
Financial liabilities through profit or loss		
Derivatives not designated as hedges		
Interest rate swap (refer note 51)	-	2.00
	-	**2.00**

The Company had entered into an interest rate swap agreement whereby the Company pays a fixed rate of interest of 4.25% p.a. as against the availed floating rate loan (i.e. USD overnight LIBOR + 190bps). The swap is being used to hedge the exposure to changes in the floating interest rates on secured loan (refer note 20). The mark to market fluctuation has been recognised as an expense for the year ended March 31, 2021 and March 31, 2020.

22. Government Grants

(₹ in Million)

	March 31, 2021	March 31, 2020
At April 1	20.14	23.82
Received during the year	32.12	-
Released to the statement of profit and loss	(9.95)	(3.68)
At March 31	**42.31**	**20.14**
Current	7.87	3.68
Non - current	34.44	16.46
	42.31	**20.14**

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 Standalone Financial Statements

for the year ended March 31, 2021

23. Net non-current employee defined benefit liabilities

(₹ in Million)

	March 31, 2021	March 31, 2020
Provision for employee benefits		
Provision for gratuity (refer note 44)	55.38	45.03
	55.38	**45.03**

24. Current financial liabilities: Borrowings

(₹ in Million)

	March 31, 2021	March 31, 2020
From Banks		
Indian rupee short term loan (secured)[1]	199.46	199.46
Cash credit and overdraft (secured)[2]	66.93	226.82
Packing credit loan (secured)[2]	638.85	524.47
Foreign currency non-repatriable (FCNR) loan (secured)[2]	291.31	363.48
Working Capital Demand Loan (WCDL) (secured)[2]	-	180.00
	1,196.55	**1,494.23**
The above amount includes		
Secured borrowings	1,196.55	1,494.23
Unsecured borrowings	-	-
	1,196.55	**1,494.23**

1. Secured Indian rupee short term loan from a bank of ₹ 199.46 million (March 31, 2020: ₹ 199.46 million) carries interest at 11.28% p.a. (March 31, 2020: 14% p.a). The loan is secured by way of:

   (a) Charge on current assets including stock and receivables of the Company;

   (b) Charge on present and future fixed assets 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.

2. Cash credit and overdraft from banks, packing credit, FCNR loan and WCDL from banks are payable on demand and are secured by way of:

   (a) Hypothecation of entire stock of raw materials/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 plant and machinery 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 9.70% to 10.80% p.a. (March 31, 2020: 10.00% to 11.45% p.a). The rate of interest of Packing credit from banks ranges from 2.22% to 4.09% p.a. (March 31, 2020: 3.60% to 7.28% p.a.) and that of FCNR ranges from 3.84% to 5.46% p.a. (March 31, 2020: 5.46% to 6.52% p.a.) and that of WCDL at 10.10% p.a (March 31, 2020: 10.10% p.a) payable on monthly basis.

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

25. Financial liabilities: Trade payables

(₹ in Million)

	March 31, 2021	March 31, 2020
Carried at amortised cost		
Trade payables	517.88	1,022.81
Trade payables to related parties (refer note 43)	69.89	112.94
	587.77	**1,135.75**
The above amount includes		
Total outstanding dues of micro enterprises and small enterprises	50.89	25.61
Total outstanding dues of creditors other than micro enterprises and small enterprises	536.88	1,110.14
	587.77	**1,135.75**

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)

	March 31, 2021	March 31, 2020
Principal amount remaining unpaid to any supplier as at the end of the accounting year.	50.89	25.61
Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
The amount of interest paid by the buyer (March 31, 2021: Nil, March 31, 2020: Nil) 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.	-	-
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 credit risk management processes, refer to note 49(c).
- The dues to related parties are unsecured

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

26. Other current financial liabilities

(₹ in Million)

	March 31, 2021	March 31, 2020
Other financial liabilities at amortised cost		
Unpaid dividends (refer note 13)	2.65	2.85
Accrued salaries and benefits (refer note 43)	76.30	82.54
Payable for capital goods (refer note 43)	12.63	21.14
Current maturities of long term borrowings[1] (refer note 20)	81.23	156.11
Interest payable	10.48	8.35
Interest rate swap (refer note 21 and 51)	0.15	-
	183.44	**270.99**
Note		
1. The details of current maturities of long term borrowings are as follows:		
Term loan		
From bank		
Foreign currency term loan (secured)	26.03	107.47
From Financial Institution		
Indian rupee term loan (unsecured)	55.20	48.64
	81.23	**156.11**

27. Other current liabilities

(₹ in Million)

	March 31, 2021	March 31, 2020
Advance from customers	353.01	601.23
Deferred revenue	86.94	56.89
Withholding and other taxes / duties payable	29.04	27.58
Other liabilities	0.40	0.40
	469.39	**686.10**

28. Net current employee defined benefit liabilities

(₹ in Million)

	March 31, 2021	March 31, 2020
Provision for employee benefits		
Provision for gratuity (refer note 44)	6.26	6.16
	6.26	**6.16**

29. Provisions

(₹ in Million)

	March 31, 2021	March 31, 2020
Provision for employee benefits		
Provision for compensated absences	32.94	34.52
	32.94	**34.52**

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

30. Liabilities for current tax (net) **(₹ in Million)**

	March 31, 2021	March 31, 2020
Provision for taxation, net of advance tax	75.90	77.01
	75.90	**77.01**

31. Revenue from operations **(₹ in Million)**

	March 31, 2021	March 31, 2020
Sale of products (refer note 43)	4,132.47	4,568.67
Sale of services (refer note 43)	46.33	88.68
Other operating revenues		
Sale of scrips	46.01	117.90
Management fees	0.92	27.34
Sales commission	19.54	21.19
	4,245.27	**4,823.78**

Notes to revenue from contracts with customers:

a) Timing of rendering of services - March 31, 2021 **(₹ in Million)**

	Performance obligation satisfied at point in time	Performance obligation satisfied over time	Total
Sale of products	4,132.47	-	4,132.47
Sale of scrips	46.01	-	46.01
Sale of services	-	46.33	46.33
Management fees	-	0.92	0.92
Sales commission	19.54	-	19.54
	4,198.02	**47.25**	**4,245.27**

Timing of rendering of services - March 31, 2020 **(₹ in Million)**

	Performance obligation satisfied at point in time	Performance obligation satisfied over time	Total
Sale of products	4,568.67	-	4,568.67
Sale of scrips	117.90	-	117.90
Sale of services	-	88.68	88.68
Management fees	-	27.34	27.34
Sales commission	21.19	-	21.19
	4,707.76	**116.02**	**4,823.78**

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

b) Contract Balances: **(₹ in Million)**

	March 31, 2021	March 31, 2020
Receivables (refer note 12)		
- Current (Gross)	1,058.31	1,812.16
- Provision for impairment loss (current)	(62.15)	(112.51)
Contract Liabilities* (refer note 27)		
Advance received from customers		
- Current	353.01	601.23
Deferred Revenue		
- Current	86.94	56.89

* A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

c) Revenue recognised during the year **(₹ in Million)**

	March 31, 2021	March 31, 2020
Arising out of contract liabilities as at the beginning of the year	444.37	593.67

d) Revenue recognised during the year from the performance obligation satisfied upto previous year (arising out of contract modifications) amounts to ₹ Nil (March 31, 2020 : ₹ Nil).

32. Other income

(₹ in Million)

	March 31, 2021	March 31, 2020
Government Grants (refer note 22)	9.95	3.68
Rental income (refer note 46a)	3.03	3.03
Provisions / liabilities no longer required, written back	1.82	0.64
Fair value gain on financial instruments	2.17	-
Other non-operating income	2.02	2.74
	18.99	**10.09**

33. Finance income

(₹ in Million)

	March 31, 2021	March 31, 2020
Interest income on bank deposits	17.62	27.69
Interest income - others (refer note 43)	1.99	5.44
	19.61	**33.13**

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

34. Cost of materials consumed

(₹ in Million)

	March 31, 2021	March 31, 2020
Inventory at the beginning of the year	1,547.54	1,652.18
Add: Purchases (refer note 43)	2,067.92	2,756.34
	3,615.46	**4,408.52**
Less: Inventory at the end of the year	(1,267.31)	(1,547.54)
Cost of materials consumed	**2,348.15**	**2,860.98**

35. Decrease / (increase) in inventories of work-in-progress and finished goods

(₹ in Million)

	March 31, 2021	March 31, 2020
Inventories at the end of the year - Work-in-progress / finished goods	478.18	656.52
Inventories at the beginning of the year - Work-in-progress / finished goods	656.52	599.05
Decrease / (increase) in inventories	**178.34**	**(57.47)**

36. Employee benefits expense

(₹ in Million)

	March 31, 2021	March 31, 2020
Salaries, wages and bonus (refer note 43)	580.62	666.87
Contribution to provident and other funds (refer note 44)	33.80	34.53
Employee share based payments (refer note 47)	0.49	0.49
Gratuity expenses (refer note 44)	16.08	14.68
Staff welfare expenses	47.54	50.85
	678.53	**767.42**

37. Finance costs

(₹ in Million)

	March 31, 2021	March 31, 2020
Interest on debt and borrowings	113.40	156.10
Bank charges	46.28	44.02
Exchange differences	2.58	60.36
Interest on lease liabilities	4.06	2.58
Interest on income tax	7.49	13.52
	173.81	**276.58**

38. Depreciation and amortization expenses

(₹ in Million)

	March 31, 2021	March 31, 2020
Depreciation of tangible assets (refer note 3)	133.45	117.86
Amortization of intangible assets (refer note 4)	16.38	8.51
Depreciation of Right-of-use assets (refer note 46a)	8.38	5.17
	158.21	**131.54**

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

39. Other expenses

(₹ in Million)

	March 31, 2021	March 31, 2020
Rent and lease hire charges (refer note 43 and 46a)	9.67	14.33
Rates and taxes	7.01	5.88
Power and fuel	52.60	59.92
Repairs and maintenance	35.48	38.27
Insurance	18.97	16.39
Legal and professional fees (includes payment to auditor (refer details below))	50.36	56.46
Travelling and conveyance	8.04	39.75
Purchase of services (refer note 43)	87.58	114.18
Corporate social responsibility expenditure (refer note 53)	4.71	5.61
Freight outwards	25.09	21.55
Foreign exchange differences (net)	9.98	63.61
Provision for expected credit loss / bad debts written off (refer note 49(c))	65.44	41.17
Fair value loss on financial instruments at fair value through profit or loss	-	1.84
Directors' sitting fees (refer note 43)	5.02	1.70
Miscellaneous expenses	35.63	59.47
	415.58	**540.13**

Payment to auditor (exclusive of taxes)

(₹ in Million)

	March 31, 2021	March 31, 2020
As auditor:		
Audit fee (including fees for internal controls over financial reporting, consolidated financial statements of the company and quarterly limited reviews)	5.20	5.20
In other capacity		
Reimbursement of expenses	0.44	0.54
	5.64	**5.74**

40. Income tax

The Company is 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 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 statement of profit and loss consist of the following:

(₹ in Million)

	March 31, 2021	March 31, 2020
(a) Current tax	79.43	104.26
(b) Adjustment of tax relating to earlier period	2.69	-
(c) Deferred tax expense / (credit)	9.34	(6.81)
(d) Deferred tax expense / (credit) related to items recognized in OCI during the period	0.41	0.81
Total taxes	**91.87**	**98.26**

Reconciliation of taxes to the amount computed by applying the statutory income tax rate to the income before taxes is summarised below:

(₹ in Million)

	March 31, 2021	March 31, 2020
Profit before taxes	**331.25**	**347.82**
Applicable tax rates in India	25.17%	29.12%
Computed tax charge	83.37	101.29
Tax effect on permanent non-deductible expenses	3.10	6.56
Allowances of expenditure in accordance with section 35(2AB) of the Income Tax Act	-	(15.71)
Impact on account of change in tax provision	2.76	-
Impact on account of change in future tax rates	-	8.13
Adjustment of tax relating to earlier years	2.69	-
Others	(0.05)	(2.01)
Total Tax expense	**91.87**	**98.26**
Income tax reported in the statement of profit and loss	91.87	98.26
	-	**-**

41. 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:

	March 31, 2021	March 31, 2020
Face value of equity shares (₹ per share)	10	10
Profit attributable to equity shareholders (A) (₹ in million)	239.79	250.37
Weighted average number of equity shares used for computing EPS (basic) (B)	12,884,841	12,884,251
EPS - basic (A/B) (₹)	**18.61**	**19.43**

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

	March 31, 2021	March 31, 2020
Weighted average number of equity shares used for computing EPS (basic) (B)	12,884,841	12,884,251
Add: Effect of dilutive issues of stock options	9,474	9,961
Weighted average number of equity shares used for computing EPS (diluted) (C)	12,894,315	12,894,212
EPS - diluted (A/C) (₹)	**18.60**	**19.42**

42. Significant accounting judgements, estimates and assumptions

The preparation of the Company's standalone 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.

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 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 40 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 49 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.

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 44.

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.

43. 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 Centum Adeneo SAS Centum Adeneo CRD SAS Centum Adetel Transportation System SAS HOLIWATT (formerly known as Centum Adetel Transportation SAS*) Centum Adetel Synergies SARL Centum Adetel Solution Centum Adetel Equipment Centum Adeneo India Private Limited Centum Adeneo Belgium**

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

Description of relationship	Name of related parties
Associates 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 Mr. Nikhil Mallavarapu - Director (w.e.f February 13, 2020) Mr. S Krishnan - Independent Director Mr. Pranav Kumar Patel - Independent Director Mr. Rajiv C Mody - Independent Director Mr. Manoj Nagrath - Independent Director Mr. Thiruvengadam P - Independent Director Mr. K S Desikan - Chief Financial Officer Mrs. Kavitha Dutt - Independent Women Director (appointed w.e.f March 25, 2020) Mr. Nagaraj K V - Company Secretary

* 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.

** Incorporated w.e.f. February 20, 2020.

b) Summary of transactions and outstanding balances with above related parties are as follows:

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
i) Sale of products		
Subsidiary companies		
- Centum Adeneo SAS	9.00	2.44
- Centum Adetel Equipment	193.99	5.73
- HOLIWATT	-	56.19
Associate Company		
- HOLIWATT	8.24	-
ii) Sale of services		
Subsidiary company		
- Centum Adeneo India Private Limited	0.64	-
iii) Other income / Finance income		
Subsidiary company		
- Centum Adeneo India Private Limited	1.60	1.50
iv) Purchase of goods and services		
Subsidiary companies		
- Centum Adeneo SAS	45.64	50.04
- Centum Adeneo India Private Limited	1.64	10.76
- Centum Adetel Equipment	8.35	6.27
- HOLIWATT	-	0.24

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Associate Company		
- HOLIWATT	0.55	-
v) Purchase of services		
Subsidiary company		
- Centum Adeneo India Private Limited	6.03	-
- Centum Adeneo SAS	8.78	-
vi) Purchase of property, plant and equipment lying in Capital work-in-progress		
Subsidiary company		
- Centum Adeneo India Private Limited	10.76	-
vii) Other expenses - Rent		
Enterprises where key managerial personnel or their relatives exercise significant influence		
- Centum Industries Private Limited	-	3.70
viii) Expense incurred by the Company on behalf of:		
Subsidiary company		
- Centum Adeneo India Private Limited	-	0.60
- Centum Electronics UK Limited	1.04	-
ix) Remuneration to key managerial personnel and their relatives		
a) Employee benefit expenses (including employee share based payments)		
- Mr. Apparao V Mallavarapu	16.34	17.69
- Mr. Nikhil Mallavarapu	16.20	12.29
- Mr. K S Desikan	8.06	7.86
-Mr. Nagaraj K.V	1.57	1.61
b) Directors' sitting fees (including commission paid to non-executive directors)		
- Mr. S Krishnan	0.77	0.36
- Mr. Rajiv C Modi	0.66	0.26
- Mr. Pranav Kumar Patel	0.77	0.36
- Mr. Manoj Nagrath	0.77	0.36
- Mr. Thiruvengadam P	0.77	0.36
- Mrs.V Kavitha Dutt	0.66	-
- Mrs. Swarnalatha Mallavarapu	0.62	-
x) Investment made in equity shares		
Subsidiary		
- Centum Electronics UK Limited	139.15	-
xi) Loan given to		
Subsidiary		
- Centum Adeneo India Private Limited	-	4.50
xii) Assignment of receivables from HOLIWATT		
- Centum Adetel Group SA	-	221.22

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
xiii) Assignment of payables from HOLIWATT		
- Centum Adetel Group SA	-	9.70
xiv) Outstanding balances as at the year ended:		
a) Trade receivables - Current		
Subsidiary companies		
- Centum Adeneo SAS	5.67	2.98
- Centum Adeneo India Private Limited	0.03	0.60
- Centum Adetel Equipment	91.53	6.56
- Centum Adetel Group SA	-	235.41
Associate Company		
- HOLIWATT	9.33	1.24
b) Trade payables - Current		
Subsidiary companies		
- Centum Adeneo SAS	47.54	89.28
- Centum Adeneo India Private Limited	5.09	5.28
- Centum Adetel Equipment	12.25	6.72
- Centum Adetel Group SA	-	10.44
- Centum Electronics UK Limited	0.97	-
Associate Company		
- HOLIWATT	0.54	-
Enterprises where key managerial personnel or their relatives exercise significant influence		
- Centum Industries Private Limited	-	0.22
Payable to Key managerial personnel		
- Mr. S Krishnan	0.50	0.20
- Mr. Rajiv C Modi	0.50	0.20
- Mr. Pranav Kumar Patel	0.50	0.20
- Mr. Manoj Nagrath	0.50	0.20
- Mr. Thiruvengadam P	0.50	0.20
- Mrs.V Kavitha Dutt	0.50	-
- Mrs. Swarnalatha Mallavarapu	0.50	-
c) Other current financial liabilities - Payable for capital goods		
Subsidiary company		
- Centum Adeneo India Private Limited	8.11	-
d) Other non - current financial assets - Loan to related party		
Subsidiary company		
- Centum Adeneo India Private Limited	20.00	20.00

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
e) Other current financial assets - Interest accrued on loan to related party		
Subsidiary company		
- Centum Adeneo India Private Limited	1.44	1.54
f) 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
g) Other current financial liabilities - Accrued salaries and benefits-payable		
- Mr. Apparao V Mallavarapu	8.75	8.80
- Mr. Nikhil Mallavarapu	7.45	1.75
- Mr. K S Desikan	1.02	0.50
- Mr. Nagaraj K.V	0.15	0.16
h) Personal Guarantee and security issued by directors jointly towards the loan availed by the company (refer note 20)		
- Mrs Swarnalatha Mallavarappu	250.00	250.00

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, 2021	March 31, 2020
		Number outstanding	Number outstanding
Centum ESOP - 2013 plan	₹ 71.25	3,653	3,653

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 47 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.

(iii) Refer note 20 and 24 for long term borrowings and short term borrowings respectively with regard to security given by related parties for loans availed by the Company.

44. 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 statement of profit and loss as they accrue. Contributions to provident and other funds included in employee benefits expense (refer note 36) are as under:

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for the year ended March 31, 2021

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Contribution to provident fund	29.47	27.93
Contribution to employees' state insurance	4.33	6.60
	33.80	**34.53**

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 statement of profit or loss and amounts recognised in the standalone balance sheet for gratuity benefit:

i. Net benefit expenses (recognized in the standalone statement of profit and loss) **(₹ in Million)**

Particulars	March 31, 2021	March 31, 2020
Current service cost	12.52	11.33
Interest cost on defined benefit obligation	3.56	3.35
Net benefit expenses	**16.08**	**14.68**

ii. Remeasurement (gains)/ loss recognised in other comprehensive income: **(₹ in Million)**

Particulars	March 31, 2021	March 31, 2020
Actuarial (gain)/ loss on obligations arising from changes in experience adjustments	(11.33)	(6.65)
Actuarial (gain)/ loss on obligations arising from changes in demographic adjustments	(1.41)	-
Actuarial (gain)/ loss on obligations arising from changes in financial assumptions	11.31	3.85
Actuarial (gain)/ loss recognised in OCI	**(1.43)**	**(2.80)**

iii. Net defined benefit asset/ (liability) **(₹ in Million)**

Particulars	March 31, 2021	March 31, 2020
Defined benefit obligation	(61.64)	(51.19)
Fair value of plan assets	-	-
Asset / (liability) recognised in the balance sheet	**(61.64)**	**(51.19)**

iv. Changes in the present value of the defined benefit obligation are as follows: **(₹ in Million)**

Particulars	March 31, 2021	March 31, 2020
Opening defined benefit obligation	51.19	42.44
Current service cost	12.52	11.33
Benefits paid	(4.20)	(3.13)
Interest cost on the defined benefit obligation	3.56	3.35
Actuarial (gain)/ loss on obligations arising from changes in experience adjustments	(11.33)	(6.65)

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Actuarial (gain)/ loss on obligations arising from changes in demographic adjustments	(1.41)	-
Actuarial (gain)/ loss on obligations arising from changes in financial assumptions	11.31	3.85
Closing defined benefit obligation	**61.64**	**51.19**

v. The following pay-outs are expected in future years: **(₹ in Million)**

Particulars	March 31, 2021
March 31, 2022	6.26
March 31, 2023	2.54
March 31, 2024	2.80
March 31, 2025	3.71
March 31, 2026	3.90
March 31, 2027 to 2031	22.89

The average duration of the defined benefit plan obligation at the end of the reporting period is 10 years (March 31, 2020: 10 years)

vi. The principal assumptions used in determining gratuity obligations for the Company's plan are shown below: **(₹ in Million)**

Particulars	March 31, 2021	March 31, 2020
Discount rate (in %)	6.57%	6.55%
Salary escalation rate (in %)	10.00%	7.00%
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 - 57 Yrs : 1%
Retirement age	60 years	58 years
Mortality Rate	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2012-14) Ultimate

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

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

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, 2021	March 31, 2020
Discount rate		
Impact on defined benefit obligation due to 1% increase in discount rate	(5.94)	(4.31)
Impact on defined benefit obligation due to 1% decrease in discount rate	6.18	4.57
Salary escalation rate		
Impact on defined benefit obligation due to 1% increase in salary escalation rate	4.28	2.63
Impact on defined benefit obligation due to 1% decrease in salary escalation rate	(3.46)	(2.46)
Attrition rate		
Impact on defined benefit obligation due to 1% increase in attrition rate	(0.18)	0.25
Impact on defined benefit obligation due to 1% decrease in attrition rate	0.04	(0.34)

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.

45. 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'

(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 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, 2021	March 31, 2020	March 31, 2021	March 31, 2020
India	1,888.80	2,325.46	1,239.24	1,266.26
Europe and UK	1,699.78	1,556.99	-	-
North America	526.67	642.86	-	-
Rest of the world	130.02	298.47	-	-
Total	**4,245.27**	**4,823.78**	**1,239.24**	**1,266.26**

*Revenue by geographical area are based on the geographical location of the customer.

**Non-current assets excludes financial instruments and tax assets.

(c) Revenue from three external customer group is more than 10% of the company's total revenue amounting to ₹ 2,528.03 million (March 31, 2020: ₹ 2,911.53 million).

46. 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 and for equipment is generally 3 -5 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets.

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).

The carrying amounts of right-of-use assets recognised and the movements during the year is as follows

(₹ in Million)

	Office Buildings	Plant Machinery	Leased Computer	Total
Gross block				
As at April 1, 2019	7.40	-	6.95	14.35
Additions	-	12.72	-	12.72
As at March 31, 2020	**7.40**	**12.72**	**6.95**	**27.07**
Additions	-	24.38	-	24.38
As at March 31, 2021	**7.40**	**37.10**	**6.95**	**51.45**

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for the year ended March 31, 2021

(₹ in Million)

	Office Buildings	Plant Machinery	Leased Computer	Total
Accumulated depreciation				
As at April 1, 2019	-	-	0.97	0.97
Charge for the year	2.58	0.27	2.32	5.17
As at March 31, 2020	**2.58**	**0.27**	**3.29**	**6.14**
Charge for the year	2.47	3.60	2.31	8.38
As at March 31, 2021	**5.05**	**3.87**	**5.60**	**14.52**
Net block as at March 31, 2021	**2.35**	**33.23**	**1.35**	**36.93**
Net block as at March 31, 2020	**4.82**	**12.45**	**3.66**	**20.93**

The carrying amounts of liabilities recognised and the movements during the year is as follows:

(₹ in Million)

		As at
As at April 1, 2019		15.60
Additions to right-of-use assets		12.72
Additions to capital advances		6.97
Accretion of Interest		2.58
Payments		(8.12)
As at March 31, 2020		**29.75**
Additions to right-of-use assets		24.38
Utilisation of capital advances		(6.97)
Accretion of Interest		4.06
Payments		(18.92)
As at March 31, 2021		**32.30**

	March 31, 2021	March 31, 2020
Current	19.71	5.68
Non Current	12.59	24.07

The maturity analysis of lease liabilities are disclosed in note 49 (d).

The effective interest rate for lease liabilities is 12%.

The following are the amounts recognised in profit or loss:

(₹ in Million)

	March 31, 2021	March 31, 2020
Depreciation expense of right-of-use assets	8.38	5.17
Interest expense on lease liabilities	4.06	2.58
Expense relating to leases of low-value assets / short term leases (included in other expenses) (refer note 39)	9.67	14.33
Total amount recognised in profit or loss	**22.11**	**22.08**

The Company had total cash outflows for leases of ₹ 28.59 Million in March 31, 2021 (March 31, 2020 : ₹ 22.45 million)

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)

	March 31, 2021	March 31, 2020
Rental Income (refer note 32)	3.03	3.03
	3.03	**3.03**

(b) Commitments

Capital commitments

(₹ in Million)

	March 31, 2021	March 31, 2020
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	22.65	72.91

(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, 2021	March 31, 2020
Bank guarantees*	31.11	56.92

* 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 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.

(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.

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

(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, 2021	March 31, 2020
Matters relating to direct taxes under dispute		
- Income tax	48.34	48.34
Matters relating to indirect taxes under dispute		
- Sales tax	-	6.49
- Excise, cenvat credit availment and customs duty	84.77	85.77
- Goods and service tax	15.36	-
Others		
Stamp duty levy	16.28	16.28
Claims against the Company not acknowledged as debts	5.78	32.99

* 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.

47. 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 / joint venture (whether in India or outside India), who are in whole time employment with the Company and/or it's subsidiaries / joint venture.

The plan is administered by a Compensation committee. Options will be issued to employees of the Company and/or it's subsidiaries / joint venture 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.

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:

	Year ended March 31, 2021 Centum ESOP - 2013	Year ended March 31, 2020 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)	₹ 279.42	₹ 279.42
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%

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, 2021		For the year ended March 31, 2020	
	Number of options	WAEP	Number of options	WAEP
Options outstanding at April 01, 2020	19,026	279.42	22,749	245.35
Granted during the period	-	-	-	-
Forfeited / lapsed during the period	-	-	-	-
Exercised during the period	-	-	3,723	71.25
Expired during the period	-	-	-	-
Options outstanding at March 31, 2021	**19,026**	**279.42**	**19,026**	**279.42**
Exercisable at year end	17,276	243.19	15,526	198.80

The options outstanding as at March 31, 2021 had an exercise price of ₹ 279.42 (March 31, 2020: ₹ 279.42) and the weighted average remaining contractual life of 7.21 years (March 31, 2020: 8.21 years).

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)

	March 31, 2021	March 31, 2020
Expense arising from equity settled share based payment transaction (refer note 36)	0.49	0.49

E The Company had granted stock options to employees of Centum Rakon India Private Limited under ESOP plans as detailed in note 47(A) above. The Company had an obligation to settle the transaction with the aforementioned entity's employees by providing it's own equity shares. Therefore, in accordance with Ind AS 102, the Company had measured its obligation in accordance with the requirements applicable to equity settled share-based payment transaction.

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for the year ended March 31, 2021

48. 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 long term 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 total debt divided by total capital plus total 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, 2021	March 31, 2020
Borrowings (refer note 20, 24 and 26)	1,391.76	1,847.28
Less: Cash and cash equivalents (refer note 13)	104.53	55.19
Total debts (i)	**1,287.23**	**1,792.09**
Capital components		
Equity share capital (refer note 17)	128.85	128.85
Other equity (refer note 18)	2,417.85	2,234.53
Total Capital (ii)	**2,546.70**	**2,363.38**
Capital and borrowings (iii = i + ii)	**3,833.93**	**4,155.47**
Gearing ratio (i / iii)	**34%**	**43%**

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. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2021 and March 31, 2020.

49. 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 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, 2021 and March 31, 2020.

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As at March 31, 2021 **(₹ in Million)**

Particulars	Fair value through statement of profit or loss	Derivative instruments not in hedging relationship	Amortised cost	Total fair value	Total carrying value
Financial assets					
(i) Investments (other than investments in subsidiaries)	22.58	-	-	22.58	22.58
(ii) Trade receivables	-	-	996.16	996.16	996.16
(iii) Cash and cash equivalents	-	-	104.53	104.53	104.53
(iv) Bank balances other than cash and cash equivalents	-	-	328.07	328.07	328.07
(v) Loans and other financial assets	-	-	96.50	96.50	96.50
Total	**22.58**	**-**	**1,525.26**	**1,547.84**	**1,547.84**
Financial liabilities					
(i) Borrowings	-	-	1,391.76	1,391.76	1,391.76
(ii) Lease Liabilities	-	-	32.30	32.30	32.30
(iii) Trade payables	-	-	587.77	587.77	587.77
(iv) Derivative instrument - Interest rate swap	-	0.15	-	0.15	0.15
(v) Other financial liabilities	-	-	102.06	102.06	102.06
Total	**-**	**0.15**	**2,113.89**	**2,114.04**	**2,114.04**

As at March 31, 2020 **(₹ in Million)**

Particulars	Fair value through statement of profit or loss	Derivative instruments not in hedging relationship	Amortised cost	Total fair value	Total carrying value
Financial assets					
(i) Investments (other than investments in subsidiaries)	13.76	-	-	13.76	13.76
(ii) Trade receivables	-	-	1,699.65	1,699.65	1,699.65
(iii) Cash and cash equivalents	-	-	55.19	55.19	55.19
(iv) Bank balances other than cash and cash equivalents	-	-	356.44	356.44	356.44
(v) Loans and other financial assets	-	-	98.53	98.53	98.53
Total	**13.76**	**-**	**2,209.81**	**2,223.57**	**2,223.57**
Financial liabilities					
(i) Borrowings	-	-	1,847.28	1,847.28	1,847.28
(ii) Lease Liabilities	-	-	29.75	29.75	29.75
(iii) Trade payables	-	-	1,135.75	1,135.75	1,135.75
(iv) Derivative instrument - Interest rate swap	-	2.00	-	2.00	2.00
(v) Other financial liabilities	-	-	114.88	114.88	114.88
Total	**-**	**2.00**	**3,127.66**	**3,129.66**	**3,129.66**

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

(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, 2021				
Financial assets				
Investments (other than investments in subsidiaries)	22.58	9.32	-	13.26
Financial liabilities				
Borrowings	1,391.76	-	1,391.76	-
Derivative instrument - Interest rate swap	0.15	-	0.15	-
March 31, 2020				
Financial assets				
Investments (other than investments in subsidiaries)	13.76	0.50	-	13.26
Financial liabilities				
Borrowings	1,847.28	-	1,847.28	-
Derivative instrument - Interest rate swap	2.00	-	2.00	-

(i) Short-term financial assets and liabilities are stated at carrying value which is approximately equal to their fair value.

(ii) Interest rate swaps are fair valued using market observable rates and published prices together with forecasted cash flow information where applicable.

(iii) 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.

(iv) There have been no transfers between Level 1, Level 2 and Level 3 for the year ended March 31, 2020 and March 31, 2021.

(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, 2021		
	+50	(5.00)
	-50	5.00
March 31, 2020		
	+50	(7.47)
	-50	7.47

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.

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

Foreign currency sensitivity **(₹ in Million)**

Particulars	Change in currency	Effect on profit or loss before tax	
		Strengthening	Weakening
March 31, 2021			
USD	5%	(27.66)	27.66
EURO	5%	(0.61)	0.61
March 31, 2020			
USD	5%	(40.19)	40.19
EURO	5%	(5.96)	5.96

The sensitivity analysis has been based on the composition of the Company's financial assets and liabilities at March 31, 2021 and March 31, 2020. 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 ₹ 1,547.84 million and ₹ 2,223.57 million as at March 31, 2021 and March 31, 2020 respectively, being the total carrying value of trade receivables, balances with bank, bank deposits, investments (other than investments in subsidiaries and joint ventures) 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 customers. The Company does not hold collateral as security. Further, the top 5 customer group of the Company contribute to more than 66% of the trade receivables for the year ended March 31, 2021 and more than 83% of the trade receivables during the year ended March 31, 2020.

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, 2021	March 31, 2020
Opening balance	112.51	72.99
Amount provided/ (reversed) during the year	65.44	41.17
Amount utilised during the year	(115.80)	(1.65)
Closing provision	62.15	112.51

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, 2021				
Borrowings	1,278.67	113.98	-	1,392.65
Lease liabilities	19.71	12.70	-	32.41
Trade payables	587.77	-	-	587.77
Other financial liabilities	102.21	-	-	102.21
	1,988.36	**126.68**	**126.68**	**2,115.04**
March 31, 2020				
Borrowings	1,651.51	196.94	-	1,848.45
Lease liabilities	5.68	24.73	-	30.41
Trade payables	1,135.75	-	-	1,135.75
Other financial liabilities	114.88	2.00	-	116.88
	2,907.82	**223.67**	**-**	**3,131.49**

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 incorporation	Country of incorporation/ place of business
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020		
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, 2021

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

51. Hedging activities and derivatives

Derivatives not designated as hedging instruments

The Company uses foreign exchange forward contracts and interest rate swaps 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, 2021	March 31, 2020
Derivative instrument - Interest rate swap (refer note 26 and 21)	0.15	2.00

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, 2021, 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)

	March 31, 2021	March 31, 2020
a) Gross amount required to be spent by the Company during the year	4.59	4.66
b) Amount spent during the year		
i) Construction/acquisition of any assets	-	-
ii) On purposes other than (i) above	4.71	5.61
c. Amount remaining unspent during the period / (excess) amount spent during the year	(0.12)	(0.95)

54. Unhedged foreign currency exposure:

Particulars of unhedged foreign currency exposure as at balance sheet date:

Particulars	Currency	March 31, 2021		March 31, 2020	
		Amount in foreign currency	Amount in ₹ million	Amount in foreign currency	Amount in ₹ million
Borrowings (including short term borrowing and long term borrowing)	USD	10.42	759.90	13.57	1,022.29
Trade payables	CHF	-	-	0.04	2.99
	EUR	0.62	53.30	1.51	129.00
	GBP	0.10	9.63	0.09	8.84
	JPY	-	-	0.14	0.01
	USD	4.32	314.93	9.41	708.34
Trade receivables	EUR	0.47	40.01	0.10	8.81
	GBP	0.01	0.71	-	-
	USD	6.50	474.30	11.84	891.47

Particulars	Currency	March 31, 2021		March 31, 2020	
		Amount in foreign currency	Amount in ₹ million	Amount in foreign currency	Amount in ₹ million
Cash and cash equivalents	EUR	0.01	1.12	0.01	1.07
	GBP	0.00	0.17	0.00	0.23
	USD	0.65	47.39	0.47	35.28

55. The Company has set up a research and development unit to develop new products and processes, to improve the product designs and quality and others. The Company has received approval from the Department of Scientific and Industrial Research for recognition of in-house research and development unit for the purpose of availing customs duty exemption in terms of Government Notification No. 51/96-Customs dated July 23, 1996, Notification No. 24/2007-Customs dated March 1, 2007 and Notification No. 43/2007-Customs dated June 30, 2017, as amended from time to time.

The Company has identified the following as expenditure on research and development eligible u/s 35(2AB) of the Income Tax Act, 1961:

(₹ in Million)

	March 31, 2021*	March 31, 2020
Capital expenses	-	52.40
Revenue expenses	-	65.77
	-	**118.17**

* The Company has opted to pay Income tax under new tax regime from financial year 2020 - 21 under section 115 BAA of the Income Tax Act, 1961 according to which Company is not eligible to claim expenditure on research and development eligible u/s 35(2AB) of the Income Tax Act, 1961. Hence the current year numbers are not disclosed.

56. The spread of COVID-19 pandemic and consequent national and local lockdowns and supply chain disruptions had an impact on the Company's business operations. The year began amidst a strict lockdown post the emergence of COVID -19 towards the end of the last financial year. The economy gradually opened post June 2020 and the second half of the year was progressing towards recovery. However a much stronger second wave of COVID -19 infections hit the country subsequent to March 31, 2021 and may result in significant disruption to our business. The Company has made a detailed assessment of its liquidity position as at the date of approval of these financial statements for the next one year and of the recoverability and carrying values of its assets including property, plant and equipment (including capital work in progress), intangible assets, trade receivables, inventory and investments as at the reporting date and has concluded that there are no material adjustments required in the standalone financial statements. Management believes that it has taken into account all the possible impact of known events and economic forecasts based on internal and external sources of information arising from COVID-19 pandemic while making such assessment in the preparation of the standalone financial statements. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration.

57. As at March 31, 2021, trade payables amounting to ₹ 22.01 million, advance from customers amounting to ₹ 43.12 million and trade receivables amounting to ₹ 16.43 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'), which states that payments against imports of goods are required to be made within twelve months from date of shipment and shipment of goods against advances received are required to be made within twelve months from the date of receipt of advances and receipts against exports of goods and services are required to be made within fifteen months from date of shipment.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 financial statements in this regard.

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

58 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.

59. Previous year numbers have been reclassified/regrouped wherever necessary to confirm to current year classifications. The management believes that such reclassifications of items are not material as they would, individually or collectively, not influence the economic decisions that users make on the basis of the standalone financial statements.

60. Certain amounts (currency value or percentages) shown in the various tables and paragraphs included in these standalone 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**
ICAI Firm Registration Number: 101049W/E300004
Chartered Accountants

per **Sandeep Karnani**
Partner
Membership Number: 061207

Place: Bengaluru
Date: June 15, 2021

For and on behalf of Board of Directors of
Centum Electronics Limited

Apparao V Mallavarapu
Chairman and Managing Director
DIN: 00286308

S. Krishnan
Director
DIN: 01807344

Nagaraj K.V
Company Secretary
Membership number: 35639

K. S. Desikan
Chief Financial Officer

Place: Bengaluru
Date: June 15, 2021

Place: Bengaluru
Date: June 15, 2021

Consolidated Financial Statements

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 associates comprising of the consolidated Balance sheet as at March 31, 2021, 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 associates, 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 associates as at March 31, 2021, 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 associates, 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.

Emphasis of Matter

We draw attention to the note no 55 to the accompanying Ind AS consolidated financial statements for the year ended March 31, 2021 which describes the uncertainties and management assessment of the financial impact of the outbreak of Corona virus (COVID-19) on the business operations, liquidity position and recoverability of assets of the Group including its associates. In view of the highly uncertain economic environment, a definitive assessment of the aforesaid impact on the subsequent periods is dependent upon circumstances as they evolve.

Our opinion is not modified in respect of this matter.

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, 2021. 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.

Key audit matters	How our audit addressed the key audit matter
Allowance for inventory obsolescence (as described in Note 2.3(m), 11 and 42 of the consolidated Ind AS financial statements)	
The Group held an inventory balance of ₹ 1,941.88 million as at March 31, 2021, 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.	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 42 on significant accounting estimates and judgements and Note 11 on Inventories to the consolidated Ind AS financial statements.
Impairment of Goodwill and Intangible assets (as described in Note 2.3(j), 2.3(n), 4a, 4b, 4c and 42 of the consolidated Ind AS financial statements)	
The Group's balance sheet includes ₹ 376.23 million of goodwill, ₹ 409.21 million of intangible assets and ₹ 171.27 million of intangible assets under development representing 9.76% 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, 2020, we have considered this as a key audit matter.	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.

Key audit matters	How our audit addressed the 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.	• We assessed the Group's disclosures concerning this in Note 42 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.

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.

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 associates 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 associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its associates 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 associates are responsible for assessing the ability of the Group and of its associates 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 associates are also responsible for overseeing the financial reporting process of the Group and of its associates.

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 associates 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 associates 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 associates 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, 2021 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

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 7 underlying subsidiaries and 2 associates), whose consolidated financial statements (before adjustments for consolidation) include total assets of ₹ 5,662.18 million as at March 31, 2021, and total revenue from operations of ₹ 4,162.01 million and net cash inflows of ₹ 212.86 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 associates, 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 associates, is based solely on the reports of such other auditors.

These subsidiaries and associates 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 associates 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 associates 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 and the financial statements and other financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

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 associates, 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) The matter described in the Emphasis of Matter paragraph above in our opinion, may have an adverse effect on the functioning of the Group and its associates;

(f) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2021 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, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;

(g) 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 1" to this report;

(h) In our opinion the managerial remuneration for the year ended March 31, 2021 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;

(i) 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 associates, 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 associates – Refer Note 46(b) 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(b), 25 and 54 to the consolidated Ind AS financial statements in respect of such items as it relates to the Group and its associates;

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, 2021.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per **Sandeep Karnani**
Partner
Membership Number: 061207
UDIN: 21061207AAAACZ1939

Place: Bengaluru
Date: June 15, 2021

Annexure 1 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, 2021, 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 the 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 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 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 are 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, 2021, 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: 21061207AAAACU1294

Place: Bengaluru
Date: June 15, 2021

Consolidated Balance Sheet

as at March 31, 2021

Corporate Identity Number (CIN): L85110KA1993PLC013869 **(₹ in Million)**

	Notes	March 31, 2021	March 31, 2020
ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	3	1,184.19	1,253.28
(b) Capital work-in-progress	3a	20.86	13.51
(c) Goodwill on consolidation	4a	376.23	376.23
(d) Other intangible assets	4b	409.21	478.61
(e) Intangible assets under development	4c	171.27	100.64
(f) Right-of-use assets	45	555.94	456.70
(g) Financial assets			
(i) Investment in associates	5a	464.83	386.72
(ii) Other investments	5b	23.11	14.27
(iii) Loans	6	45.55	60.82
(iv) Other non current financial assets	7	289.49	526.74
(h) Deferred tax assets (net)	8	22.10	30.36
(i) Non-current tax assets (net)	9	33.54	34.02
(j) Other non-current assets	10	14.36	27.07
Total non-current assets		**3,610.68**	**3,758.97**
(2) Current assets			
(a) Inventories	11	1,941.88	2,357.92
(b) Financial assets			
(i) Trade receivables	12	2,161.21	2,489.09
(ii) Cash and cash equivalents	13	411.48	136.02
(iii) Bank balances other than cash and cash equivalents	13	187.08	97.06
(iv) Loans	14a	0.34	0.32
(v) Other current financial assets	14b	1,105.60	1,609.34
(c) Other current assets	15	386.43	322.96
Total current assets		**6,194.02**	**7,012.71**
Total assets (1+2)		**9,804.70**	**10,771.68**
EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity share capital	16	128.85	128.85
(b) Other equity	17	2,101.99	1,922.54
Equity attributable to equity holders of the parent		**2,230.84**	**2,051.39**
Non-controlling interests		170.41	248.25
Total equity		**2,401.25**	**2,299.64**
Liabilities			
(2) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	1,088.62	696.46
(ii) Lease liabilities	45	419.24	374.35
(iii) Other non-current financial liabilities	20	-	2.00
(b) Deferred tax liabilities (net)	8	70.52	92.22
(c) Net employee defined benefit liabilities	21(a)	57.22	46.05
(d) Provisions	21(b)	32.28	53.52
(e) Government grants	22	34.44	16.46
Total non-current liabilities		**1,702.32**	**1,281.06**
(3) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	23	1,785.15	2,024.71
(ii) Lease liabilities	45	139.64	103.43
(iii) Trade payables	24	1,081.54	1,780.06
(iv) Other current financial liabilities	25	1,235.50	1,666.25
(b) Other current liabilities	26	1,322.96	1,471.44
(c) Government grants	22	7.87	3.68
(d) Net current employee defined benefit liabilities	27	6.27	6.16
(e) Provisions	28	39.97	57.78
(f) Liabilities for current tax (net)	29	82.23	77.47
Total current liabilities		**5,701.13**	**7,190.98**
Total equity and liabilities (1+2+3)		**9,804.70**	**10,771.68**
Summary of significant accounting policies	2.3		

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date.

For **S.R. Batliboi & Associates LLP**
ICAI Firm Registration Number: 101049W/E300004
Chartered Accountants

per **Sandeep Karnani**
Partner
Membership Number: 061207

Place: Bengaluru
Date: June 15, 2021

For and on behalf of Board of Directors of
Centum Electronics Limited

Apparao V Mallavarapu
Chairman and Managing Director
DIN: 00286308

S. Krishnan
Director
DIN: 01807344

Nagaraj K.V
Company Secretary
Membership number: 35639

K. S. Desikan
Chief Financial Officer

Place: Bengaluru
Date: June 15, 2021

Consolidated Statement of Profit and Loss

for the year ended March 31, 2021

(₹ in Million)

		Notes	March 31, 2021	March 31, 2020
A.	**Continuing Operations**			
I	**Income**			
	Revenue from operations	30	8,174.30	8,832.64
	Other income	31	38.39	117.93
	Finance income	32	19.52	35.64
	Total income		**8,232.21**	**8,986.21**
II	**Expenses**			
	Cost of materials consumed	33a	3,275.18	3,620.58
	Decrease / (increase) in inventories of work-in-progress and finished goods	33b	179.02	(65.42)
	Employee benefit expenses	34	3,018.39	3,256.63
	Finance costs	35	295.21	368.16
	Depreciation and amortization expenses	36	453.01	413.86
	Other expenses	37	806.40	1,040.67
	Total expenses		**8,027.21**	**8,634.48**
III	**Profit / (loss) before share of profit/(loss) of associates, exceptional items and tax from continuing operations (I - II)**		**205.00**	**351.73**
IV	Share of (loss) / profit of associates (net)	5a	(10.71)	(4.64)
V	**Profit / (loss) before exceptional items and tax from continuing operations (III - IV)**		**194.29**	**347.09**
VI	Exceptional items (net)	38	-	(105.27)
VII	**Profit / (loss) before tax from continuing operations (V - VI)**		**194.29**	**241.82**
VIII	**Tax expenses of continuing operations**	39		
	(a) Current tax		85.09	105.47
	(b) Adjustment of tax relating to earlier period		2.69	(1.25)
	(c) Deferred tax (credit) / expense		(13.88)	(30.43)
IX	**Profit / (loss) after tax from continuing operations (VII - VIII)**		**120.39**	**168.03**
B.	**Discontinued operations**			
X	**(Loss) / profit before tax from discontinued operations**	41	**-**	**(6.88)**
XI	**Tax expenses of discontinued operations**	39		
	(a) Current tax		-	-
	(b) Deferred tax expense / (credit)		-	-
XII	**(Loss) / profit after tax from discontinued operations (X - XI)**		**-**	**(6.88)**
XIII	**Profit / (loss) for the year (IX + XII)**		**120.39**	**161.15**
XIV	**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		(7.70)	10.12
	(ii) Income tax effect		-	-
	(B) Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
	(i) Remeasurement gains / (losses) on defined benefit plans		1.52	2.80
	(ii) Income tax effect		(0.44)	(0.81)
	Other comprehensive income/ (expense) for the year, net of tax		**(6.62)**	**12.11**
	Profit / (loss) for the year		**120.39**	**161.15**
	Attributable to			
	a) Equity holders of the parent		171.56	199.27
	b) Non-controlling interests		(51.17)	(38.12)
	Other comprehensive income/ (expense) for the year		**(6.62)**	**12.11**
	Attributable to			
	a) Equity holders of the parent		(13.77)	(0.37)
	b) Non-controlling interests		7.15	12.48
	Total comprehensive income for the year (XIII + XIV)		**113.77**	**173.26**
	Attributable to			
	a) Equity holders of the parent		157.79	198.90
	b) Non-controlling interests		(44.02)	(25.64)

Consolidated Statement of Profit and Loss

for the year ended March 31, 2021

(₹ in Million)

		Notes	March 31, 2021	March 31, 2020
XV	**Earnings per equity share (nominal value of ₹ 10 each)**			
	Earnings per share (₹) from continuing operations: Basic and diluted, computed on the basis of profit / (loss) from continuing operations attributable to equity holders of the parent (per equity share of ₹ 10 each)	40		
	- Basic		13.31	15.76
	- Diluted		13.30	15.74
	Earnings per share (₹) from discontinued operations: Basic and diluted, computed on the basis of profit / (loss) from discontinued operations attributable to equity holders of the parent (per equity share of ₹ 10 each)	40		
	- Basic		-	(0.29)
	- Diluted		-	(0.29)
	Earnings per share (₹) from continuing and discontinued operations: 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		13.31	15.47
	- Diluted		13.30	15.45
	Summary of significant accounting policies	2.3		

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date.

For **S.R. Batliboi & Associates LLP**
ICAI Firm Registration Number: 101049W/E300004
Chartered Accountants

per **Sandeep Karnani**
Partner
Membership Number: 061207

Place: Bengaluru
Date: June 15, 2021

For and on behalf of Board of Directors of
Centum Electronics Limited

Apparao V Mallavarapu
Chairman and Managing Director
DIN: 00286308

S. Krishnan
Director
DIN: 01807344

Nagaraj K.V
Company Secretary
Membership number: 35639

K. S. Desikan
Chief Financial Officer

Place: Bengaluru
Date: June 15, 2021

Consolidated Statement of Cash Flows

for the year ended March 31, 2021

(₹ in Million)

		March 31, 2021	March 31, 2020
A.	CASH FLOW FROM OPERATING ACTIVITIES		
	Profit / (loss) before tax from continuing operations	194.29	241.82
	(Loss) / profit before tax from discontinued operations	-	(6.88)
	Profit / (loss) before tax expenses	194.29	234.94
	Non-cash adjustments to reconcile profit/(loss) before tax to net cash flows:		
	Depreciation and amortisation expenses	453.01	413.86
	Provisions no longer required, written back	(8.61)	(93.59)
	Profit on early termination of lease contracts	-	(3.58)
	Fair value loss/(gain) on financial instruments	(2.17)	5.81
	Net foreign exchange differences (unrealised)	4.31	110.33
	Provision for expected credit losses / bad debts written off	101.05	52.75
	Employee share based options	0.49	23.58
	Government grants	(9.95)	(3.68)
	Provision for dimunition in the value of investment	-	7.11
	Finance income	(19.52)	(35.64)
	Finance costs	295.21	368.16
	Share of loss / (profit) of associates	10.71	4.64
	Operating profit / (loss) before working capital changes	**1,018.82**	**1,084.69**
	Working capital adjustments:		
	Decrease / (increase) in inventories	421.32	20.71
	Decrease / (increase) in trade receivables/non-current/current financial and other assets	389.44	147.03
	(Decrease) / increase in trade payables, provisions and other liabilities	(930.49)	(5.28)
	Cash generated from / (used in) operations	**899.09**	**1,247.15**
	Direct taxes paid (net of refunds)	(90.48)	(154.53)
	Net cash from / (used in) operating activities	**808.61**	**1,092.62**
B.	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchase of property, plant and equipment, including intangible assets and capital advances	(246.18)	(259.27)
	Proceeds from sale of investments	527.54	93.93
	Purchase of non-current investments	(222.64)	(0.50)
	Loan to related party	(5.80)	-
	Investment in bank deposit (having original maturity of more than three months) and other bank balances	16.51	23.29
	Interest received	17.90	26.93
	Government grant received	32.12	-
	Net cash (used in) / from investing activities	**119.45**	**(115.62)**
C.	CASH FLOW FROM FINANCING ACTIVITIES		
	Proceeds / repayments of long term borrowings (net)	118.60	(127.25)
	Proceeds / repayment of short term borrowings (net)	(257.74)	(348.95)
	Payment of lease liabilities	(176.00)	(151.72)
	Proceeds from issue of equity shares	-	0.27
	Finance costs paid	(288.93)	(331.84)
	Dividend paid (including dividend distribution tax and amount transferred to Investor Education & Protection Fund)	(58.18)	(61.79)
	Net cash (used in) / from financing activities	**(662.25)**	**(1,021.28)**
	Net (decrease)/increase in cash and cash equivalents (A+B+C)	265.81	(44.28)
	Cash and cash equivalents at the beginning of the year	136.02	173.26
	Effect of exchange differences on cash and cash equivalents held in foreign currency	9.65	7.04
	Cash and cash equivalents at the end of the year	**411.48**	**136.02**
	Total cash and cash equivalents (Note 13)	**411.48**	**136.02**

Consolidated Statement of Cash Flows

for the year ended March 31, 2021

Explanatory notes to 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 25)	Unpaid dividend on equity shares including dividend distribution tax (refer note 25)	Short term borrowings (refer note 23)	Lease liabilities (refer note 45)	Derivatives not designated as hedges - Interest rate swap (refer note 54)
As at April 1, 2020	**1,221.49**	**2.85**	**2,024.71**	**477.78**	**2.00**
Cash flows	118.60	(58.18)	(257.74)	(176.00)	-
Non-cash changes					
Foreign exchange fluctuations (gain) / loss	42.21	-	18.18	15.04	-
Changes in fair values	-	-	-	15.68	(1.85)
Additions to lease liabilities (refer note 45)	-	-	-	226.38	-
Dividend declared during the year (including dividend distribution tax)	-	57.98	-	-	-
As at March 31, 2021	**1,382.30**	**2.65**	**1,785.15**	**558.88**	**0.15**
As at April 1, 2019	1,280.82	2.53	2,284.52	-	0.16
Cash flows	(127.25)	(61.79)	(348.95)	(151.72)	-
Non-cash changes					
Foreign exchange fluctuations (gain) / loss	76.12	-	89.14	17.43	-
Changes in fair values	-	-	-	9.54	1.84
Recognition of lease liabilities (refer note 45)	-	-	-	290.12	-
Additions to lease liabilities (refer note 45)	-	-	-	364.90	-
Reclass of lease liabilities (refer note 45)	(8.20)	-	-	8.20	-
Reversal of lease liabilities on early cancellation of lease contracts (refer note 45)	-	-	-	(60.69)	-
Dividend declared during the year (including dividend distribution tax)	-	62.11	-	-	-
As at March 31, 2020	**1,221.49**	**2.85**	**2,024.71**	**477.78**	**2.00**
Summary of significant accounting policies		2.3			

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date

For **S.R. Batliboi & Associates LLP**
ICAI Firm Registration Number: 101049W/E300004
Chartered Accountants

per **Sandeep Karnani**
Partner
Membership Number: 061207

Place: Bengaluru
Date: June 15, 2021

For and on behalf of Board of Directors of
Centum Electronics Limited

Apparao V Mallavarapu
Chairman and Managing Director
DIN: 00286308

S. Krishnan
Director
DIN: 01807344

Nagaraj K.V
Company Secretary
Membership number: 35639

K. S. Desikan
Chief Financial Officer

Place: Bengaluru
Date: June 15, 2021

Consolidated Statement of changes in equity

for the year ended March 31, 2021

(a) Equity share capital

Equity shares of ₹ 10 each issued, subscribed and fully paid

Particulars	Number	₹ in Million
At April 01, 2019	**12,881,118**	**128.81**
Issue of share capital (refer note 16)	3,723	0.04
At March 31, 2020	**12,884,841**	**128.85**
Issue of share capital (refer note 16)	-	-
At March 31, 2021	**12,884,841**	**128.85**

(b) Other equity **(₹ in Million)**

Particulars	Attributable to equity shareholders								
	Reserves and surplus								
	Securities premium (refer note 17)	General reserve (refer note 17)	Retained earnings (refer note 17)	Put option liability (refer note 17)	Share based payments reserve (refer note 17)	Capital reserve (refer note 17)	Foreign currency translation reserve (refer note 17)	Total Other equity	Non-controlling interests
For the year ended March 31, 2021									
As at April 01, 2020	28.07	440.26	1,750.13	(344.97)	1.62	46.35	1.08	1,922.54	248.25
(Loss)/ profit for the year	-	-	171.56	-	-	-	-	171.56	(51.17)
Other comprehensive income*	-	-	1.08	-	-	-	(14.85)	(13.77)	7.15
Exercise of put options by non-controlling interest shareholders	-	-	-	63.63	-	-	-	63.63	(33.82)
Transfer of exchange loss to statement of profit / (loss) on exercise of put options	-	-	-	-	-	-	15.96	15.96	-
Cash dividends (refer note 18)	-	-	(57.98)	-	-	-	-	(57.98)	-
Share based payment (refer note 48)	-	-	-	-	0.49	-	-	0.49	-
Others	-	-	(0.44)	-	-	-	-	(0.44)	-
As at March 31, 2021	**28.07**	**440.26**	**1,864.35**	**(281.34)**	**2.11**	**46.35**	**2.19**	**2,101.99**	**170.41**
As at April 1, 2019	**27.84**	**440.26**	**1,619.82**	**(96.91)**	**61.03**	**1.37**	**8.01**	**2,061.42**	**247.23**
Effect on adoption of Ind AS 116 Leases (refer note 45)	-	-	(8.84)	-	-	-	-	(8.84)	(7.48)
As at 1 April 2019 (adjusted)	**27.84**	**440.26**	**1,610.98**	**(96.91)**	**61.03**	**1.37**	**8.01**	**2,052.58**	**239.75**
(Loss)/ profit for the year	-	-	199.27	-	-	-	-	199.27	(38.12)
Other comprehensive income*	-	-	1.99	-	-	-	(2.36)	(0.37)	12.48

Consolidated Statement of changes in equity

for the year ended March 31, 2021

Particulars	Attributable to equity shareholders								
	Reserves and surplus								
	Securities premium (refer note 17)	General reserve (refer note 17)	Retained earnings (refer note 17)	Put option liability (refer note 17)	Share based payments reserve (refer note 17)	Capital reserve (refer note 17)	Foreign currency translation reserve (refer note 17)	Total Other equity	Non-controlling interests
Transfer to statement of profit / (loss) on disposal of subsidiary	-	-	-	-	-	-	(4.57)	(4.57)	(3.87)
Issue of share capital (refer note 16)	0.23	-	-	-	-	-	-	0.23	-
Cash dividends (refer note 18)	-	-	(51.52)	-	-	-	-	(51.52)	-
Dividend distribution tax (refer note 18)	-	-	(10.59)	-	-	-	-	(10.59)	-
Share based payment (refer note 48)	-	-	-	-	23.58	-	-	23.58	-
Exercise of share options (refer note 48)	-	-	-	-	(0.11)	0.11	-	-	-
Transfer to capital reserve on cancellation/lapse of options	-	-	-	-	(82.88)	44.87	-	(38.01)	38.01
Restatement of put options to fair value (refer note 25(2))	-	-	-	(248.06)	-	-	-	(248.06)	-
As at March 31, 2020	**28.07**	**440.26**	**1,750.13**	**(344.97)**	**1.62**	**46.35**	**1.08**	**1,922.54**	**248.25**

* 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 financial statements.

As per our report of even date

For **S.R. Batliboi & Associates LLP**
ICAI Firm Registration Number: 101049W/E300004
Chartered Accountants

per **Sandeep Karnani**
Partner
Membership Number: 061207

Place: Bengaluru
Date: June 15, 2021

For and on behalf of Board of Directors of
Centum Electronics Limited

Apparao V Mallavarapu
Chairman and Managing Director
DIN: 00286308

S. Krishnan
Director
DIN: 01807344

Nagaraj K.V
Company Secretary
Membership number: 35639

K. S. Desikan
Chief Financial Officer

Place: Bengaluru
Date: June 15, 2021

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

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 its associates (hereinafter collectively referred to as "the Group"), are primarily involved in the design and manufacture of advanced microelectronics modules, frequency control products, printed circuit board assembly and resistor networks catering to the Communications, Military, Aerospace, Transportation and Industrial electronics markets. Centum is headquartered in Bangalore, India.

The consolidated financial statements were approved by the Board of Directors and authorised for issue in accordance with a resolution of the directors on June 15, 2021.

In the current year, 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 financial statements are listed below. Such accounting policies have been applied consistently to all the periods presented in these consolidated financial statements, unless otherwise indicated.

2.1. Basis of Consolidation

The consolidated 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 Financial Statement (CFS).

The consolidated 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 (INR 000,000), except when otherwise indicated.

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at March 31, 2021. 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 financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated 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 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 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 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 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 Changes in accounting policies and disclosures:

New standards and amendments:

(i) Amendments to Ind AS 116: Covid-19-Related Rent Concessions.

The amendments provide relief to lessees from applying Ind AS 116 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under Ind AS 116, if the change were not a lease modification.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

The amendments are applicable for annual reporting periods beginning on or after the April 1, 2020. This amendment had no significant impact on the consolidated financial statements of the Group.

(ii) Amendments to Ind AS 103 Business Combinations

The amendment to Ind AS 103 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs.

These amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after the April 1, 2020 and to asset acquisitions that occur on or after the beginning of that period. This amendment had no impact on the consolidated financial statements of the Group but may impact future periods should the Group enter into any business combinations.

(iii) Amendments to Ind AS 1 and Ind AS 8: Definition of Material

The amendments provide a new definition of material that states, Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the consolidated financial statements.

A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is expected to be any future impact to the Group.

These amendments are applicable prospectively for annual periods beginning on or after April 1, 2020. The amendments to the definition of material are not expected to have a significant impact on the Group's consolidated financial statements.

(iv) Amendments to Ind AS 107 and Ind AS 109: Interest Rate Benchmark Reform

The amendments to Ind AS 109 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no significant impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationship.

The amendments to Ind AS 107 prescribe the disclosures which entities are required to make for hedging relationships to which the reliefs as per the amendments in Ind AS 109 are applied. These amendments are applicable for annual periods beginning on or after April 1, 2020. These amendments are not expected to have significant impact on the consolidated 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.

- 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.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

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 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 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.

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 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 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

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

- 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.

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 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 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 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

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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.

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 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.

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 associates, the Group provides depreciation based on estimated useful lives of the property, plant and equipment as determined by the management of such subsidiaries and associates. In view of different sets of environment in which such foreign subsidiaries and associates 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

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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 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 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 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.

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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 (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 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 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 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 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 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 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 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.

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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 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 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.(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 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 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 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 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) <u>Financial guarantee contracts</u>

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.

b) <u>De-recognition</u>

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

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a new liability. The difference in the respective carrying amounts is recognised in the consolidated 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 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 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 54 for more details.

s. Cash and cash equivalents

Cash and cash equivalent in the consolidated 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/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 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 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).

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 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.

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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 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 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 The entities consolidated in the consolidated financial statements are listed below:

Sl No.	Name of the Entity	Country of Incorporation	Relationship as at March 31, 2021	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, 2021		March 31, 2020		March 31, 2021		March 31, 2020	
				March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	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					71.48%	2,546.70	72.02%	2,363.38	120.00%	240.81	95.73%	252.36
	Indian Subsidiaries														
2	Centum Adeneo India Private Limited ('CAIPL')	India	Subsidiary	100.00%	100.00%	100.00%	100.00%	-0.12%	(4.27)	-0.29%	(9.66)	2.83%	5.68	2.55%	6.71
	Foreign Subsidiaries														
3	Centum Electronics UK Limited	United Kingdom	Subsidiary	100.00%	100.00%	100.00%	100.00%	18.80%	669.76	15.78%	517.79	6.39%	12.82	12.98%	34.21
4	Centum Adetel Group SA[1]	France	Subsidiary	64.66%	54.15%	64.66%	54.15%								
5	Centum Adeneo SAS[1]	France	Subsidiary	64.66%	54.15%	100.00%	100.00%								
6	Centum Adeneo CRD SAS[1]	France	Subsidiary	64.66%	54.15%	100.00%	100.00%								
7	Centum Adetel Transportation System SAS[1]	France	Subsidiary	64.66%	54.15%	100.00%	100.00%								
8	Centum Adetel Synergies SARL[1]	France	Subsidiary	64.66%	54.15%	100.00%	100.00%								
9	Centum Adetel Solution[1]	Canada	Subsidiary	64.66%	54.15%	100.00%	100.00%	9.85%	350.79	12.49%	409.87	-29.22%	(58.64)	-11.25%	(29.65)
10	Centum Adetel Equipment[1]	Canada	Subsidiary	64.66%	54.15%	100.00%	100.00%								
11	Centum Adetel Belgium[1,3]	Belgium	Subsidiary	64.66%	54.15%	100.00%	100.00%								
	Associates														
12	Ausar Energy SAS[1]	France	Associate	19.69%	16.49%	30.45%	30.45%								
13	HOLIWATT (formerly known as Centum Adetel Transportation SAS)[1,2]	France	Associate	22.63%	18.95%	35.00%	35.00%								
	Sub Total							**100.00%**	**3,562.98**	**100.00%**	**3,281.38**	**100.00%**	**200.67**	**100.00%**	**263.63**
	Add / Less: Non controlling interests in all subsidiaries								(170.41)		(248.25)		44.02		25.64
	Consolidation adjustments/ eliminations**								(991.32)		(733.49)		(86.90)		(90.37)
	Total								**2,401.25**		**2,299.64**		**157.79**		**198.90**

* 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, 2021. There is a quarter lag in the reporting dates of both the associates with that of the parent Company whose management certified financial statements for the year / period ended on and as at December 31, 2020 were considered for the purpose of consolidated 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 13 above) have been presented on a consolidated basis.

[2] HOLIWATT, subsequent to divestment of 65% stake has ceased to be subsidiary and has become an associate as at March 31, 2020. Also refer note 5a and 41(a) for further details.

[3] Incorporated during the year ending March 31, 2020.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

3. Property, Plant and Equipment

(₹ in Million)

	Freehold land	Leasehold improvements	Building	Plant and equipments	Electrical installations	Computers	Office equipments	Furniture and fixtures	Vehicles	Leased computer	Leasehold land	Total
At cost / deemed cost												
As at April 1, 2019	**5.60**	**7.04**	**473.13**	**679.55**	**182.20**	**62.41**	**62.90**	**35.62**	**6.63**	**6.95**	**114.61**	**1,636.64**
Additions	-	11.97	60.12	167.36	16.06	10.73	0.81	19.33	-	-	-	286.38
Exchange differences - translation adjustment	0.09	-	2.34	6.82	6.46	2.78	1.56	(0.01)	(0.19)	-	-	19.85
Disposals	-	-	-	(3.88)	-	(12.42)	-	-	-	-	-	(16.31)
Reclass to right-of-use asset (Note 45)	-	-	-	-	-	-	-	-	-	(6.95)	-	(6.95)
As at March 31, 2020	**5.69**	**19.01**	**535.59**	**849.85**	**204.72**	**63.50**	**65.27**	**54.94**	**6.44**	**-**	**114.61**	**1,919.62**
Additions	-	-	0.89	84.90	0.35	2.14	1.11	2.73	10.29	-	-	102.41
Exchange differences - translation adjustment	0.04	-	1.24	9.18	4.86	1.69	1.23	-	0.06	-	-	18.30
Disposals	-	(4.00)	-	-	(2.86)	(11.77)	-	-	-	-	-	(18.63)
As at March 31, 2021	**5.73**	**15.01**	**537.72**	**943.93**	**207.07**	**55.56**	**67.61**	**57.67**	**16.79**	**-**	**114.61**	**2,021.70**
Accumulated Depreciation												
As at April 1, 2019	**-**	**5.99**	**52.50**	**244.46**	**89.89**	**53.80**	**44.31**	**9.60**	**4.80**	**0.97**	**-**	**506.32**
Charge for the year	-	4.91	17.16	103.89	19.98	8.13	7.87	4.26	1.42	-	-	167.62
Exchange differences - translation adjustment	-	0.02	1.20	(0.35)	9.02	2.45	(2.67)	0.01	(0.01)	-	-	9.67
Disposals	-	-	-	(3.88)	-	(12.42)	-	-	-	-	-	(16.30)
Reclass to right-of-use asset (Note 45)	-	-	-	-	-	-	-	-	-	(0.97)	-	(0.97)
As at March 31, 2020	**-**	**10.92**	**70.86**	**344.12**	**118.89**	**51.96**	**49.51**	**13.87**	**6.21**	**-**	**-**	**666.34**
Charge for the year	-	3.94	18.80	117.65	16.74	6.17	7.57	5.54	1.94	-	-	178.35
Exchange differences - translation adjustment	-	-	0.68	4.26	4.01	1.40	1.05	-	0.05	-	-	11.45
Disposals	-	(4.00)	-	-	(2.86)	(11.77)	-	-	-	-	-	(18.63)
As at March 31, 2021	**-**	**10.86**	**90.34**	**466.03**	**136.78**	**47.76**	**58.13**	**19.41**	**8.20**	**-**	**-**	**837.51**
Net block												
As at March 31, 2021	**5.73**	**4.15**	**447.38**	**477.90**	**70.29**	**7.80**	**9.48**	**38.26**	**8.59**	**-**	**114.61**	**1,184.19**
As at March 31, 2020	**5.69**	**8.09**	**464.73**	**505.73**	**85.83**	**11.54**	**15.76**	**41.07**	**0.23**	**-**	**114.61**	**1,253.28**

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, 2020: ₹ 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.

(c) The Group during the year ended March 31, 2018 had adopted Ind AS under section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) rules, 2015 and relevant amendment rules issued thereafter. The Group had availed the exemption available under Ind AS 101, wherein the carrying value of property, plant and equipment has been carried forward at the amount as determined under the previous GAAP as at April 01, 2016.

(d) Building includes a property located in RMZ Latitude having gross block of ₹ 38.76 million (March 31: 2020: 38.76 million) which is pending to be registered by the Holding Company.

3a. Capital work-in-progress

(₹ in Million)

	Capital work-in-progress
As at April 1, 2019	**81.34**
Additions	218.55
Capitalised during the year	(286.38)
As at March 31, 2020	**13.51**
Additions	109.76
Capitalised during the year	(102.41)
As at March 31, 2021	**20.86**

4a. Goodwill on consolidation

(₹ in Million)

	Goodwill on consolidation
At cost	
As at April 1, 2019	**376.23**
Additions / disposals	-
As at March 31, 2020	**376.23**
Additions / disposals	-
As at March 31, 2021	**376.23**
Net block	
As at March 31, 2021	**376.23**
As at March 31, 2020	**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 ₹ 489.56 million, as at March 31, 2021 arising pursuant to the acquisition of Centum Adetel Group SA.

During the year ended March 31, 2021, the Board of Directors of Company further acquired 10.51% stake of Centum Adetel Group SA through Centum Electronics UK Limited from other shareholders of Centum Adetel Group SA.

Centum Adetel Group SA and its underlying subsidiaries have incurred losses. However, based on internal assessment performed as at March 31, 2021 with regard to future operations, the management of the Group is of the view that the carrying value of the aforesaid Goodwill on consolidation is appropriate.

Notes to the Consolidated Financial Statements

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4b. Other intangible assets

(₹ in Million)

Particulars	Acquired goodwill	Computer software	Intellectual property rights (including R&D credits)	Customer relationships	Total
At cost/ deemed cost					
As at April 1, 2019	**36.35**	**164.79**	**1,026.59**	**481.92**	**1,709.65**
Additions	-	46.76	-	-	46.76
Exchange differences - translation adjustment	-	9.69	68.00	-	77.69
Disposals	-	(0.26)	(0.78)	-	(1.04)
As at March 31, 2020	**36.35**	**220.98**	**1,093.81**	**481.92**	**1,833.06**
Additions	-	23.27	26.51	-	49.78
Exchange differences - translation adjustment	-	5.54	37.91	-	43.45
Disposals	-	-	-	-	-
As at March 31, 2021	**36.35**	**249.79**	**1158.23**	**481.92**	**1926.29**
Accumulated Amortisation					
As at April 1, 2019	**-**	**145.38**	**857.39**	**165.66**	**1,168.43**
Charge for the year	-	12.21	44.75	60.24	117.20
Exchange differences - translation adjustment	-	9.43	59.39	-	68.82
Disposals	-	-	-	-	-
As at March 31, 2020	**-**	**167.02**	**961.53**	**225.90**	**1,354.45**
Charge for the year	-	18.44	46.50	60.24	125.18
Exchange differences - translation adjustment	-	5.31	32.14	-	37.45
Disposals	-	-	-	-	-
As at March 31, 2021	**-**	**190.77**	**1040.17**	**286.14**	**1517.08**
Net block					
As at March 31, 2021	**36.35**	**59.02**	**118.06**	**195.78**	**409.21**
As at March 31, 2020	**36.35**	**53.96**	**132.28**	**256.02**	**478.61**

Notes:

(a) The Group had entered into a business transfer agreement with Centum Industries Private Limited, an enterprises where key managerial personnel or their relatives exercise significant influence, on December 1, 2015 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, 2021 and March 31, 2020 the goodwill is not impaired.

(b) The Group during the year ended March 31, 2018 had adopted Ind AS under section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) rules, 2015 and relevant amendment rules issued thereafter. The Group had availed the exemption available under Ind AS 101, wherein the carrying value of other intangible assets / goodwill has been carried forward at the amount as determined under the previous GAAP as at April 01, 2016.

4c. Intangible assets under development

(₹ in Million)

	Intangible assets under development
As at April 1, 2019	57.23
Exchange differences - translation adjustment	1.93
Additions	88.24
Capitalised during the year	(46.76)
As at March 31, 2020	**100.64**
Exchange differences - translation adjustment	3.48
Additions	116.93
Capitalised during the year	(49.78)
As at March 31, 2021	**171.27**

5a. Interest 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, 2021	March 31, 2020	March 31, 2021	March 31, 2020		
(a) Material associates:							
HOLIWATT (formerly known as Centum Adetel Transportation SAS)[3,4,5,6]	France	22.63%	18.95%	35%	35%	Engaged in engineering and manufacturing of energy conversion and storage systems for rolling stock railway markets.	Equity Method
(b) Other associates:							
Ausar Energy SAS[3]	France	19.69%	16.49%	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 ₹ 464.83 million (March 31, 2020: ₹ 386.72. 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 financial statements of the Group.
4. During the year ending March 31, 2021, the Group has made an additional investment amounting to ₹ 74.97 million (EUR 0.88 million) in HOLIWATT.
5. Refer note 41(a)

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

6. (i) During the year ended March 31, 2020, the management of the Group, entered into an agreement for sale of 65% stake in HOLIWATT, subsidiary of Centum Adetel Group SA.

The Group had incurred a loss of ₹ 6.88 million on account of HOLIWATT, which has been disclosed under profit / (loss) under discontinued operations in the audited consolidated financial results of the Group for the year ended March 31, 2020.

Pursuant to the aforesaid sale, management of the Group had given one time bonus amounting to ₹ 105.27 million to key managerial personnel of Adetel Group SA, erstwhile parent company of HOLIWATT , which had been disclosed under exceptional items in the audited consolidated financial results of the Group for the quarter/ year ended March 31, 2020.

The management of the Group has 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 and has other receivables of EUR 0.5 million . Further the management has assessed that they exercise significant influence / control over HOLIWATT and has accordingly treated the same as investment in associates in the consolidated financial results of the Group. However, the management of the Group has not accounted its share of loss in the associate, as the management believes that the fair value of put option as stated above would compensate for the share of loss.

(ii) Subsequent to the year ended March 31, 2021, HOLIWATT has been placed in specific insolvency statutes, allowing HOLIWATT to commence negotiation with other parties including its shareholders. The management of the Group is evaluating the impact of the aforesaid action. However, considering there is a committed contract for the sale of the balance 35% stake at a fixed price, the management of the Group believes that at this stage there is no reason to consider any impact on the aforesaid carrying value of its investment in HOLIWATT.

(ii) Summarised financial information for material associates **(₹ in Million)**

	HOLIWATT	
Particulars	**March 31, 2021**	**March 31, 2020**
Current assets	311.94	584.49
Non-current assets	424.64	459.85
Current liabilities	317.96	482.57
Non-current liabilities	12.72	10.69
Net assets	**405.90**	**551.08**

(iii) Reconciliation of carrying amounts of material associates **(₹ in Million)**

	HOLIWATT	
Particulars	**March 31, 2021**	**March 31, 2020**
Net assets(a)**	405.90	551.08
Proportion of the group's ownership (b)	35.00%	35.00%
Group's share (a*b)	142.07	192.88
Equity infusion made post reporting date of associate*** (refer note 43)	74.97	-
Exchange differences - Translation adjustment	9.82	-
Fair value changes	141.99	91.18
Carrying amount of the investment	**368.85**	**284.06**

** Refer note 41(a)

*** The Group has made a further investment of EUR 0.88 million in two tranches i.e January 2021 and March 31, 2021. The investment made in the current year has not been included as part of net assets of HOLIWATT due to quarter lag in the reporting dates.

(iv) Summarised Statement of Profit & Loss of material associates **(₹ in Million)**

	HOLIWATT	
Particulars	**March 31, 2021**	**March 31, 2020**
Revenue	376.91	*
Cost of sales	427.66	*
Finance cost	0.27	*
Other expense (net of other income)	154.94	*
Profit / (loss) for the year before tax	**(205.96)**	*****
Income Tax	(43.98)	*
Profit / (loss) for the year	**(161.98)**	*****
Other comprehensive income	16.79	*
Total comprehensive income for the year (continuing operations)	**(145.19)**	
Group's share of profit / (loss) for the year**	**(56.69)**	
Group's share of total comprehensive income for the year	**(50.81)**	*****

* Indicates disclosures not applicable.

** The Group has not accounted for the aforesaid loss in the consolidated Ind AS financial statements for reasons as detailed in note 6(i) above.

(v) Financial information in respect of other associates **(₹ in Million)**

Particulars	**March 31, 2021**	**March 31, 2020**
Aggregate carrying amount of investments in equity shares of individually immaterial associates	27.44	36.41
Investment at amortised cost		
Investment in 800,000 (March 31, 2020: 800,000) unquoted bonds of Euro 1 in Ausar Energy SAS	68.54	66.25
Total investment in other associates	95.98	102.66
Aggregate amount of group's share of :		
- (Loss) / profit for the year	(10.71)	(4.64)
- Other comprehensive income for the year	4.03	7.38
- Total comprehensive income for the year	(6.68)	2.74

(vi) Contingent liabilities of associates

The associate had no contingent liabilities or capital commitments as at March 31, 2021 and March 31, 2020. The Group has no contingent liabilities relating to its interests in its associates.

(vii) Commitments of / towards associates

(a) In respect of Group's investment in HOLIWATT, other investors of HOLIWATT have the first right of refusal if the Group intends to sell its stake subject to other terms and conditions of the share purchase agreements. Further, as per the amended agreement entered between the Group and the majority shareholder of HOLIWATT, dated December 23, 2020, there is a commitment by HOLIWATT for buyback of shares held by the Group amounting to EUR 0.53 million.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

(viii) Carrying amount of investments in associates and others **(₹ in Million)**

Particulars	March 31, 2021	March 31, 2020
Material associates	368.85	284.06
Other associates	95.98	102.66
Total	**464.83**	**386.72**

(ix) Share in profits / (loss) of associates (net) **(₹ in Million)**

Particulars	March 31, 2021	March 31, 2020
Material associate*	(56.69)	-
Fair value changes	56.69	-
Other associates	(10.71)	(4.64)
Total	**(10.71)**	**(4.64)**

*Refer note 41(a)

5b. Financial assets: Other Investments

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Unquoted		
Investment carried at fair value through consolidated statement of profit or loss		
Investments in equity shares of Qulsar Inc. [1] 74,184 (March 31, 2020: 74,184) equity shares of USD 0.01 each, fully paid up.	13.26	13.26
Investment in Mutual Fund		
Aditya Birla Sun Life Corporate Bond[2]	9.32	0.50
108,515.69 (March 31, 2020: 6391.19) units of ₹ 85.90 each (March 31, 2020: ₹ 78.25)		
Investments in other companies	0.53	0.51
Total	**23.11**	**14.27**
Aggregate value of unquoted investments	23.11	14.27

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.

2. Refer note 19(4)(e) for details of lien.

6. Loans (non - current)

(₹ in Million)

	March 31, 2021	March 31, 2020
Non Current - Carried at amortised cost		
Unsecured, considered good		
Security deposits (refer note 43)	45.55	60.82
	45.55	**60.82**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

7. Other non - current financial assets **(₹ in Million)**

	March 31, 2021	March 31, 2020
Subsidy receivable	136.25	267.36
Non-current bank balance (refer note 13)	153.24	259.38
	289.49	**526.74**

8. Deferred tax **(₹ in Million)**

		March 31, 2021		March 31, 2020	
		Deferred tax asset	Deferred tax liabilty	Deferred tax asset	Deferred tax liabilty
Deferred tax liability					
Property, plant and equipments and Intangible assets: Impact of difference between tax depreciation and depreciation / amortization charged for the financial reporting		-	(70.52)	-	(92.22)
Sub - total	**(A)**	**-**	**(70.52)**	**-**	**(92.22)**
Deferred tax liability (net)			**(70.52)**		**(92.22)**
Deferred tax asset					
Property, plant and equipments and Intangible assets: Impact of difference between tax depreciation and depreciation / amortization charged for the financial reporting		-	(40.84)	-	(43.34)
Impact of expenditure charged to the statement of profit and loss but allowed for tax purposes on payment basis		30.93	-	30.62	-
Impact on account of provision for expected credit losses		15.64	-	28.31	-
Impact of deferred revenue		14.64	-	14.32	
Others		1.50	-	0.45	-
Sub - total	**(B)**	**62.94**	**(40.84)**	**73.70**	**(43.34)**
Deferred tax assets (net)		22.10		30.36	
Total	**(A+B)**	**62.94**	**(111.36)**	**73.70**	**(135.56)**
(Deferred tax liability) / Deferred tax assets (net)		(48.42)		(61.86)	
Movement for the year		13.44		(1.06)	
Reconciliation to the consolidated statement of profit and loss from continuing and discontinued operations					
Movement during the year as above		(13.44)		(1.06)	
Tax expense / (income) during the year recognized in OCI		0.44		0.81	
MAT credit utilised during the year		-		28.56	
(Credit) / expense during the year		(13.88)		(30.43)	

9. Non-current tax assets (net) **(₹ in Million)**

	March 31, 2021	March 31, 2020
Advance income tax (net of provision for current tax and including tax paid under protest)	33.54	34.02
	33.54	**34.02**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

10. Other non-current assets

(₹ in Million)

		March 31, 2021	March 31, 2020
Capital advances			
Unsecured, considered good		0.50	7.47
	(A)	**0.50**	**7.47**
Prepaid expenses		8.37	14.32
	(B)	**8.37**	**14.32**
Balances with statutory / government authorities			
Unsecured, considered good		5.49	5.28
	(C)	**5.49**	**5.28**
Total other non-current assets	**(A+B+C)**	**14.36**	**27.07**

11. Inventories (valued at lower of cost and net realisable value)

(₹ in Million)

	March 31, 2021	March 31, 2020
Raw materials	1,427.18	1,663.32
[Includes raw material in transit ₹ 90.00 million (March 31, 2020: ₹ 88.12 million)]		
Work-in-progress	449.71	644.13
Finished goods	64.70	49.30
Stores and spares	0.29	1.17
	1,941.88	**2,357.92**

12. Trade receivables

(₹ in Million)

	March 31, 2021	March 31, 2020
Carried at amortised cost		
Receivables from related parties (refer note 43)	119.05	81.33
Other trade receivables	2,042.16	2,407.76
Total trade receivables	**2,161.21**	**2,489.09**

Break-up for security details:

(₹ in Million)

	March 31, 2021	March 31, 2020
Trade receivables:		
Unsecured, considered good	2,223.36	2,601.60
Trade Receivables - credit impaired	16.74	7.84
	2,240.10	**2,609.44**
Impairment allowance (allowance for bad and doubtful debts)		
Unsecured, considered good	(62.15)	(112.51)
Trade Receivables which have significant increase in credit risk	-	-
Trade Receivables - credit impaired	(16.74)	(7.84)
Total trade receivables	**2,161.21**	**2,489.09**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

- The carrying amount of trade receivables include receivables amounting to ₹ 751.42 million (March 31, 2020: ₹ 750.06 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 transfered 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.

13. Cash and cash equivalents

(₹ in Million)

		March 31, 2021	March 31, 2020
Balances with banks			
- On current accounts[4]		364.26	98.75
- On exchange earners foreign currency (EEFC) accounts		46.02	35.21
Cash on hand		1.20	2.06
	(A)	**411.48**	**136.02**
Bank balances other than cash and cash equivalents			
Balance with banks			
- On current account[1]		2.65	2.85
- On margin money accounts[2]		337.67	353.59
		340.32	**356.44**
Less: Amount disclosed under other non current financial assets (refer note 7)		(153.24)	(259.38)
	(B)	**187.08**	**97.06**
Total cash and cash equivalents	**(A+B)**	**598.56**	**233.08**

1. Includes balance in unclaimed dividend account ₹ 2.65 million (March 31, 2020: ₹ 2.85 million)
2. A charge has been created over the deposits towards various guarantees in favour of customer, statutory authorities and letter of credit facility.
3. Balances with banks on current accounts does not earn interest.
4. Refer note 23(4)

14a. Loans (current)

(₹ in Million)

	March 31, 2021	March 31, 2020
Unsecured, considered good		
Current - Carried at amortised cost		
Security deposits	0.34	0.32
	0.34	**0.32**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

14b. Other current financial assets

(₹ in Million)

	March 31, 2021	March 31, 2020
Unsecured considered good		
Staff advances	1.24	2.50
Interest accrued on fixed deposits and others (refer note 43)	17.44	9.80
Deferred consideration receivable (refer note 41(a))	-	527.54
Unbilled revenue (refer note 43)	911.36	888.68
Subsidy receivables	127.14	136.02
Loan to related party (refer note 43)	6.00	-
Scrips receivables	42.42	44.80
	1,105.60	**1,609.34**

15. Other current assets

(₹ in Million)

	March 31, 2021	March 31, 2020
Unsecured considered good		
Prepaid expenses	165.16	140.29
Balances with statutory / government authorities	88.22	63.77
Advance to suppliers and other advances	133.05	118.90
	386.43	**322.96**

16. Equity share capital

	Equity shares of ₹ 10 each	
	In Numbers	(₹ in Million)
Authorised share capital:		
At April 01, 2019	**15,500,000**	**155.00**
Increase / (decrease) during the year	-	-
At March 31, 2020	**15,500,000**	**155.00**
Increase / (decrease) during the year	-	-
At March 31, 2021	**15,500,000**	**155.00**

(a) Issued equity share capital:

Equity shares of ₹ 10 each issued, subscribed and fully paid

	In Numbers	(₹ in Million)
At April 01, 2019	**12,881,118**	**128.81**
Issue of equity shares (refer note 48(a))	3,723	0.04
At March 31, 2020	**12,884,841**	**128.85**
Issue of equity shares (refer note 48(a))	-	-
At March 31, 2021	**12,884,841**	**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, 2021		March 31, 2020	
	No. of shares held	% holding in class	No. of shares held	% holding in class
Equity shares of ₹ 10 each fully paid				
Apparao V Mallavarapu	6,604,715	51.26%	6,604,715	51.26%
Nikhil Mallavarapu*	589,929	4.58%	589,929	4.58%
Swarnalatha Mallavarapu*	369,150	2.86%	369,150	2.86%
M S Swarnakumari*	12,684	0.10%	12,684	0.10%
HDFC Trustee Company Limited	845,838	6.56%	917,656	7.12%

*Represents shareholders in promoter's group

(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 48(a).

17. Other equity

		(₹ in Million)
Securities premium		
Balance as at April 1, 2019		27.84
Add: received during the year on account of issue of equity shares		0.23
Balance as at March 31, 2020		28.07
Add: received during the year on account of issue of equity shares		-
Balance as at March 31, 2021	**(A)**	**28.07**
General reserve		
Balance as at April 1, 2019		440.26
Balance as at March 31, 2020		440.26
Balance as at March 31, 2021	**(B)**	**440.26**
Retained earnings		
Balance as at April 01, 2019		1,619.82
Profit / (loss) for the year		199.27
Less: Cash dividends		(51.52)
Less: Dividend distribution tax		(10.59)

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

		(₹ in Million)
Add: Remeasurement of post-employee benefit obligations		1.99
Less: Effect on adoption of Ind As 116		(8.84)
Balance as at March 31, 2020		1,750.13
Profit / (loss) for the year		171.56
Less: Cash dividends		(57.98)
Add: Remeasurement of post-employee benefit obligations		1.08
Others		(0.44)
Balance as at March 31, 2021	**(C)**	**1,864.35**
Share based payments reserve		
Balance as at April 1, 2019		61.03
Add: Options granted during the year		23.58
Less: Transferred to capital reserve on exercise of stock options		(0.11)
Less: Transferred to capital reserve and non controlling options on cancellation/lapse of stock options		(82.88)
Balance as at March 31, 2020		1.62
Add: Options granted during the year		0.49
Balance as at March 31, 2021	**(D)**	**2.11**
Capital reserve		
Balance as at April 1, 2019		1.37
Add: Amount transferred on exercise of share options		0.11
Add: Amount transferred on cancellation/ lapse of share options		44.87
Balance as at March 31, 2020		46.35
Balance as at March 31, 2021	**(E)**	**46.35**
Put option liability reserve (refer note 25(2))		
Balance as at April 1, 2019		(96.91)
Add: Fair value changes during the year		(248.06)
Balance as at March 31, 2020		(344.97)
Add: Exercise of put options by non-controlling interest shareholders		63.63
Balance as at March 31, 2021	**(F)**	**(281.34)**
Foreign currency translation difference account (FCTR)		
Balance as at April 1, 2019		8.01
Movement during the year		(2.36)
Transfer to statement of profit / (loss) on disposal of subsidiary		(4.57)
Balance as at March 31, 2020		1.08
Movement during the year		(14.85)

		(₹ in Million)
Transfer of exchange loss to statement of profit / (loss) on exercise of put options		15.96
Balance as at March 31, 2021	**(G)**	**2.19**
Total other equity	**(A+B+C+D+E+F+G)**	
Balance as at March 31, 2020		**1,922.54**
Balance as at March 31, 2021		**2,101.99**

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 of the Group earned till date net of appropriations.

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 48 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)

	March 31, 2021	March 31, 2020
Dividends on equity shares:		
Final dividend for the year ended on March 31, 2020: ₹ 2.5 per share (March 31, 2019: ₹ 4 per share)	32.21	51.52
Dividend distribution tax on final dividend	-	10.59
Interim dividend for the year ended on March 31, 2021: ₹ 2 per share (March 31, 2020: Nil)	25.77	-
	57.98	**62.11**
Proposed dividend on equity shares [1, 2]		
Final dividend for the year ended on March 31, 2021: ₹ 2 per share (March 31, 2020: ₹ 2.5 per share)	25.77	32.21
	25.77	**32.21**

1. Proposed dividend on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including dividend distribution tax thereon) as at March 31st.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

2. The Board of Directors of the Company at its meeting held on June 15, 2021 had recommended a final dividend of 20% (i.e. ₹ 2 per equity share) for the year ended March 31, 2021.

19. Non-current financial liabilities: Borrowings

(₹ in Million)

	March 31, 2021	March 31, 2020
Term loan		
From banks		
Foreign currency term loan (secured) (refer note 25 for details of Current maturities of long term borrowings)[1,2]	59.41	156.34
Foreign currency term loan (unsecured)[3]	556.92	-
From Financial Institutions		
Indian rupee term loan (unsecured) (refer note 25 for details of Current maturities of long term borrowings)[4]	113.98	170.07
Bonds (secured) (refer note 25 for details of Current maturities of long term borrowings)[5]	171.36	165.63
Interest free loan from Government6 (unsecured) (refer note 25 for details of Current maturities of long term borrowings)[6]	186.95	204.42
	1,088.62	**696.46**
The above amount includes		
Secured borrowings	230.77	321.97
Unsecured borrowings	857.85	374.49
	1,088.62	**696.46**

1. Foreign currency term loan availed by the Company amounting to ₹ 26.03 million (March 31, 2020: ₹ 134.34 million) (including current maturities of long term borrowings amounting to ₹ 26.03 million (March 31, 2020: ₹ 107.47 million)) represents term loan taken from a bank and secured by way of :-
   (a) First pari-passu charge on current assets including stock and receivables of the Holding Company;
   (b) First pari-passu charge on present and future fixed assets of the Holding Company; and
   (c) First pari-passu 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.The term loan carries an interest rate of 4.25% per annum (p.a.) (March 31, 2019: 4.25% p.a.) on the outstanding amount of the loan payable at quarterly rests. The term loan is repayable in sixteen equal quarterly instalments from September 2017. The term loan carries an interest rate of 4.25 % per annum (p.a.) (March 31, 2020: 4.25% p.a.) on the outstanding amount of the loan payable at quarterly rests. The term loan is repayable in sixteen equal quarterly instalments from September 2017. The loan is repayable in next one year and hence been classified under current maturties of long term borrowings.
2. Foreign currency term loans availed by Centum Adetel Group SA and its subsidiaries amounting to ₹ 169.95 million (March 31, 2020: ₹ 310.25 million) (including current maturities of long term borrowings amounting to ₹ 110.54 million (March 31, 2020: ₹ 180.78 million)) carries interest rate ranging from 0% to 11% p.a. (March 31, 2020: 2.07% to 11% p.a.) and is secured by way of respective receivables and all other assets present and future of the borrowers along with the bank guarantee.
3. Foreign currency term loan availed by Centum Adetel Group SA and its subsidiaries, amounting to ₹ 556.92 million (March 31, 2020: Nil) carries interest at 0% p.a for the first year and thereafter shall carry interest rate between 0.7% to 0.8% upto end of the tenure and is 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 April 2022.

4. The Indian rupee term loan of ₹ 136.57 million (March 31, 2020: ₹ 171.05 million) including current maturity of ₹ 38.28 million (March 31, 2020; ₹ 33.59 million) from a Financial Institution carries an interest rate of 12% per annum (p.a.) (March 31, 2020: 12% p.a) on the outstanding amount of loan payable. The term loan is repayable in Sixty One unequal monthly instalments from April 2019. The Indian rupee term loan of ₹ 32.61 million (March 31, 2020: ₹ 47.66 million) including current maturity of ₹ 16.92 million (March 31, 2020: ₹ 15.05 million) from a Financial Institution carries an interest rate of 11.75% per annum (p.a.) (March 31, 2020: 11.75% p.a) on the outstanding amount of loan payable. The term loan is repayable in Thirty Six equal monthly instalments from February 2020. The loans are secured by :

   (a) Mortgage on Residential Property of Swarnalata Mallavarapu situated at site no. A-11 and A-12, Manyatha Residency, Rachenahalli Village, K. R. Puram, Hobli, Bengaluru.

   (b) Personal Guarantee of Mrs.Swarnalata Mallavarapu to be restricted to the collateral mortgaged and the value of unpaid loan.

   (c) 4 undated cheques ('UDC') for ₹ 50.00 Million each and 4 undated cheques of ₹ 12.5 million each respectively.

   (d) 3 post dated cheques ('PDC') for ₹ 4.45 Million each and 2 electronic clearing service mandate form with undertaking for ₹ 1.66 million each.

   (e) Invest in SIP-MF (Debt Fund) of ₹ 0.5 Million per month for 24 months.

5. Bonds amounting to ₹ 235.62 million (March 31, 2020: ₹ 331.29 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 S.A. The bond amounting to ₹ 64.26 million is payable in equal monthly instalment upto December 2021 and the balance amounting to ₹ 171.36 million is payable in equal instalments in December 2022 and December 2023.

6. Interest free loan from government amounting to ₹ 224.60 million (March 31, 2020: ₹ 226.90 million) (including current maturities of long term borrowings amounting to ₹ 37.65 million (March 31, 2020: ₹ 22.48 million)) has been provided to carry out research and development activities and is payable on the successful outcome of the research and development.

20. Other non-current financial liabilities

(₹ in Million)

	March 31, 2021	March 31, 2020
Financial liabilities through profit or loss		
Derivatives not designated as hedge		
Interest rate swap (refer note 54)	-	2.00
	-	**2.00**

The Company had entered into an interest rate swap agreement whereby the Company pays a fixed rate of interest of 4.25% p.a. as against the availed floating rate loan (i.e. USD overnight LIBOR + 190bps). The swap is being used to hedge the exposure to changes in the floating interest rates on secured loan (refer note 19). The mark to market fluctuation has been recognised as an expense for the year ended March 31, 2021 and March 31, 2020.

21(a) Net employee defined benefit liabilities

(₹ in Million)

	March 31, 2021	March 31, 2020
Provision for employee benefits		
Provision for gratuity (refer note 44)	57.22	46.05
	57.22	**46.05**

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21(b) Non-current provisions

(₹ in Million)

	March 31, 2021	March 31, 2020
Provision for employee benefits		
Provision for pension (refer note 44)	16.88	17.59
Other provisions		
Provisions for litigations and contingencies	-	28.27
Provisions for loss making contracts*	15.40	7.66
	32.28	**53.52**

(₹ in Million)

	Provisions for litigations and contingencies	Provisions for loss making contracts*
As at April 1, 2019	74.06	6.52
Provision made / (reversed) during the year and amount utilised during the year (net)	(24.73)	1.14
Reclassed to short term provisions (refer note 28)	(21.06)	-
As at March 31, 2020	**28.27**	**7.66**
Provision made / (reversed) during the year and amount utilised during the year (net)	(28.27)	7.74
As at March 31, 2021	**-**	**15.40**

*The provision for losses includes provision for estimated losses on onerous contracts

22. Government Grants

(₹ in Million)

	March 31, 2021	March 31, 2020
Government grants		
At April 1	20.14	23.82
Government grant received during the year	32.12	-
Released to statement of profit and loss	(9.95)	(3.68)
As at March 31	**42.31**	**20.14**
Current	7.87	3.68
Non - current	34.44	16.46

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.

23. Current financial liabilities: Borrowings

(₹ in Million)

	March 31, 2021	March 31, 2020
From banks		
Indian rupee short term loan from banks[1]	199.46	199.46
Cash credit and overdraft from banks [2,3]	68.81	226.82

(₹ in Million)

	March 31, 2021	March 31, 2020
Packing credit loan from banks [2]	638.85	524.47
Foreign currency non-repatriable (FCNR) loan [2]	291.31	363.48
Working capital demand loan (WCDL) [2]	-	180.00
Customers bill discounted / factored [4]	586.72	530.48
	1,785.15	**2,024.71**
The above amount includes		
Secured borrowings	1,785.15	2,024.71
Unsecured borrowings	-	-
	1,785.15	**2,024.71**

1. Secured Indian rupee short term loan from a bank of ₹ 199.46 million (March 31, 2020: ₹ 199.46 million) carries interest at 11.28% p.a. (March 31, 2020: 14% p.a). The loan is secured by way of:
   (a) Charge on current assets including stock and receivables of the Company;
   (b) Charge on present and future fixed assets 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.

2. Cash credit and overdraft from banks, packing credit, FCNR loan and WCDL from banks are payable on demand and are secured by way of :
   (a) Hypothecation of entire stock of raw materials/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 plant and machinery 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 9.70% to 10.80% p.a. (March 31, 2020: 10.00% to 11.45% p.a). The rate of interest of Packing credit from banks ranges from 2.22% to 4.09% p.a. (March 31, 2020: 3.60% to 7.28% p.a.) and that of FCNR ranges from 3.84% to 5.46% p.a. (March 31, 2020: 5.46% to 6.52% p.a.) and that of WCDL at 10.10% p.a (March 31, 2020: 10.10% p.a) payable on monthly basis.

3. Cash credit / overdraft from banks amounting to ₹ 1.88 million (March 31, 2020: ₹ Nil) was availed by Centum Adetel Solution.

4. Customer's bill discounted / factored receivables carries interest rate of 0.09% of the factored invoices including VAT and have recourse to Centum Adeneo Group S.A and its subsidiaries. Refer note 12 for details.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

24. Financial liabilities: Trade payables

(₹ in Million)

	March 31, 2021	March 31, 2020
Trade payables	1,072.17	1,762.69
Trade payables to related parties (refer note 43)	9.37	17.37
	1,081.54	**1,780.06**

a) Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing
- For explanations on the Group's credit risk management processes, refer to note 50(c).
- The dues to related parties are unsecured

25. Other current financial liabilities

(₹ in Million)

	March 31, 2021	March 31, 2020
At amortised cost		
Unpaid dividends	2.65	2.85
Accrued salaries and benefits (refer note 43)	516.28	533.48
Payable for capital goods	4.53	24.02
Current maturities of long term borrowings[1] (refer note 19)	293.68	525.03
Interest payable	20.88	37.87
Interest rate swap (refer note 20 and 54)	0.15	-
Put option liability[2]	397.33	543.00
	1,235.50	**1,666.25**
Note		
1. The details of current maturities of long term borrowings are as follows:		
Term loan		
From banks		
Foreign currency term loan (secured)	136.57	288.25
From Financial Institutions		
Indian rupee term loan (unsecured)	55.20	48.64
Bonds (unsecured)	64.26	165.66
Interest free loan from Government	37.65	22.48
	293.68	**525.03**

2. 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.

   Based on fair value assessment performed by the management of the Group, put options liability as on March 31, 2021 amounts to ₹ 397.33 million (March 31, 2020: 543.00 million).

   During the year ending March 31, 2021, the management has settled a portion of put option liabilitiy, on exercise of options by non controlling interest shareholders.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

26. Other current liabilities

(₹ in Million)

	March 31, 2021	March 31, 2020
Advance from customers	410.71	663.72
Withholding and other taxes / duties payable	552.39	564.72
Deferred revenue		
Related parties (refer note 43)	3.47	16.65
Others	348.46	221.26
Other liabilities	7.93	5.09
	1,322.96	**1,471.44**

27. Net current employee defined benefit liabilities

(₹ in Million)

	March 31, 2021	March 31, 2020
Provision for employee benefits		
Provision for gratuity (refer note 44)	6.27	6.16
	6.27	**6.16**

28. Current Provisions

(₹ in Million)

	March 31, 2021	March 31, 2020
Provision for employee benefits		
Provision for compensated absences	37.64	36.72
Provision for litigations (refer note 21(b))	2.33	21.06
	39.97	**57.78**

29. Liabilities for current tax (net)

(₹ in Million)

	March 31, 2021	March 31, 2020
Provision for taxation, net of advance tax	82.23	77.47
	82.23	**77.47**

30. Revenue from operations

(₹ in Million)

	March 31, 2021	March 31, 2020
Sale of products (refer note 43)	5,027.30	5,451.24
Sale of services	2,640.82	2,722.68
Other operating revenues (refer note 43)		
Management fees	95.14	119.16
Sale of scrips	46.01	117.90
Sales commission	19.54	21.19
Income from foreign subsidies	345.49	400.47
	8,174.30	**8,832.64**

1. Refer note 51 for disclosures under IND AS 115

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

31. Other income

(₹ in Million)

	March 31, 2021	March 31, 2020
Rental income (refer note 45)	3.03	3.03
Provisions / liabilities no longer required, written back	8.61	93.59
Government Grants (refer note 22)	9.95	3.68
Profit on early termination of lease contracts	-	3.58
Fair value gain on financial instruments	2.17	-
Other non-operating income	14.63	14.05
	38.39	**117.93**

32. Finance income

(₹ in Million)

	March 31, 2021	March 31, 2020
Interest income on bank deposits	17.65	27.69
Interest Income - Others (refer note 43)	1.87	7.95
	19.52	**35.64**

33a. Cost of materials consumed

(₹ in Million)

	March 31, 2021	March 31, 2020
Inventory at the beginning of the year	1,664.49	1,741.02
Add: Purchases (refer note 43)	3,038.16	3,544.05
Inventory at the end of the year	(1,427.47)	(1,664.49)
Cost of materials consumed	**3,275.18**	**3,620.58**

33b. Decrease / (increase) in inventories of work-in-progress and finished goods

(₹ in Million)

	March 31, 2021	March 31, 2020
Inventories at the beginning of the year - Work-in-progress / finished goods	693.43	628.01
Less: Inventories at the end of the year - Work-in-progress / finished goods	514.41	693.43
Decrease / (increase) in inventories of work-in-progress and finished goods	**179.02**	**(65.42)**

34. Employee benefits expenses

(₹ in Million)

	March 31, 2021	March 31, 2020
Salaries, wages and bonus (refer note 43)	2,350.54	2,478.48
Contribution to provident and other funds (refer note 44)	600.37	687.56
Employee share based payment (refer note 48)	0.49	23.58
Gratuity expenses (refer note 44)	17.00	15.18
Staff welfare expenses	49.99	51.83
	3,018.39	**3,256.63**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

35. Finance costs

(₹ in Million)

	March 31, 2021	March 31, 2020
Interest on debt and borrowings	222.48	233.35
Interest on lease liabilities (refer note 45)	15.68	9.54
Other borrowing costs	46.53	51.39
Exchange differences	2.58	60.36
Interest on income tax	7.94	13.52
	295.21	**368.16**

36. Depreciation and amortization expenses

(₹ in Million)

	March 31, 2021	March 31, 2020
Depreciation of tangible assets (refer note 3)	178.35	167.62
Amortization of intangible assets (refer note 4)	125.18	117.20
Depreciation of Right-of-use assets (refer note 45)	149.48	129.04
	453.01	**413.86**

37. Other expenses

(₹ in Million)

	March 31, 2021	March 31, 2020
Rent and lease hire charges (refer note 43 and 45)	14.67	58.48
Rates and taxes	86.85	92.72
Power and fuel	53.65	60.90
Repairs and maintenance	92.42	93.18
Insurance	47.35	40.35
Legal and professional fees *	117.11	137.10
Travelling and conveyance	94.00	165.46
Purchase of services	70.27	114.18
Corporate social responsibility expenditure	4.71	5.61
Freight outwards	25.09	21.67
Foreign exchange differences (net)	11.76	83.25
Fair value loss on financial instruments at fair value through profit or loss	-	5.81
Provision for expected credit losses / bad debts written off	101.05	52.75
Directors' sitting fees (refer note 43)	5.02	1.70
Provision for dimunition in value of investments	-	7.11
Miscellaneous expenses	82.45	100.40
	806.40	**1,040.67**

* Payment to auditor (exclusive of taxes)

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

(₹ in Million)

	March 31, 2021	March 31, 2020
As auditor:		
Audit fee (including fees for internal controls over financial reporting, consolidated financial statements of the company and quarterly limited reviews)	5.20	5.20
In other capacity		
Reimbursement of expenses	0.44	0.54
	5.64	**5.74**

38. Exceptional items (net)

(₹ in Million)

	March 31, 2021	March 31, 2020
Employee bonus[1]	-	(105.27)
	-	**(105.27)**

1. Pursuant to the sale of HOLIWATT (formerly known as Centum Adetel Trasportation SAS), as detailed in note 41(a), the management of the Group has given one time bonus amounting to ₹ 105.27 million to key managerial personnel of Centum Adetel Group SA, parent company of HOLIWATT, which had been disclosed under exceptional items in the consolidated financial statement of the Group for the year ended March 31, 2020.

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 statement of profit and loss consist of the following:

(₹ in Million)

	March 31, 2021	March 31, 2020
Tax expenses of continuing operations		
(a) Current tax	85.09	105.47
(b) Adjustment of tax relating to earlier period	2.69	(1.25)
(c) Deferred tax expense / (credit)	(13.88)	(30.43)
(d) Deferred tax expense / (credit) related to items recognized in OCI during the year	0.44	0.81
Tax expenses of discontinued operations		
(a) Current tax	-	-
(b) Deferred tax expense / (credit)	-	-
Total taxes	**74.34**	**74.60**

Reconciliation of estimated income tax to income tax expense is as below:

(₹ in Million)

	March 31, 2021	March 31, 2020
Profit/(loss) before tax from continuing and discontinued operations	**194.29**	**234.94**
Income tax expense at applicable tax rates applicable to individual entities	**85.83**	**102.94**
Tax effect on permanent non-deductible expenses	4.48	7.60
Allowances of expenditure in accordance with section 35(2AB) of the Income Tax Act	-	(15.71)
Adjustments in respect of current income tax of previous years	2.69	(1.25)
Impact on account of change in future tax rates	0.26	8.42
Impact on account of change in tax provisions	2.76	-
Others	(21.68)	(27.40)
Total tax expenses	**74.34**	**74.60**
Income tax reported in the consolidated statement of profit and loss	74.34	74.60
	-	-

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 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.

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.

The following reflects the income and share data used in the basic and diluted EPS computations:

	March 31, 2021	March 31, 2020
Profit attributable to equity holders of the parent:		
Continuing operations (₹ in million)	171.56	203.00
Discontinued operations (₹ in million)	-	(3.73)
Profit attributable to equity holders of the parent for basic / diluted earnings per share (₹ in million)	**171.56**	**199.27**
Weighted average number of equity shares used for computing EPS (basic)	12,884,841	12,884,251
Add: Effect of dilutive issues of stock options	9,474	9,961
Weighted average number of equity shares used for computing EPS (diluted)	12,894,315	12,894,212
Earnings per share for continuing operations - Basic	13.31	15.76
Earnings per share for continuing operations - Diluted	13.30	15.74

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

	March 31, 2021	March 31, 2020
Earnings per share for discontinued operations - Basic and Diluted*	-	(0.29)
Earnings per share for continuing and discontinued operations - Basic	13.31	15.47
Earnings per share for continuing and discontinued operations - Diluted	13.30	15.45

* Considering that the Company has incurred losses from discontinued operations during the year ended March 31, 2020, the allotment of stock options would decrease the loss per share for the year ended March 31, 2020 and accordingly had not been considered for the purpose of calculation of diluted earnings per share for discontinued operations.

41. Discontinued Operations

a) During the year ended March 31, 2019, the management of the Group had decided to sell its investments in HOLIWATT (formerly known as Centum Transportation SAS), step down subsidiary of the Holding Company and accordingly the results of the operation of this entity has been disclosed under discontinued operations. During the year ended March 31, 2020, the Group entered into a share purchase agreement with strategic investor for sale of 65% stake in HOLIWATT for a sale consideration of ₹ 527.54 million (EUR 6.37 million). The management of the Group has a put option to sale its remaining 35% stake at a fixed price as per the share purchase agreement. Further the management has assessed that they exercise significant influence / control over HOLIWATT and has accordingly treated the same as investment in associates in the consolidated financial statements for the year ended March 31, 2020.

The Group had incurred a loss of ₹ 6.88 million on account of HOLIWATT, which had been disclosed under profit / (loss) under discontinued operations in the consolidated financial statement for the year ended March 31, 2020.

b) **(Loss) / Profit from discontinued operations**

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Income		
(a) Revenue from operations	-	441.55
(b) Other income	-	25.34
Total Income (i)	**-**	**466.89**
Expenses		
(a) Cost of materials consumed	-	292.94
(b) Decrease / (increase) in inventories of work-in-progress and finished goods	-	58.32
(c) Employee benefit expenses	-	179.03
(d) Finance costs	-	5.04
(e) Depreciation and amortisation expenses	-	56.44
(f) Other expenses	-	168.82
Total expenses (ii)	**-**	**760.59**
(Loss) / profit before exceptional items, share of (loss) / profit of associates and joint ventures and tax expense from discontinued operations (i-ii)	-	(293.70)
Exceptional items	-	286.82
(Loss)/profit before share of (loss) / profit of associates and joint ventures and tax expense from discontinued operations	-	(6.88)
Share of profit / (loss) of associates and joint ventures from discontinued operations	-	-
(Loss)/profit before tax expense from discontinued operations	**-**	**(6.88)**

Notes to the Consolidated Financial Statements

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(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Tax expenses		
(a) Current tax	-	-
(b) Deferred tax	-	-
(Loss) / profit after tax expense from discontinued operations	**-**	**(6.88)**
(Loss) / profit after tax expense from discontinued operations		
Attributable to		
a) Equity holders of the parent	-	(3.73)
b) Non-controlling interests	-	(3.15)

42. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated 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 acconting thereoof, 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 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 S.A and its underlying subsidiaries. Further, the management of the Group assessed that it exercises significant influence over HOLIWATT (formerly known as Centum Adetel Transportation SAS) and Ausar Energy SAS, based on their assessment of the share purchase agreement.

(b) Discontinued operations:

During the year ended March 31, 2019, the Board of Directors of Centum Adetel Group S.A decided to discontinue HOLIWATT, a wholly owned subsidiary of Centum Adetel Group S.A. The operations of HOLIWATT were classified as an asset held for disposal. During the year ended March 31, 2020, the Group entered into a share purchase agreement with strategic investor for sale of 65% stake in HOLIWATT. However the sale consideration was substantially pending receipt as at March 31, 2020 and the management of the Group was confident of the recoverability of the same. The Board of the Holding Company was of the view that derecognition criteria of assets held for sale is satisfied as at March 31, 2020 for the following reasons:

(i) HOLIWATT was available for immediate sale and could be sold in its current condition

(ii) The shareholders approved the binding share purchase agreement dated January 6, 2020

Notes to the Consolidated Financial Statements

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(iii) The conditions precedent to complete the sale were completed by March 31, 2020.

(iv) The closing meeting minutes evidencing the actions required were signed on April 22, 2020.

(v) The Company expected the remaining procedural formalities for the sale to be completed in near future.

(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.

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. 7.66% 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 with indefinite useful lives recognised by the Group (refer note 4a, 4b and 5).

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 S.A has carried forward of 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 50(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.

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 44.

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, 2021, the carrying amount of intangible assets under development is ₹ 171.27 million (March 31, 2020: ₹ 100.64 million)

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43. Related party transactions

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 Centum Adeneo SAS Centum Adeneo CRD SAS Centum Adetel Synergies SARL Centum Adetel Solution Centum Adetel Equipment Centum Adetel Transportation System SAS HOLIWATT (formerly known as Centum Adetel Transportation SAS)* Centum Adeneo India Private Limited 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 Mr. Nikhil Mallavarapu - Director (w.e.f February 13, 2020) Mr. S Krishnan - Independent Director Mr. Pranav Kumar Patel - Independent Director Mr. Rajiv C Mody - Independent Director Mr. Manoj Nagrath - Independent Director Mr. Thiruvengadam P - Independent Director Mr. K S Desikan - Chief Financial Officer Mrs. Kavitha Dutt - Independent Women Director (appointed w.e.f March 25, 2020) Mr. Nagaraj K V - Company Secretary

* 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.

** Incorporated w.e.f February 20, 2020

b) Summary of transactions and outstanding balances with above related parties are as follows:

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
i) Sale of products		
Associate Companies		
- HOLIWATT	94.71	-
- Ausar Energy SAS	53.39	25.57

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(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
ii) Purchase of goods		
Associate Companies		
- HOLIWATT	61.57	-
iii) Other operating income		
Associate Companies		
- Ausar Energy SAS	-	0.40
iv) Other income / Finance income		
Associate Companies		
- Ausar Energy SAS	1.15	1.07
v) Other expenses - Rent		
Enterprises where key managerial personnel or their relatives exercise significant influence		
- Centum Industries Private Limited	-	3.70
vi) Remuneration to key managerial personnel and their relatives		
Employee benefit expenses (including employee share based payments)		
- Mr. Apparao V Mallavarapu	16.34	17.69
- Mr. Nikhil Mallavarapu	16.20	12.29
- Mr. K S Desikan	8.06	7.86
-Mr. Nagaraj K.V	1.57	1.61
vii) Directors' sitting fees (including commission paid to non-executive directors)		
- Mr. S Krishnan	0.77	0.36
- Mr. Rajiv C Modi	0.66	0.26
- Mr. Pranav Kumar Patel	0.77	0.36
- Mr. Manoj Nagrath	0.77	0.36
- Mr. Thiruvengadam P	0.77	0.36
- Mrs.V Kavitha Dutt	0.66	-
-Mrs. Swarnalatha Mallavarapu	0.62	-
viii) Investment in associates		
Associate Companies		
- HOLIWATT	74.97	-
ix) Loan given to		
Associate Companies		
- HOLIWATT	6.00	-
x) Outstanding balances as at the year ended:		
a) Trade and other receivables - Current		
Associate Companies		
- HOLIWATT	41.72	26.72
- Ausar Energy SAS	77.33	54.61

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(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
b) Trade payables - Current		
Associate Companies		
- HOLIWATT	5.87	16.15
Enterprises where key managerial personnel or their relatives exercise significant influence		
- Centum Industries Private Limited	-	0.22
Payable to key managerial personnel		
- Mr. S Krishnan	0.50	0.20
- Mr. Rajiv C Modi	0.50	0.20
- Mr. Pranav Kumar Patel	0.50	0.20
- Mr. Manoj Nagrath	0.50	0.20
- Mr. Thiruvengadam P	0.50	0.20
- Mrs.V Kavitha Dutt	0.50	-
-Mrs. Swarnalatha Mallavarapu	0.50	-
c) Loans (non-current) - Security deposits		
Enterprises where key managerial personnel or their relatives exercise significant influence		
- Centum Industries Private Limited	0.45	0.45
d) Other current financial asset		
Associate Companies		
- Ausar Energy SAS	8.27	7.19
e) Loan to Related Party		
Associate Companies		
- HOLIWATT	6.00	-
f) Other current financial liabilities - Accrued salaries and benefits-payable/ (recoverable)		
- Mr. Apparao V Mallavarapu	8.75	8.80
- Mr. Nikhil Mallavarapu	7.45	1.75
- Mr. K S Desikan	1.02	0.50
- Mr. Nagaraj K.V	0.15	0.16

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
g) Deferred Revenue		
Associate Companies		
- HOLIWATT	0.02	-
- Ausar Energy SAS	3.45	16.65
h) Personal Guarantee and security issued by directors jointly towards the loan availed by the company (refer note 19)		
- Mrs Swarnalatha Mallavarappu	250.00	250.00

c) Key Managerial Personnel 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, 2021	March 31, 2020
		Number outstanding	Number outstanding
Centum ESOP - 2013	₹ 71.25	3,653	3,653

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 48a 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.

(iii) Refer note 19 and 23 for long term borrowings and short term borrowings respectively with regard to security given by related parties for loans availed by the Group.

44. 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 statement of profit and loss as they accrue. Contributions to provident and other funds included in employee benefits expenses (note 34 and note 41) are as under:

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Contribution to provident fund	31.63	30.29
Contribution to employees' state insurance	4.33	6.60
Contribution to pension fund	564.41	709.85
	600.37	**746.74**

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

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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 statement of profit or loss and amounts recognised in the consolidated balance sheet for gratuity benefit:

i. Net benefit expenses (recognized in the consolidated statement of profit and loss) **(₹ in Million)**

Particulars	March 31, 2021	March 31, 2020
Current service cost	13.35	11.77
Interest cost on defined benefit obligation	3.65	3.41
Net benefit expenses	**17.00**	**15.18**

ii. Remeasurement (gains)/ loss recognised in other comprehensive income: **(₹ in Million)**

Particulars	March 31, 2021	March 31, 2020
Actuarial (gain)/ loss on obligations arising from changes in experience adjustments	(11.61)	(6.77)
Actuarial (gain)/ loss on obligations arising from changes in demographic adjustments	(1.62)	-
Actuarial (gain)/ loss on obligations arising from changes in financial assumptions	11.71	3.97
Actuarial (gain)/ loss recognised in OCI	**(1.52)**	**(2.80)**

iii. Net defined benefit asset/ (liability) **(₹ in Million)**

Particulars	March 31, 2021	March 31, 2020
Defined benefit obligation	(63.49)	(52.21)
Fair value of plan assets	-	-
Asset / (liability) recognised in the balance sheet	**(63.49)**	**(52.21)**

iv. Changes in the present value of the defined benefit obligation are as follows: **(₹ in Million)**

Particulars	March 31, 2021	March 31, 2020
Opening defined benefit obligation	52.21	42.98
Current service cost	13.35	11.77
Benefits paid	(4.20)	(3.15)
Interest cost on the defined benefit obligation	3.65	3.41
Actuarial (gain)/ loss on obligations arising from changes in experience adjustments	(11.61)	(6.77)
Actuarial (gain)/loss on obligations arising from changes in demographic adjustments	(1.62)	-
Actuarial (gain)/ loss on obligations arising from changes in financial assumptions	11.71	3.97
Closing defined benefit obligation	**63.49**	**52.21**

v. The following pay-outs are expected in future years: **(₹ in Million)**

Particulars	March 31, 2021
March 31, 2022	6.27
March 31, 2023	2.57
March 31, 2024	2.85
March 31, 2025	3.78
March 31, 2026	4.02
March 31, 2027 to March 31, 2031	23.47

The average duration of the defined benefit plan obligation at the end of the reporting period is 10 years (March 31, 2020: 10 years).

vi. The principal assumptions used in determining gratuity obligations for the Company's plan are shown below:

Particulars	March 31, 2021	March 31, 2020
Discount rate (in %)	6.57%	6.55%
Salary escalation (in %)	10.00%	7.00%
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 - 57 Yrs : 1%
Retirement age	60 years	58 years
Mortality Rate	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2012-14) Ultimate

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.

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vii. A quantitative sensitivity analysis for significant assumption is as shown below: **(₹ in Million)**

Particulars	March 31, 2021	March 31, 2020
Discount rate		
Impact on defined benefit obligation due to 1% increase in discount rate	(6.18)	(4.44)
Impact on defined benefit obligation due to 1% decrease in discount rate	6.44	4.73
Salary escalation rate		
Impact on defined benefit obligation due to 1% increase in salary escalation rate	4.43	2.76
Impact on defined benefit obligation due to 1% decrease in salary escalation rate	(3.58)	(2.57)

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Attrition rate		
Impact on defined benefit obligation due to 1% increase in attrition rate	(0.19)	0.26
Impact on defined benefit obligation due to 1% decrease in attrition rate	0.04	(0.35)

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.

45. 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 equipment 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 equipment	Vehicles	Leased computer	Total
Gross block					
As at April 1, 2019	**891.20**	**-**	**45.64**	**32.92**	**969.76**
Additions	334.53	12.72	6.71	3.97	357.93
Translation adjustment	54.97	-	3.14	1.79	59.90
Disposals / cancellations	(358.17)	-	-	-	(358.17)
As at March 31, 2020	**922.53**	**12.72**	**55.49**	**38.68**	**1,029.42**
Additions	130.35	24.38	42.51	36.11	233.35
Translation adjustment	30.34	-	1.91	1.09	33.34
Disposals / cancellations	(351.25)	-	(26.21)	(7.41)	(384.87)
As at March 31, 2021	**731.97**	**37.10**	**73.70**	**68.47**	**911.24**
Accumulated depreciation					
As at April 1, 2019	651.57	-	25.86	17.99	695.42
Charge for the year	109.62	0.27	10.80	8.35	129.04
Translation adjustment	45.75	-	2.32	1.43	49.50
Disposals / cancellations	(301.24)	-	-	-	(301.24)
As at March 31, 2020	**505.70**	**0.27**	**38.98**	**27.77**	**572.72**
Charge for the year	106.24	3.60	22.88	16.76	149.48
Translation adjustment	16.15	-	1.12	0.70	17.97
Disposals / cancellations	(351.25)	-	(26.21)	(7.41)	(384.87)
As at March 31, 2021	**276.84**	**3.87**	**36.77**	**37.82**	**355.30**
Net Block as on March 31, 2021	**455.13**	**33.23**	**36.93**	**30.65**	**555.94**
Net Block as on March 31, 2020	**416.83**	**12.45**	**16.51**	**10.91**	**456.70**

The carrying amounts of liabilities recognised and the movements during the year is as follows:

(₹ in Million)

	Amount
As at April 1, 2019	298.32
Additions to right-of-use asset	357.93
Additions to capital advances	6.97
Accretion of Interest	9.54
Translation adjustment	17.43
Reversal of lease liabilities on early cancellation of lease contracts	(60.69)
Payments	(151.72)

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(₹ in Million)

	Amount
As at March 31, 2020	**477.78**
Additions to right-of-use asset	233.35
Utilisation of capital advances	(6.97)
Accretion of Interest	15.68
Translation adjustment	15.04
Payments	(176.00)
As at March 31, 2021	**558.88**

	March 31, 2021	March 31, 2020
Current	139.64	103.43
Non Current	419.24	374.35

The maturity analysis of lease liabilities are disclosed in Note 50.

The effective interest rate for lease liabilities is 1.6% to 12%.

The following are the amounts recognised in profit or loss: (₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Depreciation expense of right-of-use assets	149.48	129.04
Interest expense on lease liabilities	15.68	9.54
Profit on early termination of lease contracts	-	(3.58)
Expense relating to short-term leases and leases of low-value assets (included in other expenses) (refer note 37)	14.67	58.48
Total amount recognised in profit or loss	**179.83**	**193.48**

The Group had total cash outflows for leases of ₹ 190.67 million in March 31, 2021 (March 31, 2020: 210.20 million).

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, 2021	March 31, 2020
Rental Income	3.03	3.03
	3.03	**3.03**

46. Commitments and Contingencies

(a) Estimated amount of contracts remaining to be executed on capital account and not provided for:

(₹ in Million)

	March 31, 2021	March 31, 2020
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	30.62	76.90

- Also refer 41(a) for details

(b) 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 financial statements, if material. For potential losses that are considered possible, but not probable, the Group provides disclosure in the consolidated 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, 2021	As at March 31, 2020
Corporate guarantees	337.58	371.76
Bank guarantees*	31.11	56.92

* 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 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.

(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 *	As at March 31, 2021	As at March 31, 2020
Matters relating to direct taxes under dispute:		
- Income tax	48.34	48.34
Matters relating to indirect taxes under dispute:		
- Sales tax	-	6.49
- Excise, cenvat credit availment and customs duty	84.77	85.77
- Goods and service tax	15.36	-
Others:		
- Stamp duty levy	16.28	16.28
- Other claims against the Group not acknowledged as debts	38.77	64.46

* 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.

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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 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.

47. 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, associates and joint ventures 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".

(b) Geographical information

(₹ in Million)

Geography	Segment revenue*		Non-current assets**	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
India	2,028.44	2,388.40	1,272.60	1,310.24
Europe and UK	5,332.32	5,124.68	1,309.00	1,336.36
North America	679.55	1,010.51	150.46	59.44
Rest of the world	133.99	309.04	-	-
Total	**8,174.30**	**8,832.64**	**2,732.06**	**2,706.04**

*Revenue by geographical area are based on the geographical location of the customers.

**Non-current assets excludes financial instruments and tax assets.

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48a. 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 / joint venture (whether in India or outside India), who are in whole time employment with the Company and/or it's subsidiaries / joint venture.

The plan is administered by a Compensation committee. Options will be issued to employees of the Company and/or it's subsidiaries / joint venture 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.

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:

	Year ended March 31, 2021 Centum ESOP - 2013	Year ended March 31, 2020 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)	₹ 279.42	₹ 279.42
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%

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, 2021		For the year ended March 31, 2020	
	Number of options	WAEP	Number of options	WAEP
Options outstanding at April 1,	19,026	279.42	22,749	245.35
Granted during the period	-	-	-	-
Forfeited / lapsed during the period	-	-	-	-
Exercised during the period	-	-	3,723	71.25
Expired during the period	-	-	-	-
Options outstanding at March 31,	**19,026**	**279.42**	**19,026**	**245.35**
Exercisable at March 31,	17,276	243.19	15,526	198.80

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The options outstanding as at March 31, 2021 had an exercise price of ₹ 279.42 (March 31, 2020: ₹ 279.42) and the weighted average remaining contractual life of 7.21 years (March 31, 2020: 8.21 years).

D Expense recognised in the consolidated statement of profit and loss

The expense recognised for employee services received during the year is shown in the following table:

(₹ in Million)

	March 31, 2021	March 31, 2020
Expense arising from equity settled share based payment transaction (refer note 34)	0.49	0.49

E Stock options granted to other employees of the Group

The Company had granted stock options to employees of Centum Rakon India Private Limited, under ESOP plans as detailed in note 48a(A) above. The Company had an obligation to settle the transaction with the aforementioned entity's employees by providing it's own equity shares. Therefore, in accordance with Ind AS 102, the Company had measured its obligation in accordance with the requirements applicable to equity settled share-based payment transaction.

48b Share-based payments in a subsidiary of the Company

The Group along with its subsidiary had agreed that the Management Shareholders of Centum Adetel Group S.A. shall be issued 58,425 additional free shares in the Centum Adetel Group S.A. The issuance of these shares was contingent on the achievement of certain revenue and EBIT targets by the Centum Adetel Group S.A. on a consolidated basis, which had been detailed in the Shareholders Agreement dated July 5, 2016.

The fair value of the aforementioned share options had been measured using Binomial Lattice model by an independent external valuer. The fair value of the options and the input used in the measurement of the fair values by independent external valuer were as follows:

	Revenue target	EBIT target
Issue date of the share options	July 1, 2016	July 1, 2016
Maturity date of the share options	December 31, 2019	December 31, 2019
Fair value of shares of the subsidiary at grant date	Euro 16.14	Euro 16.14
Volatility (%)	5.80%	17.30%
Risk free rate (%)	0.49%	0.49%
Maximum number of shares	58,425	58,425
Binomial Tree Metrics - Up move probability (%)	50.80%	49.20%
Binomial Tree Metrics - Down move probability (%)	49.20%	50.80%

Movements during the year

	For the year ended March 31, 2021	For the year ended March 31, 2020
	Number of options	
Options outstanding at April 1,	-	58,425
Granted during the period	-	-
Exercised during the period	-	-
Cancelled/lapsed during the period	-	58,425
Expired during the period	-	-
Options outstanding at March 31,	**-**	**-**
Exercisable at March 31,	-	-

The exercise of options was contingent on the achievement of certain revenue and EBIT targets which had been detailed in the Shareholders Agreement dated July 5, 2016. During the year ended March 31, 2020, all the options granted had lapsed as result of non-achievement of revenue and EBIT targets.

Expense recognised in the consolidated statement of profit and loss

The expense recognised for the aforementioned share options is shown in the following table:

(₹ in Million)

	March 31, 2021	March 31, 2020
Expense arising from equity settled share based payment transaction (refer note 34)	-	23.09

49 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 total debt divided by total capital plus total 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.

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Borrowings (refer note 19, 23 and 25)	3,167.45	3,246.20
Less: Cash and cash equivalents (refer note 13)	411.48	136.02
Total debts (A)	**2,755.97**	**3,110.18**
Capital components		
Equity share capital (refer note 16)	128.85	128.85
Other equity (refer note 17)	2,101.99	1,922.54
Total Capital (B)	**2,230.84**	**2,051.39**
Capital and borrowings (C = (A+B))	**4,986.81**	**5,161.57**
Gearing ratio (D=(A/C))	**55%**	**60%**

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. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings.

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2021 and year ended March 31, 2020.

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50. 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 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, 2021 and March 31, 2020 (excluding those pertaining to discontinued operations, refer note 41)

As at March 31, 2021 **(₹ in Million)**

Particulars	Fair value through statement of profit or loss	Derivative instruments not in hedging relationship	Amortised cost	Total fair value	Total carrying value
Financial assets					
(i) Investments (other than investments in associates)	23.11	-	-	23.11	23.11
(ii) Trade receivables	-	-	2,161.21	2,161.21	2,161.21
(iii) Cash and cash equivalents	-	-	411.48	411.48	411.48
(iv) Bank balances other than cash and cash equivalents	-	-	340.32	340.32	340.32
(v) Loans and other financial assets	-	-	1,287.74	1,287.74	1,287.74
Total	**23.11**	**-**	**4,200.75**	**4,223.86**	**4,223.86**
Financial liabilities					
(i) Borrowings	-	-	3,167.45	3,167.45	3,167.45
(ii) Lease liabilities	-	-	558.88	558.88	558.88
(iii) Trade payables	-	-	1,081.54	1,081.54	1,081.54
(iv) Derivative instrument - Interest rate swap	-	0.15	-	0.15	0.15
(v) Put option liability	-	397.33	-	397.33	397.33
(vi) Other financial liabilities	-	-	544.34	544.34	544.34
Total	**-**	**397.48**	**5,352.21**	**5,749.69**	**5,749.69**

As at March 31, 2020 **(₹ in Million)**

Particulars	Fair value through statement of profit or loss	Derivative instruments not in hedging relationship	Amortised cost	Total fair value	Total carrying value
Financial assets					
(i) Investments (other than investments in associates)	14.27	-	-	14.27	14.27
(ii) Trade receivables	-	-	2,489.09	2,489.09	2,489.09
(iii) Cash and cash equivalents	-	-	136.02	136.02	136.02

As at March 31, 2020 (₹ in Million)

Particulars	Fair value through statement of profit or loss	Derivative instruments not in hedging relationship	Amortised cost	Total fair value	Total carrying value
(iv) Bank balances other than cash and cash equivalents	-	-	356.44	356.44	356.44
(v) Loans and other financial assets	-	-	1,937.84	1,937.84	1,937.84
Total	**14.27**	**-**	**4,919.39**	**4,933.66**	**4,933.66**
Financial liabilities					
(i) Borrowings	-	-	3,246.20	3,246.20	3,246.20
(ii) Lease liabilities	-	-	477.78	477.78	477.78
(iii) Trade payables	-	-	1,780.06	1,780.06	1,780.06
(iv) Derivative instrument - Interest rate swap	-	2.00	-	2.00	2.00
(v) Put option liability	-	543.00	-	543.00	543.00
(vi) Other financial liabilities	-	-	598.22	598.22	598.22
Total	**-**	**545.00**	**6,102.26**	**6,647.26**	**6,647.26**

(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, 2021				
Financial assets				
Investments (other than investments in associates)	23.11	9.32	-	13.79
Financial liabilities				
Borrowings	3,167.45	-	3,167.45	-
Derivative instrument - Interest rate swap	0.15	-	0.15	-
Put option liability	397.33	-	397.33	-

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

(₹ in Million)

Particulars	Fair value measurements at reporting date using			
	Total	Level 1	Level 2	Level 3
March 31, 2020				
Financial assets				
Investments (other than investments in associates)	14.27	0.50	-	13.77
Financial liabilities				
Borrowings	3,246.20	-	3,246.20	-
Derivative instrument - Interest rate swap	2.00	-	2.00	-
Put option liability	543.00	-	543.00	-

(i) Short-term financial assets and liabilities are stated at carrying value which is approximately equal to their fair value.

(ii) Foreign exchange forward contracts and interest rate swaps are fair valued using market observable rates and published prices together with forecasted cash flow information where applicable.

(iii) 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.

(iv) There have been no transfers between Level 1, Level 2 and Level 3 for the years ended March 31, 2021 and March 31, 2020.

(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.

(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, 2021		
	+50	(5.27)
	-50	5.27
March 31, 2020		
	+50	(7.93)
	-50	7.93

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 rate as at March 31, 2021 and March 31, 2020. The Group's exposure to foreign currency changes for all other currencies are not material.

(Amount in Million)

Particulars	Currency	March 31, 2021	March 31, 2020
Trade payables and borrowings (including short term borrowing and long term borrowing)	USD	(16.45)	(26.76)
Trade receivables and cash and cash equivalents	USD	9.26	14.57
Net assets / (liabilities) in USD in million		(7.19)	(12.19)
Net assets / (liabilities) in ₹ in million		(524.32)	(918.27)

(Amount in Million)

Particulars	Currency	March 31, 2021	March 31, 2020
Trade payables and borrowings (including short term borrowing and long term borrowing)	EUR	(0.70)	(1.54)
Trade receivables and cash and cash equivalents	EUR	0.63	0.12
Net assets / (liabilities) in EUR in million		(0.07)	(1.42)
Net assets / (liabilities) in ₹ in million		(5.93)	(117.02)

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

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. The Group's exposure to foreign currency changes for all other currencies is not material.

(₹ in Million)

Particulars	Change in currency	Effect on profit or loss	
		Strengthening	Weakening
March 31, 2021			
USD	5%	(26.22)	26.22
EURO	5%	(0.30)	0.30
March 31, 2020			
USD	5%	(45.91)	45.91
EURO	5%	(5.85)	5.85

The sensitivity analysis has been based on the composition of the financial assets and liabilities at March 31, 2021 and March 31, 2020 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 ₹ 4,223.86 million and ₹ 4,933.66 million as at March 31, 2021 and March 31, 2020, respectively, being the total carrying value of trade receivables, balances with bank, bank deposits, investments (other than investments in associates and joint ventures) and other financial assets (excluding assets held for disposal).

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.

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.

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, 2021				
Borrowings	2,079.73	1,076.00	12.62	3,168.35
Lease liabilities	139.64	326.24	130.21	596.09
Trade payables	1,081.54	-	-	1,081.54
Other financial liabilities	941.82	-	-	941.82
	4,242.73	**1,402.24**	**142.83**	**5,787.80**
March 31, 2020				
Borrowings	2,550.91	696.46	-	3,247.37
Lease liabilities	103.43	235.30	170.78	509.50
Trade payables	1,780.06	-	-	1,780.06
Other financial liabilities	1,141.22	2.00	-	1,143.22
	5,575.62	**933.76**	**170.78**	**6,680.15**

51. Disclosure under Ind AS 115

a) Timing of rendering of services

March 31, 2021 **(₹ in Million)**

Particulars	Performance obligation satisfied at point in time	Performance obligation satisfied over time*	Total
Sale of products	5,027.30	-	5,027.30
Sale of services	-	2,640.82	2,640.82
Management fees	-	95.14	95.14
Sale of scrips	46.01	-	46.01
Sales commission	19.54	-	19.54
Income from government grants	-	345.49	345.49
Total	**5,092.85**	**3,081.45**	**8,174.30**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

March 31, 2020 **(₹ in Million)**

Particulars	Performance obligation satisfied at point in time	Performance obligation satisfied over time*	Total
Sale of products	5,451.24	-	5,451.24
Sale of services	-	2,722.68	2,722.68
Management fees	-	119.16	119.16
Sale of scrips	117.90	-	117.90
Sales commission	21.19	-	21.19
Income from government grants	-	400.47	400.47
Total	**5,590.33**	**3,242.31**	**8,832.64**

* 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:

Particulars	March 31, 2021 (₹ in Million)	March 31, 2020 (₹ in Million)
Receivables (refer note 12)		
- Current (Gross)	2,240.10	2,609.44
- Impairment allowance (Allowance for bad and doubtful debts)	(78.89)	(120.35)
Contract assets:*		
Unbilled revenue (refer note 14b)		
- Current	911.36	888.68
Contract Liabilities* (refer note 26)		
Deferred revenue		
- Current	351.93	237.91
Advance from customers		
- Current	410.71	663.72

*A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group 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.

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract

c) Revenue recognised during the year

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Arising out of contract liabilities as at the beginning of the year	678.49	758.30
	678.49	**758.30**

d) Revenue recognised during the year from the performance obligation satisfied upto previous year (arising out of contract modifications) amounts to ₹ Nil (March 31, 2020: ₹ Nil)

52. 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

(₹ in Million)

Particulars	Country of incorporation and operation	March 31, 2021	March 31, 2020
Centum Adetel Group SA	France	64.66%	54.15%

2 Accumulated balances of material non-controlling interest:

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Centum Adetel Group SA*	123.97	187.93

* Before consolidation adjustments

3 (Loss) / profit allocated to material non-controlling interest:

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Centum Adetel Group SA*	(28.98)	(13.59)

* 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, 2021	March 31, 2020
Non-current assets		
Property, plant and equipment	100.88	125.04
Capital work-in-progress	0.78	-
Other intangible assets	114.51	121.57
Intangible assets under development	171.27	100.64
Right-to-use assets	494.69	405.84
Financial assets	638.91	700.17
Total	**1,521.04**	**1,453.26**
Current assets		
Inventories	158.00	147.31
Financial assets	2,663.10	2,783.79
Other current assets	251.73	187.91
Total	**3,072.83**	**3,119.01**

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for the year ended March 31, 2021

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Non-current liabilities		
Financial liabilities	1,360.96	824.62
Provisions	32.28	74.58
Total	**1,393.24**	**899.20**
Current liabilities		
Financial liabilities	1,540.25	2,002.70
Other current liabilitites	1,309.60	1,260.49
Total	**2,849.85**	**3,263.19**
Total equity	**350.78**	**409.88**
Attributable to:		
Equity holders of parent	226.81	221.95
Non-controlling interests	123.97	187.93

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, 2021	March 31, 2020
A. Continuing operations			
I	**Income**		
	Revenue from operations	4,162.01	4,086.77
	Other Income	19.41	48.80
	Finance Income	1.27	3.84
	Total Income	**4,182.69**	**4,139.41**
II	**Expenses**		
	Cost of materials consumed	1,262.00	932.47
	Decrease / (increase) in inventories of work-in-progress and finished goods	1.64	(1.40)
	Employee benefit expenses	2,245.13	2,352.20
	Finance costs	118.19	88.46
	Depreciation and amortization expenses	221.48	207.93
	Other expenses	391.72	473.95
	Exceptional Items	-	117.73
	Total Expenses	**4,240.16**	**4,171.34**
III	Share of (loss) / profit of associates and joint ventures (net)	(15.34)	(10.87)
	Profit before tax from continuing operations (I-II+III)	(72.81)	(42.80)
IV	Tax Expenses from continuing operations	-	(1.25)

(₹ in Million)

Particulars		March 31, 2021	March 31, 2020
V	Profit / (Loss) after tax from continuing operations (IV - V)	(72.81)	(41.55)
VI	(Loss) / profit before tax from discontinued operations	-	(15.32)
VII	Profit / (Loss) for the year (V+VI)	(72.81)	(56.87)
VIII	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	14.16	27.22
IX	Total comprehensive income for the year (VII + VIII)	(58.65)	(29.65)
	Attributable to non-controlling interest	(28.98)	(13.59)

6 **Summarised cashflow information:**

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Cash flow from operating activities	(182.77)	343.36
Cash flow from investing activities	341.89	(80.52)
Cash flow from financing activities	51.01	(152.08)
Net increase in cash & cash equivalents	**210.13**	**110.76**

53. Previous year numbers have been reclassified/regrouped wherever necessary to confirm to current year classifications. The management believes that such reclassifications of items are not material as they would, individually or collectively, not influence the economic decisions that users make on the basis of the consolidated financial statements.

54. Hedging activities and derivatives

The Group uses foreign exchange forward contracts and interest rate swaps 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. The Group does not hold or issue derivative financial instruments for trading purposes. All transactions in derivative financial instruments are undertaken to manage risks arising from underlying business activities.

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Derivative instrument - Interest rate swap (refer note 20 and 25)	**0.15**	**2.00**

55. The spread of COVID-19 pandemic and consequent national and local lockdowns and supply chain disruptions had an impact on the Group's business operations. The year began amidst a strict lockdown post the emergence of COVID -19 towards the end of the last financial year. The economy gradually opened post June 2020 and the second half of the year was progressing towards recovery. However a much stronger second wave of COVID -19 infections have had disruptions to several business operations subsequent to March 31, 2021. The Group has made a detailed assessment of its liquidity position as at the date of approval of these consolidated financial statements for the next one year and of the recoverability and carrying values of its assets including Property, plant and equipment (including capital work in progress), Goodwill, Intangible assets, Intangible assets under development, Trade receivables

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

including unbilled revenue, Subsidy receivables, Inventory, Investments and other assets as at the reporting date and has concluded that there are no material adjustments required in the consolidated financial statements. Management believes that it has taken into account all the possible impact of known events and economic forecasts based on internal and external sources of information arising from COVID-19 pandemic while making such assessment in the preparation of the consolidated financial statements. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration.

56. As at March 31, 2021, trade payables amounting to ₹ 24.89 million, advance from customers amounting to ₹ 43.12 million and trade receivables amounting to ₹ 20.19 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'), which states that payments against imports of goods are required to be made within twelve months from date of shipment, shipment of goods against advances received are required to be made within twelve months from the date of receipt of advances and receipts against exports of goods and services are required to be made within fifteen months from date of shipment respectively. 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.

57. 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.

58. Certain amounts (currency value or percentages) shown in the various tables and paragraphs included in these consolidated 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**
ICAI Firm Registration Number: 101049W/E300004
Chartered Accountants

per **Sandeep Karnani**
Partner
Membership Number: 061207

Place: Bengaluru
Date: June 15, 2021

For and on behalf of Board of Directors of
Centum Electronics Limited

Apparao V Mallavarapu
Chairman and Managing Director
DIN: 00286308

S. Krishnan
Director
DIN: 01807344

Nagaraj K.V
Company Secretary
Membership number: 35639

K. S. Desikan
Chief Financial Officer

Place: Bengaluru
Date: June 15, 2021

Place: Bengaluru
Date: June 15, 2021

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 28th Annual General Meeting

Notice is hereby given that the Twenty Eighth Annual General Meeting of the Members of **Centum Electronics Limited** will be held on Thursday, August 12, 2021 at 4 p.m. through Video Conferencing ("VC") to transact the following business:

ORDINARY BUSINESS

Item No.1 – Adoption of Financial Statements

a) To receive, consider and adopt the standalone audited financial statements of the Company for the financial year ended March 31, 2021, 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.

b) To receive, consider and adopt the consolidated audited financial statements of the Company for the financial year ended March 31, 2021, 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.2 – Declaration of Dividend

To declare a final Dividend of ₹ 2.00 per equity share (i.e. 20%) of ₹ 10/- each and to confirm the payment of interim Dividend of ₹ 2.00 per equity share (i.e. 20%) of ₹ 10/- each paid during the financial year 2020-21.

Item No.3 – Retirement of Director by rotation

To appoint a Director in place of Dr. Swarnalatha Mallavarapu (DIN: 00288771), who retires by rotation and being eligible, offers herself for the re-appointment.

SPECIAL BUSINESS

Item No.4 – Remuneration payable to the Cost Auditors

To consider and if thought fit, to pass with or without modification(s), 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 (Registration No. 10625), appointed as Cost Auditors by the Board of Directors to audit the cost records of the Company for the financial year 2021–22, 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."

Item No.5 – Re-appointment of Mr. Thiruvengadam P (DIN: 00016375) as an Independent Director of the Company

To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

"**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 ("Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV of the Act and Regulation 17 and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, Mr. Thiruvengadam P (DIN: 00016375), Independent Director of the Company who has submitted a declaration that he meets the criteria of independence as provided in Section 149(6) of the Act and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in respect of whom the Company has received a notice in writing from a Member under Section 160(1) of the Act proposing his candidature for the office of Director and who is eligible for re-appointment, be and is hereby re-appointed as an Independent Director of the Company to hold office for second term commencing from February 8, 2021 to

December 27, 2025 or till such earlier date to conform with the policy on retirement and as may be determined by any applicable statutes, rules, regulations or guidelines and whose office shall not be 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."

By Order of the Board of Directors
For Centum Electronics Limited

Place: Bengaluru
Date: June 15, 2021

Nagaraj K V
Company Secretary &
Compliance Officer

Registered Office:
No.44, KHB Industrial Area
Yelahanka New Town
Bangalore – 560 106
CIN: L85110KA1993PLC013869

NOTES:

1. In view of the COVID-19 pandemic, the Ministry of Corporate Affairs (MCA) has, vide Circular dated January 13, 2021 read with circulars dated May 5, 2020, April 8, 2020 and April 13, 2020 (collectively "**MCA Circulars**"), permitted companies to conduct Annual General Meeting (AGM) through Video Conferencing (VC) or other Audio Visual means, subject to compliance of various conditions mentioned therein. In compliance with the MCA Circulars and applicable provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the 28th AGM of the Company is being convened and conducted through VC.

2. The Company has enabled the Members to participate at the 28th AGM through the VC facility provided by KFin Technologies Private Limited, Registrar and Share Transfer Agents. The instructions for participation by Members are given in the subsequent paragraphs. Participation at the AGM through VC shall be allowed on a first-come-first-served basis.

3. As per the provisions under the MCA Circulars, Members attending the 28th AGM through VC 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 28th AGM being held through VC.

5. Members joining the meeting through VC, 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 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 e-voting period, 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 at 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 28th AGM is being held through VC as per the MCA Circulars, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be made available for the 28th 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 and vote on their behalf. Institutional investors are encouraged to attend and vote at the meeting through VC.

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 Tuesday, August 3, 2021 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 Monday, September 6, 2021 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 accessing 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 accessing 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 August 3, 2021.

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, respective shares lying in

the pool account and unpaid dividend amount be transferred to the Investor Education and Protection Fund. Members who have not encashed or claimed the dividend for the earlier years are requested to approach the Company / Registrar & Transfer Agents and whose shares transferred to IEPF can claim by making an application in form IEPF-5 to IEPF Authority through Companies Nodal Officer and Registrar & Transfer Agents 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 Private 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 so as to be able to freely transfer them.

16. In line with the MCA Circulars, the notice of the 28th AGM along with the Annual Report 2020-21 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 2020-21 will also be available on the Company's website at https://www.centumelectronics.com/annual-report/, 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 Private Limited at https://evoting.kfintech.com.

17. 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 Private Limited, Selenium, Plot 31 & 32, Gachibowli Financial District, Nanakramguda, Hyderabad-500 032.

    Members may note that pursuant to the MCA Circulars, the Company has enabled a process for the limited purpose of receiving the Company's annual report and notice for the Annual General Meeting (including remote e-voting instructions) electronically, and Members may temporarily update their email address by accessing the link https://ris.kfintech.com/clientservices/mobilereg/mobileemailreg.aspx

18. 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.

19. 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 their appointment/ re-appointment.

20. The following documents will be available for inspection by the Members electronically during the 28th 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.

21. 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 Private Limited
    Selenium Tower B, Plot Nos.31 & 32, Financial District
    Nanakramguda, Serilingampally Mandal, Hyderabad – 500032
    Toll Free No.1800 309 4001
    Email: einward.ris@kfintech.com

22. 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.

23. 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:

24. The Company has entered into an agreement with KFin Technologies Private Limited (KFin) for facilitating e-voting and for conducting the Annual General Meeting through Video Conferencing. The instructions are as follows:

i. In compliance with the provisions of Section 108 of the Companies Act, 2013 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 KFin, on all the resolutions set forth in this Notice. The instructions for e-Voting are given herein below.

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 Monday, August 9, 2021 at 9.00 a.m. to Wednesday, August 11, 2021 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 Thursday, August 5, 2021, 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, if 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 KFin 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 KFin 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 (e-AGM) of the Company on KFin system to participate e-AGM and vote at the AGM.

1. Details on Step 1 are mentioned below:

Login method for remote e-Voting for Individual shareholders holding securities in demat mode.

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	**1. User already registered for IDeAS facility:** I. Visit URL: https://eservices.nsdl.com II. Click on the "Beneficial Owner" icon under "Login" under 'IDeAS' section. III. On the new page, enter User ID and Password. Post successful authentication, click on "Access to e-Voting" IV. 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: I. To register click on link: https://eservices.nsdl.com II. Select "Register Online for IDeAS" or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp

Type of shareholders	Login Method
	III. Proceed with completing the required fields. IV. Follow steps given in points 1
	3. Alternatively by directly accessing the e-Voting website of NSDL: I. Open URL: https://www.evoting.nsdl.com/ II. Click on the icon "Login" which is available under 'Shareholder/Member' section. III. 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. IV. Post successful authentication, you will requested to select the name of the company and the e-Voting Service Provider name, i.e. KFin. V. On successful selection, you will be redirected to KFin e-Voting page for casting your vote during the remote e-Voting period.
Individual Shareholders holding securities in demat mode with CDSL	**1. Existing user who have opted for Easi / Easiest** I. Visit URL: https://web.cdslindia.com/myeasi/home/login or URL: www.cdslindia.com II. Click on New System Myeasi III. Login with your registered User ID and Password. IV. The user will see the e-Voting Menu. The Menu will have links of ESP i.e. KFin e-Voting portal. V. Click on e-Voting service provider name to cast your vote.
	2. User not registered for Easi/Easiest I. Option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration II. Proceed with completing the required fields. III. Follow the steps given in point 1
	3. Alternatively, by directly accessing the e-Voting website of CDSL I. Visit URL: www.cdslindia.com II. Provide your demat Account Number and PAN No. III. System will authenticate user by sending OTP on registered Mobile & Email as recorded in the demat Account. IV. After successful authentication, user will be provided links for the respective ESP, i.e **KFin** where the e-Voting is in progress.
Individual Shareholder login through their demat accounts / Website of Depository Participant	I. You can also login using the login credentials of your demat account through your DP registered with NSDL /CDSL for e-Voting facility. II. 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. III. Click on options available against company name or e-Voting service provider – **KFin** and you will be redirected to e-Voting website of **KFin** for casting your vote during the remote e-Voting period without any further authentication.

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**

2. 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 KFin which will include details of E-Voting Event Number (EVEN), User ID and Password. They will have to follow the following process:

i. Launch internet browser by typing the URL: https://emeetings.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) xxxx, 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 KFin 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.,). The system will prompt you to change your password and update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. 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 "EVENT" 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. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.

x. You may then cast your vote by selecting an appropriate option and click on "Submit".

xi. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution (s), you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).

xii. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are also 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."

(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 following 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 KFin, 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.

3. 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 KFin. 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/ KFin. 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 Tuesday, August 10, 2021 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 served 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 KFin. On successful login, select 'Speaker Registration' which will opened from Sunday, August 8, 2021 at 9.00 a.m. to Tuesday, August 10, 2021 at 5.00 p.m. 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 KFin. On successful login, select 'Post Your Question' option which will opened from Sunday, August 8, 2021 at 9.00 a.m. to Tuesday, August 10, 2021 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 (KFin Website) or contact Mr. N Shiva Kumar, Deputy Manager, at shivakumar.n@kfintech.com / evoting@kfintech.com or call KFin 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 Thursday, August 5, 2021, 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. In case a person has become a Member of the Company after dispatch of AGM Notice but on or before the cut-off date for E-voting, he/she may obtain the User ID and Password in the manner as mentioned below:

i. If the mobile number of the member is registered against Folio No./ DP ID-Client ID, the member may send SMS: MYEPWD <space> E-Voting Event Number+Folio No. or DP ID-Client ID to 9212993399

1. Example for NSDL:
2. MYEPWD <SPACE> IN12345612345678
3. Example for CDSL:
4. MYEPWD <SPACE> 1402345612345678
5. Example for Physical:
6. MYEPWD <SPACE> XXXX1234567890

ii. If e-mail address or mobile number of the member is registered against Folio No. / DP ID-Client ID, then on the home page of https://evoting.kfintech.com/, the member may click "Forgot Password" and enter Folio No. or DP ID-Client ID and PAN to generate a password.

iii. Members who may require any technical assistance or support before or during the AGM are requested to contact KFin at toll free number 1-800-309-4001 or write to them at evoting@kfintech.com.

VI. 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.

25. Members who may require any technical assistance or support before or during the AGM are requested to contact KFin Technologies Private Limited at toll free number 1-800-3094-001 or write to them at evoting@kfintech.com.

By Order of the Board of Directors
For Centum Electronics Limited

Place: Bengaluru
Date: June 15, 2021

Nagaraj K V
Company Secretary &
Compliance Officer

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013

Pursuant to Section 102 of the Companies Act, 2013 ('the Act'), the following Explanatory Statement sets out all material facts relating to the business mentioned from Item No. 4 and Item No. 5 of the accompanying Notice dated June 15, 2021:

Item No. 4:

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 have considered the appointment of M/s. K.S. Kamalakara & Co., Cost Accountants (Registration No. 10625) as the Cost Auditors of the Company for the financial year 2021-22 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 2021-22.

The Board of Directors recommends the Ordinary Resolution as set out in Item No. 4 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. 4 of the accompanying Notice except to the extent of their Shareholding, if any in the Company.

Item No. 5:

Mr. Thiruvengadam P (DIN: 00016375) was appointed as an Independent Director on the Board of the Company pursuant to the provisions of Section 149 of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 17 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 to hold office for a term of 5 years effective from February 8, 2016 ("first term" in line with the explanation to Sections 149(10) and 149(11) of the Companies Act, 2013).

Mr. Thiruvengadam P is being eligible for re-appointment for a second term on the Board of the Company as an Independent Director, not liable to retire by rotation, effective from February 8, 2021 to December 27, 2025, subject to approval of the Shareholders by a Special Resolution.

The Board, based on the recommendations of the Nomination and Remuneration Committee and given his background, experience, performance evaluation and contributions made by him, is in the opinion that the continued association of Mr. Thiruvengadam P, would be beneficial to the Company and accordingly, it is desirable to continue to avail his services as an Independent Director of the Company.

The Company has received a declaration from Mr. Thiruvengadam P, confirming that he meets the criteria of independence as prescribed under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time. Further, he 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 Director of the Company.

Details of Mr. Thiruvengadam P whose re-appointment as an Independent Director is proposed at Item No.5 is provided in the "Annexure" to the Notice pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions.

None of the Directors or the Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in this resolution except to the extent of their shareholding (if any) and Directorship in the Company, being an appointee in the respective resolution.

The Board of Directors of the Company in their Board Meeting held on June 15, 2021 have approved the above proposal and recommends the **Special Resolution** set-out in Resolution No.5 of the Notice for consent and approval by the Shareholders.

By Order of the Board of Directors
For Centum Electronics Limited

Place: Bengaluru
Date: June 15, 2021

Nagaraj K V
Company Secretary &
Compliance Officer

Details of the Directors seeking re-appointment at the 28th Annual General Meeting {Pursuant to Regulation 36(3) of the SEBI (LODR) Regulations, 2015 and Secretarial Standard on General Meeting}

1. Dr. Swarnalatha Mallavarapu:

Name of the Director	Dr. Swarnalatha Mallavarapu
Date of birth	12.10.1956
Age (in years)	65
Date of appointment	26.03.2015

Qualifications:

Dr. Swarnalatha Mallavarapu (Latha) received her Ph. D. in Physics and worked in some of the premier research institutes in India and the US. The major research Labs she worked at are, The US Air Force Weapons Labs in Albuquerque, the Indian Institute of Science in Bangalore and the R&D division of Bharat Electronics Limited. She is an Alumnus of the Indian Institute of Science. Her research in thin films and devices for applications such as optical Coatings, super conducting coatings, magnetic memory devices, etc., have been well recognized. Her work has been published in several reputed international and national scientific journals and conferences.

No. of shares held in the Company	3,69,150
Names of listed entities in which she holds the Directorship as on March 31, 2021	Centum Electronics Limited
Chairman/Member of the Committees of the listed entities Board as on March 31, 2021	Member of CSR Committee
Inter-se relationship with other Directors	Dr. Swarnalatha Mallavarapu is related to Mr. Apparao V Mallavarapu, Chairman & Managing Director and Mr. Nikhil Mallavarapu, Executive Director.

Expertise in specific functional areas:

Dr. Latha spent time as a consultant to Industries in the US such as Coretek in Boston and X-Media Corporation and Wyrnet in California, before she established Centum Industries in the year 2004.

Dr. Latha was also a government nominated member of the Syndicate of Bangalore University (2001 to 2004), which is the executive body of the University administration. She has actively contributed in the execution of reforms and policies, having taken on various leadership roles, to evolve proper systems and processes in the University administration.

Furthermore, she was on the board of directors for the Bangalore Stock Exchange. She has also held many positions in FICCI Ladies Organization (FLO) including serving as the senior vice chair of the Karnataka Chapter.

2. Mr. Thiruvengadam P:

Name of the Director	Mr. Thiruvengadam P
Date of birth	28.12.1951
Age (in years)	70
Date of appointment	08.02.2016

Qualifications:

- Member of The Institute of Cost Accountants of India
- Graduate from Indian Institute of Technology, Madras with a B.Tech
- Post Graduate Diploma in Industrial Engineering from T.I.P.I.E, NPC

No. of shares held in the Company	Nil	
Names of listed entities in which he holds the Directorship as on March 31,2021	1. Centum Electronics Limited 2. Fine Organic Industries Limited 3. Western India Plywoods Limited	
Chairman/Member of the Committees of the listed entities Board as on March 31, 2021	Name of the Company	Name of the Committee
	Centum Electronics Limited	Member of Audit Committee Chairman of CSR Committee
	Fine Organic Industries Limited	Chairman of Nomination & Remuneration Committee Member of Audit Committee Member of Risk Management Committee
	Western India Plywoods Limited	Member of Audit Committee
Inter-se relationship with other Directors	Nil	

Expertise in specific functional areas:

Mr. Thiruvengadam was a Senior Director of the Deloitte Touche Tohmatsu India Pvt. Ltd (DTTIPL) providing leadership to the HR Transformation practice and has retired from the position in 2015. He has over 40 years of experience in management consultancy with a breadth of experience in India, the Middle and Far East Asia and other Countries. His main areas of expertise in Management Consulting include Business Process Improvement, Team Leadership, Strategic Planning, Business Strategy, HR Strategy, Talent Management, Change Management, HR Transformation and related Advisory Services. Mr. P. Thiruvengadam is a B. Tech from IIT Madras and a Post Graduate Diploma in Industrial Engineering from T.I.P.I.E. NPC and a fellow member of the Institute of Cost Accountants of India. His social interest includes working with Voluntary Organisations.

CENTUM

Centum Electronics Limited

TEAMWORK | TECHNOLOGY | TRUST

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