



TEAM WORK | TECHNOLOGY | TRUST



Centum Electronics Limited

ANNUAL REPORT

2017-2018

COMPANY INFORMATION

Company Secretary
RAMU AKKILI

Statutory Auditors
S R BATLIBOI & ASSOCIATES LLP

Internal Auditors
KPMG

Bankers
State Bank of India
Citibank N.A.
Kotak Mahindra Bank
HDFC Bank
Yes Bank

Share Transfer Agents
M/s Karvy Computershare Private
Limited, Karvy Selenium Tower B,
Plot 31-32, Gachibowli, Financial
District, Nanakramguda,
Hyderabad - 500032.

CENTUM ELECTRONICS LIMITED

Registered Office: No. 44, KHB Industrial Area, Yelahanka New Town, Bengaluru - 560 106.

CIN - L85110KA1993PLC013869

www.centumelectronics.com

INNOVATION IMPLEMENTATION TRANSFORMATION

Centum is the industry leader providing complete range of electronic design and manufacturing products and solutions to Defence & Aerospace, Space, Industrial, Transport, Communication and Medical sectors.

In its relentless journey towards profitable growth, Centum continuously innovates, driving changes, implementing them to transform itself and explore new horizons.

OUR OFFERINGS



Design & Engineering services



Built to Specification (BTS)



Built to Print (BTP)



Built to Market (BTM)



OUR MARKETS



Defence & Aerospace



Industrial



Automotive & Transportation



Medical



Communication

OUR FOOTPRINTS



7

GLOBAL DESIGN
LOCATIONS

5

MANUFACTURING
LOCATIONS



REVENUE

INR 8682 MILLION

EXPORTING TO
> 17 COUNTRIES

EMPLOYEES

2212

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Annual General Meeting
FRIDAY, SEPTEMBER 14TH, 2018

Time
11.30 A.M.

Venue
CENTUM ELECTRONICS LIMITED,
44, K H B INDUSTRIAL AREA
YELAHANKA NEW TOWN
BENGALURU - 560 106

QUALITY POLICY

“All our Products and Services will meet the expectations of our Customers and Stake-Holders in Quality, Technology and Value.

This commitment is achieved through effective teamwork of every Employee, Supplier and Customer.

We will develop, maintain and continually improve a Documented System and enhance Quality of all our Products, Processes and Services and Promote Customer trust and Satisfaction.”

Apparao V Mallavarapu
Chairman & Managing Director

BOARD OF DIRECTORS



APPARAO V
MALLAVARAPU

Chairman & Managing
Director



RAJIV C MODY

Independent Director



S. KRISHNAN

Independent Director



MANOJ NAGRATH

Independent Director



PRANAV PATEL

Independent Director



DR. SWARNALATHA
MALLAVARAPU

Director



P. THIRUVENGADAM

Independent Director

MANAGEMENT



APPARAO V
MALLAVARAPU

Chairman & Managing
Director, Centum Group



FRANCOIS SEBES

CEO, Centum Adetel



K S DESIKAN

Group CEO &
Head of Strategy



VINCENT FRADIN

CEO, Centum Adetel



VINOD CHIPPALKATTI

Vice President Strategic
Electronics



XAVIER BENOIT

Chief Technical Officer,
Centum Adetel



OLIVIER PEQUET

CEO, Centum Adetel
Transportation Solutions



NIKHIL MALLAVARAPU

Vice President
Corporate Development



REPORTS & FINANCIALS

S.No: 2017-18

NOTICE OF THE 25TH ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty Fifth Annual General Meeting of the Members of Centum Electronics Limited will be held on Friday, September 14, 2018 at 11.30 am at 'No.44, KHB Industrial Area, Yelahanka Newtown, Bangalore – 560 106 to transact the following business:

ORDINARY BUSINESS

Item No.1 – Adoption of financial statements

To consider and adopt the audited financial statements (including the consolidated financial statements) of the company for the financial year ended March 31, 2018 and the reports of the Board of Directors ('the Board') and Auditors thereon.

Item No.2 – Confirmation of payment of Interim dividend

To confirm the payment of Interim dividend on Equity Shares for the financial year 2017-18.

Item No.3 – Retirement of Directors by rotation

To appoint a Director in place of Dr. Swarnalatha Mallavarapu, who retires by rotation and being eligible, offers herself for the re-appointment.

SPECIAL BUSINESS

Item No.4 – Remuneration payable to the Cost Auditor

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, 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 FY 2018–19, be paid a remuneration of ₹ 100,000 (Rupees One Lac) per annum plus applicable taxes and out-of-pocket

expenses that may be incurred during the course of audit."

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

Apparao V Mallavarapu
Chairman & Managing Director
DIN : 00286308

Place: Bangalore

Date: May 30, 2018

NOTES:

1. A member entitled to attend and vote at the Annual General Meeting (AGM) is entitled to appoint a proxy or proxies to attend and vote instead of himself and a proxy need not be a member of the company. The instrument appointing the proxy, in order to be effective, must be deposited with the company and signed, not less than FORTY-EIGHT HOURS before the meeting. Proxies submitted on behalf of the companies, societies, etc., must be supported by appropriate resolutions/authority, as applicable.
2. The relative explanatory statement pursuant to Section 102 (1) of the Companies Act, 2013 in respect of Special Business is set annexed hereto.
3. The Register of members and Share Transfer books will remain closed from 8th September 2018 to 14th September 2018 (both days inclusive) for the purpose of ascertaining the members eligible to vote on the resolutions of the Meeting.
4. Members holding shares in dematerialized form are requested to intimate all the changes pertaining to their bank details, National Electronic Clearing Service (NECS), Electronic Clearing Service (ESC), mandates, nominations, power of attorney, change of address, e-mail address, contact numbers, etc., to their Depository Participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the company and

NOTICE OF THE 25TH ANNUAL GENERAL MEETING

the company's Registrars and Transfer Agents, M/s Karvy Computershare Private Limited (Karvy) to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to Karvy.

5. To support the 'Green initiative', members who have not registered their e-mail addresses are requested to register the same with Karvy/Depositories.
6. Nomination facility: It is to bring to the notice of all the Members, individual Members are entitled to make a nomination in respect of the shares held by them. The Members, who desire to send their nominations, are requested to send the Nomination in Form-2B (in duplicate) to the Registrars and Share Transfer Agents of the company for registering the nominations, if any.
7. Members attending the Annual General Meeting are requested to bring the following with them (as applicable):
 - a) Members holding shares in dematerialized form, their DP & Client ID Number(s).
 - b) Members holding shares in physical form, their folio number,
 - c) Copy of the Annual Report & Notice (2017-18).
 - d) The Attendance Slip duly completed & signed in terms of specimen signature lodged with the company.
 - e) Member companies / Institutions are requested to send a copy of the resolution of their Board /Governing Body, authorizing their representative to attend and vote at the Annual General Meeting.
8. In compliance with the provisions of section 108 of the Act and the Rules framed thereunder and

Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by Karvy, on all the resolutions set forth in this Notice. Members, who do not have access to the e-voting facility, can send their assent or dissent in writing in respect of the resolutions as set out in this Notice (Ballot Form enclosed).

The instructions for e-voting are as under:

- A. In case a Member receives an e-mail from Karvy (for Members whose e-mail addresses are registered with the Company/ Depositories):
 - i. Launch internet browser by typing the URL <https://evoting.karvy.com>
 - ii. Enter the login credentials (i.e., User ID and password mentioned below). Event No. followed by Folio No./ DP ID-Client ID will be your User ID. However, if you are already registered with the Karvy for e-voting, you can use your existing User ID and password for casting your vote.
 - iii. After entering these details appropriately, Click on "LOGIN".
 - iv. You will now reach the password change menu wherein you are required to mandatorily change your password. The new password shall comprise of 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

NOTICE OF THE 25TH ANNUAL GENERAL MEETING

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 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 in “AGAINST” but the total number in “FOR/ AGAINST” taken together should not exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the shareholder does not indicate either “FOR” or “AGAINST” it will be treated as “ABSTAIN” and the shares held will not be counted under either head.
 - vii. Shareholders holding multiple folios/demat accounts shall choose the voting process separately for each folios/demat accounts.
 - viii. 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.
 - ix. You may then cast your vote by selecting an appropriate option and click on “Submit”.
 - x. A confirmation box will be displayed. Click on “OK” to confirm else “CANCEL” to modify. Once you confirm, you will 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).
 - xi. Corporate/Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG format) of the relevant Board Resolution/ Authority letter, etc., together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to cs@nagarajsp818.com.
 - xii. In case of any queries, you may refer the Frequently Asked Questions (FAQs) - Shareholders and e-voting user manual - Shareholders, available at the downloads section of www.evoting.karvy.com.
 - xiii. In case a person has become the Member of the Company after the dispatch of AGM Notice but on or before the cut-off date i.e., 7th September, 2018, may write to Karvy on the email id: shivakumar.n@karvy.com or to Mr. Shivakumar, Contact No. 040-67161653 or at 18003454001 (toll free), at [Unit: Centum Electronics Limited] Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032, requesting for the User ID and Password. After receipt of the above credentials, please follow all the steps from Sl. No. (i) to (xii) as mentioned in (A) above, to cast the vote.
- B. In case a Member receives physical copy of the Notice of AGM (for Members whose email addresses are not registered with the Company/Depositories):

NOTICE OF THE 25TH ANNUAL GENERAL MEETING

- i. User ID and password- these will be sent separately.
 - ii. Please follow all steps from Sl. No. (i) to (xii) as mentioned in (A) above, to cast your vote.
- C. Other Instructions:
- i. The e-voting period commences on Monday, 10th September 2018 (10.00 a.m. IST) and ends on Thursday, 13th September 2018, (5.00 p.m. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the Cut off date, 7th September 2018, may cast their vote electronically. The e-voting module shall be disabled by Karvy for voting thereafter. Once the vote on a resolution is cast by the Member, he shall not be allowed to change it subsequently.
 - ii. Further, members who could not exercise the voting as above, can vote through Ballot form (enclosed to the notice). The duly completed Ballot form should reach the Scrutinizer at [The Scrutinizer, [Unit: Centum Electronics Limited] Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032, not later than Thursday, 13th September 2018. Ballot forms received after this date will be treated as invalid.
 - iii. The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on the Cut off date. A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on cut-off date only shall be entitled to avail the facility of e-voting, voting through Postal Ballot as well as voting at the AGM.
 - iv. The members of the company, holding shares either in physical form or in dematerialized form, as on the cut-off date and not casting their vote electronically or Ballot form, can cast their vote at the Annual General Meeting.
 - v. Members can opt for only one mode of voting, i.e., either by e-voting or Ballot form. In case Members cast their votes through both the modes, voting done by e-voting shall prevail and votes cast through Ballot form shall be treated invalid. The Members who have cast their vote by e-vote or Ballot Form, prior to the meeting can also attend the meeting but shall not be entitled to cast their vote again.
 - vi. Mr. S.P. Nagarajan, Practicing Company Secretary (Membership No. ACS 10028), has been appointed as the Scrutinizer to scrutinize the e-voting, ballot paper including the votes casted on the resolutions at the Annual General Meeting in a fair and transparent manner.
 - vii. The Scrutinizer shall, immediately after the conclusion of the voting at the AGM, would count the votes in presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, to the Chairman or a person authorized by him.
9. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.centumelectronics.com immediately after the results are declared. The Company shall simultaneously forward the results to the BSE Limited (BSE) and National Stock Exchange of India Limited (NSE), where the shares of the Company are listed.

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

Apparao V Mallavarapu
Chairman & Managing Director
DIN : 00286308

Place: Bangalore
Date: May 30, 2018

NOTICE OF THE 25TH ANNUAL GENERAL MEETING

Explanatory Statement under Section 102 (1) of the Companies Act, 2013

Item No. 4:

As the shareholders may be aware that pursuant to Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the Company is required to appoint a cost auditor to audit the cost records of the Company.

The Board of Directors of your company considered and approved the appointment of M/s. K.S. Kamalakara & Co., Cost Accountants (Registration No. 10625) as cost auditor for the FY 2018–19 at a remuneration of Rs. 100,000 per annum plus applicable service tax and reimbursement of out of-pocket expenses.

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 Directors, Key Managerial Personnel, or their relatives are in any way, concerned or interested, in the said resolution.

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

Apparao V Mallavarapu
Chairman & Managing Director
DIN : 00286308

Place: Bangalore
Date: May 30, 2018

NOTICE OF THE 25TH ANNUAL GENERAL MEETING

Details of Directors seeking appointments/re-appointments at the forthcoming Annual General Meeting.

1. Dr. Swarnalatha Mallavarapu	
Name of the Director	Dr. Swarnalatha Mallavarapu
Date of birth	12.10.1956
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	369,250
List of companies in which Directorship held as on 31st March 2018	1. Centum Electronics Limited 2. Centum Industries Private Limited
Chairman/Member of the mandatory Committees of the Board of the companies on which she is a Director as on 31st March 2018.	NIL

Expertise in specific functional areas:

Dr. Swarnalatha Mallavarapu (Latha) is the Managing Director of Centum Industries Private Limited.

Dr. Latha also 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) and recently serve as the Chairperson of the Bengaluru Chapter.

DIRECTORS' REPORT

Your Directors have pleasure in presenting their Twenty Fifth Annual Report on the business and operations of your Company and the audited Statement of Accounts for the year ended 31st March 2018.

1. FINANCIAL HIGHLIGHTS

₹ in Million

Particulars	Consolidated		Standalone	
	2017-18	2016-17	2017-18	2016-17
Revenue	8,682	7,337	3,664	4,092
Profit before Depreciation and Interest	363	779	21	535
Depreciation	336	232	120	80
Interest	162	89	93	46
Profit/(-)Loss before tax	-135	458	-192	409
Profit after tax	-145	372	-215	308

2. PERFORMANCE

During the current year of operations, your company has registered a consolidated revenue of ₹ 8682 million, an increase of about 13% compared to the previous financial year. Your company posted Loss of ₹145 million for the year.

At standalone level, a revenue of ₹ 3664 million, a decrease of about 10% compared to the previous financial year. Your company posted Loss of ₹ 215 million for the year.

3. Subsidiaries and Joint ventures

a. Centum Adetel Group S.A.

During the year, Centum Adetel Group S.A. the subsidiary company, has registered revenue of ₹ 5,030 million and posted a profit of ₹142 million.

b. Centum Rakon India Private Limited

During the year, Centum Rakon India Private Limited (CRI), the joint venture company, has registered revenue of ₹ 696 million and incurred a loss of ₹ 52 million.

Based on the discussion with the Joint venture partner and the strategy of the company, it was decided to sell off the shares held in CRI for a consideration of US\$ 5.50 Million. The transaction has been completed in May 2018 and as agreed 75% of the consideration

is received and the remaining 25% will be received on completion of transition or eighteen months from the date of signing, whichever is earlier.

Statement containing salient features of the financial statement of subsidiary is attached herewith as Annexure – I

The company has adopted IND AS in preparation of financial statements with effect from 1st April 2017 in pursuance of the requirements of Companies (Indian Accounting Standards (IND AS)) Rules 2015. The Consolidated financial statements were prepared by including the financials of Centum Adetel Group S.A. and the share of loss in the case of CRI.

4. DIVIDEND

Pursuant to the approval of the Board of Directors on 13th February 2018, your Company paid an interim dividend of ₹1/- per equity share of face value of ₹ 10/-each, to shareholders who were on the register of members as on 22nd February 2018, being the record date fixed for this purpose. The total dividend payout was ₹12.86 million for the year ended March 31, 2018.

5. CONSOLIDATED FINANCIAL STATEMENTS AND SUBSIDIARY

The Consolidated Financial statements have been prepared by the Company in accordance with the

DIRECTORS' REPORT

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.

6. 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.

7. 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.

8. DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year under review there was no change in the composition of Board of Directors/Key Managerial Personnel.

Pursuant to the provisions of Section 152 of the

Companies Act, 2013 and the Articles of Association of the Company, Dr. Swarnalatha Mallavarapu will retire by rotation at the 25th Annual General Meeting and being eligible, has offered herself for re-appointment.

a. Declaration by independent directors

The Company has received necessary declaration from each Independent Director under Section 149(7) of the Companies Act, 2013, that he 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.

b. 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.

c. Remuneration Policy

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 as required under Section 178(3) of the Companies Act, 2013. The policy is available on the company website www.centumelectronics.com. There has been no change in the policy since the last fiscal year.

d. Meetings

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

During the year, the company has convened five meetings of the Board of directors and four meetings

DIRECTORS' REPORT

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.

9. 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, 2018, 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, 2018 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 Meetings issued by the Institute of Company Secretaries of India, as applicable to the Company, during the financial year ended 31 March 2018.

10. 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 an 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 website.

Your directors draw attention of the members to Note 40 to financial statement which sets out the related party disclosures.

11. AUDITORS

a. Statutory auditors

The members at the 24th 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/E3000004) 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 statutory audit report for the year 2017-18 does not contain any qualification, reservation or adverse remark or disclaimer made by statutory auditor.

b. Secretarial audit

The Board has appointed Ms. Aarthi G Krishna,

DIRECTORS' REPORT

Practicing Company Secretary, to conduct Secretarial Audit for the financial year 2017-18. The Secretarial Audit Report for the financial year ended March 31, 2018 is annexed herewith as Annexure II to this report.

The said secretarial audit report does not contain any qualification, reservation or adverse remark or disclaimer made by the secretarial auditor.

12. 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 31 March 2018 as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed (Annexure III) and forms part of this report.

13. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, RESEARCH & DEVELOPMENT AND FOREIGN EXCHANGE EARNINGS AND OUTGO.

The particulars prescribed under subsection (3) (m) of Section 134 of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, are provided in Annexure - IV attached to this report.

14. PARTICULARS OF EMPLOYEES

The ratio of remuneration of each whole-time director and key managerial personnel (KMP) to the median of employees' remuneration as per Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is appended as Annexure - IX.

Further, the information on the employees drawing salary more than the limits as prescribed under the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, will be provided upon request.

However, as per the provisions of Section 136 of the Act, the Report and Accounts are being sent to the

Members and others entitled thereto, excluding the information on employees' particulars. The same is available for inspection by the Members 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.

15. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The details of loans, guarantees and investments within the meaning of Section 186 of the Companies Act, 2013, are provided under Note 40 of the audited financial statements.

16. 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 Annual Report on CSR activities is annexed herewith as Annexure - V.

17. 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.

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

18. PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT AT WORK PLACE

The Company has zero tolerance for sexual harassment at workplace and has formulated a Policy

DIRECTORS' REPORT

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 2017-18.

19. EXTRACT OF ANNUAL RETURN

The extract of the Annual Return as at 31 March 2018 in Form MGT-9 is annexed and forms part of this Report as Annexure – VI.

20. MANAGEMENT DISCUSSION AND ANALYSIS

In compliance with the requirements of the listing agreement, the Management Discussion and Analysis Report giving details of the company's business and operating results is attached to this report as Annexure – VII.

21. EMPLOYEE STOCK OPTION PLAN

As a measure of rewarding the employees, your company had introduced an Employee Stock Option Plan (ESOP) during year 2007 & 2013.

The particulars prescribed under Guideline 12.1 of the SEBI (Employee Stock Option scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are given in the Annexure - VIII attached to this report.

22. 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.

23. 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 Excise 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 the order of the Board
For **Centum Electronics Limited**

Apparao V Mallavarapu
Chairman & Managing Director
DIN : 00286308

S. Krishnan
Director
DIN : 01807344

Place: Bangalore
Date: May 30, 2018

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]

(₹ in Million)

Part "A" : Subsidiaries

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	Proposed dividend	% of Shareholding by the company
1	Centum Electronics UK Limited	GBP	508	(3)	506	1	-	-	(1)	-	(1)	-	100.0%
2	Centum Adatel Group SA (CAG)	EUR	375	1,155	3,116	1,586	69	250	9	-	9	-	54.15%
3	Centum Adatel Synergies SARL	EUR	1	(21)	38	59	-	91	(13)	-	(13)	-	held by CAG 100%
4	Centum Adareo SAS	EUR	43	669	2,011	1,300	-	2,889	284	-	284	-	held by CAG 100%
5	Centum Adareo CRD SAS	EUR	0	(35)	88	123	-	366	(3)	-	(3)	-	held by CAG 100%
6	Centum Adareo India Private Ltd	INR	1	(8)	28	34	-	33	(4)	(0)	(4)	-	held by CAG 99%
7	Adatel Maroc SA	MAD	23	(63)	97	138	-	(17)	(12)	(0)	(12)	-	held by CAG 99%
8	Adatel Equipment Maroc SA	MAD	10	(105)	24	119	-	-	(8)	(0)	(8)	-	held by Adatel Maroc 96.09%
9	Centum Adatel Transportation System ("CATS")	EUR	0	(35)	1,068	1,093	-	-	(16)	-	(16)	-	held by CAG 100%
10	Centum Adatel Transportation Solution SAS	EUR	192	(381)	960	1,148	-	791	(156)	-	(156)	-	held by CATS 100%
11	9308-4929 Québec Inc (Centum Adatel Solution Canada)	CAD	5	42	399	351	-	483	14	(0)	14	-	held by CATS 100%
12	9301-3336 Québec Inc (Centum Adatel Equipment Canada)	CAD	2	19	257	235	-	342	20	(5)	15	-	held by CATS 100%

Part "B" : Associates and Joint Ventures

1	Centum Rakon India Private Limited, India	INR	56	524	872	292	-	696	(60)	(8)	(52)	-	51.0%
2	Ausar Energy SAS	EUR	148	21	374	205	-	48	(34)	(0)	(34)	-	held by CAG 30.45%
3	SandHI SAS	EUR	7	(2)	22	17	-	3	1	-	1	-	held by CAG 50%

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

[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
Bangalore

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, 2018 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, 2018 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;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

- (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, 1998.⁴
- (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; ⁵

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.

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

My opinion on the Board Structures/systems and process during the Audit period as reported above is subject to the following observations;

- (i) No director retired by rotation at the Annual General Meeting.

I further report that during the audit period the company has:

- (i) Allotted 1,16,988 equity shares of Rs. 10/- each to employees who exercised their option under the Employee Stock Option Plans.

- (ii) Obtained approval of the Members through postal ballot for sale of 51% stake held in Centum Rakon India Private Limited to Rakon Limited.

AARTHI G KRISHNA

Name of Company Secretary in practice

Place : Bengaluru

FCS No.: 5706

Date : 30th May, 2018

C P No.: 5645

To be read with our 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 (Share Based Employee Benefits) Regulations, 2014.
- 4 Including SEBI (Buy-back of Securities) (Amendment) Regulations, 2015.
- 5 and SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015.

To,
The Members,
Centum Electronics Limited
Bangalore

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.

AARTHI G KRISHNA

Company Secretary in practice

Place : Bengaluru

FCS No.: 5706

Date : 30th May, 2018

C P No.: 5645

CORPORATE GOVERNANCE REPORT

ANNEXURE – III

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 composition of the Board is 7 members. There are 5 independent directors on the Board of the company. The composition of the Board of Directors as at March 31, 2018 is as follows:

Name of the Director	Category	Designation	Number of other Directorships *	Number of Board Committees Membership/ Chairmanship**
Mr. Apparao V Mallavarapu	Executive and Non Independent	Chairman & Managing Director	4	3
Mr. S. Krishnan	Non-Executive and Independent	Director	2	3
Mr. Manoj Nagrath	Non-Executive and Independent	Director	1	3
Mr. Rajiv C Mody	Non-Executive and Independent	Director	4	3
Mr. Pranav Kumar Patel	Non-Executive and Independent	Director	1	1
Dr. Swarnalatha Mallavarapu	Non-Executive and Non Independent	Director	1	-
Mr. Thiruvengadam P	Non-Executive and Independent	Director	2	1

* Only the Directorships of the Indian Companies have been taken into consideration.

** List includes Centum Electronics Limited.

None of the Directors of the company were members in more than ten committees or acted as chairman of more than five companies across all companies in which they are directors.

None of the Independent Non-Executive directors of the company have any pecuniary relationships or transactions with the company.

b) Board Meetings

The Board has met Five times during the financial year 2017-18 i.e. on May 30, 2017, September 14, 2017,

CORPORATE GOVERNANCE REPORT

December 6, 2017, February 13, 2018 and February 26, 2018. The details of the attendance of each director at the board meetings and the last Annual General Meeting ('AGM') are as given below:

Name of the Director	Number of meetings attended	Attendance at the last AGM
Mr. Apparao V Mallavarapu	5	Yes
Mr. S. Krishnan	5	Yes
Mr. Manoj Nagrath	5	Yes
Mr. Rajiv C Mody	2	Yes
Mr. Pranav Kumar Patel	5	Yes
Dr. Swarnalatha Mallavarapu	5	Yes
Mr. Thiruvengadam P	4	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 2017-18. The Code of Conduct is available on the company's website (www.centumelectronics.com)

Familiarisation programs for Board members

At the time of appointing a Director, a formal letter of appointment is given to him, which inter alia explains the role, function, duties and responsibilities expected of him 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.

3) BOARD COMMITTEES

The Board of Directors has constituted 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.

CORPORATE GOVERNANCE REPORT

- 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 of the audit committee is as follows:

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

The Chairman of the Audit Committee is an Independent Director.

CORPORATE GOVERNANCE REPORT

The audit committee has met 4 times during the financial year i.e., May 30, 2017, September 14, 2017, December 6, 2017, and February 13, 2018. The details of the attendance at such meetings are as follows:

Name of the Member	Number of Meetings Held during the year	Number of meetings attended during the year
Mr. Manoj Nagrath	4	4
Mr. Apparao V Mallavarapu	4	4
Mr. S. Krishnan	4	4
Mr. Pranav Kumar N Patel	4	4
Mr. Thiruvengadam P*	4	3

The Company Secretary acts as the Secretary to the Committee.

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 Section 178 of the Companies Act, 2013, the Board has constituted the "Nomination and Remuneration Committee".

The composition of the committee is as follows:

Mr. Manoj Nagrath	Chairman	Non-executive
Mr. S. Krishnan	Member	Non-executive
Mr. Rajiv C Mody	Member	Non-executive
Mr. Apparao V Mallavarapu	Member	Executive

During the year, the company has paid a sitting fee of ₹ 20,000/- per meeting (Board and Audit Committee) attended in person/through Video conference.

The Company Secretary acts as the Secretary to the Committee.

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.

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.

CORPORATE GOVERNANCE REPORT

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

Compliance Officer – Mr. Ramu Akkili, Company Secretary

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 01.04.2017 to 31.03.2018

Sl. No.	Nature of Complaints	Opening Balance	Received	Redressed	Pending
1.	Non-receipt of securities	NIL	20	20	NIL
2.	Non receipt of Dividend Warrants	NIL	119	119	NIL
3.	Non receipt of Annual reports	NIL	10	10	NIL
4.	Others	NIL	328	328	NIL
	Total	NIL	477	477	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. Manoj Nagrath	Chairman
Mr. Apparao Mallavarapu	Member
Mr. S. Krishnan	Member
Dr. Swarnalatha Mallavarapu	Member

e) Independent Directors' Meeting

The Independent Directors have reviewed the performance of the Board, its Chairman and Non-Executive Directors and others as stipulated under the regulations.

CORPORATE GOVERNANCE REPORT

Policy for selection and Appointment of Directors and their Remuneration

The Nomination and Remuneration (N & R) Committee 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 www.centumelectronics.com

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 Rakon India Private Limited (CRI), a joint venture between the Company and Rakon Ltd of New Zealand.
2. Centum Electronics UK Limited, UK based company.
3. Centum Adetel Group S.A., French based company.

Mr. S Krishnan, an independent director of the company is one of the directors in CRI, subsidiary company.

The Audited Annual Financial Statements of Subsidiary Company 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 www.centumelectronics.com. 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. 40 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.

CORPORATE GOVERNANCE REPORT

f) Compensation Committee

The Compensation Committee was formed for the administration and supervision of the Employee Stock Option Plan (ESOP).

The composition of the Compensation committee is as follows:

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

4) DISCLOSURES

a) Compliance with Statutory/legal requirements

There are no non-compliances by the company and no 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.

b) Compliance with Accounting Standards

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

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

d) 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.

e) 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.

CORPORATE GOVERNANCE REPORT

5) GENERAL BODY MEETINGS

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

Year	Date	Venue	Time	Number of special resolutions
2014-15	August 7, 2015	No 44,KHB Industrial Area Yelahanka New Township Bangalore-560106.	11.30 A.M	1
2015-16	August 5, 2016	No 44,KHB Industrial Area Yelahanka New Township Bangalore-560106.	11.30 A.M	-
2016-17	July 11, 2017	'Avansa', Plot -58P, Survey No.8, KIADB, Bangalore Aerospace Park Industrial Area Jala Hobli, Budigere Post Bangalore – 562 129	11.30 A.M	-

- # 1. A special resolution was passed through Postal Ballot dated 26th September 2014.
2. A special resolution was passed through Postal Ballot dated 10th February 2015.
3. A special resolution was passed through Postal Ballot dated 26th February 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 – 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. Annual reports are sent to each shareholder, brokers and stock exchanges.

6) GENERAL SHAREHOLDING INFORMATION

A. Annual General Meeting

Date and Time

14th September 2018 at 11.30 a.m.

Venue

Centum Electronics Limited
No.44, KHB Industrial Area, Yelahanka Newtown, Bangalore – 560 106. Telephone: +91 80 41436000, Fax : +91 80 41436005

B. Dates of book closure

8th September 2018 to 14th September 2018 (both days inclusive)

C. Listing on stock exchanges

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

D. Stock Code

BSE - 517544
NSE - CENTUM

CORPORATE GOVERNANCE REPORT

E. Market price data

Month	BSE		Sensex		NSE		Nifty	
	High	Low	High	Low	High	Low	High	Low
Apr-17	663.00	588.50	30184	29241	665.00	588.00	9,367	9,075
May-17	656.00	571.00	31255	29804	659.80	570.00	9,650	9,609
Jun-17	765.00	615.10	31523	30681	760.00	607.60	9,709	9,644
Jul-17	710.00	650.00	32673	31017	720.00	650.35	10,115	10,017
Aug-17	681.00	578.00	32686	31128	685.00	579.05	10,138	10,066
Sep-17	711.05	591.00	32524	31082	712.00	595.00	10,179	10,134
Oct-17	665.95	603.05	33340	31440	666.00	595.00	10,385	10,344
Nov-17	715.00	619.00	33866	32684	715.00	615.00	10,490	10,414
Dec-17	691.00	580.25	34138	32565	683.00	580.00	10,552	10,489
Jan-18	793.10	640.00	36444	33703	794.50	634.00	11,172	11,076
Feb-18	680.00	530.00	36257	33483	670.80	550.00	11,117	10,879
Mar-18	605.20	475.00	34279	32484	613.50	480.05	10,526	10,447

Source: <http://www.bseindia.com> & <http://www.nseindia.com>

F. Registrars and Share transfer agents

Name & Address of the RTA

Karvy Computershare Private Limited
Unit: Centum Electronics Limited
 Karvy Selenium Tower B, Plot No.31-32
 Gachibowli, Financial District
 Nanakramguda, Hyderabad – 500 032
 Ph: 040-67161559, Fax No. 040-23001153
 Email: einward.ris@karvy.com

G. 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. Ramu Akkili	Company Secretary

The share transfer committee meets as and when required. The share transfer 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 Karvy Computershare 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/remat requests either to the RTA directly or to the company.

CORPORATE GOVERNANCE REPORT

H. Distribution of shareholding

The distribution of the shareholding as on 31st March 2018 is as follows:

No of equity shares held	No of share holders	% cases	No of shares held
upto 1 - 5000	8,591	98.83	1,463,340
5001 - 10000	42	0.48	294,454
10001 - 20000	23	0.26	330,254
20001 - 30000	7	0.08	181,699
30001 - 40000	7	0.08	240,274
40001 - 50000	5	0.06	225,513
50001 - 100000	6	0.07	454,649
100001 & ABOVE	12	0.14	9,679,441
Total	8,693	100.00	12,869,624

Shareholding pattern

The shareholding pattern as on March 31, 2018 is as follows:

Particulars	No of shares held	% to total shares
Shareholding of promoter and promoter group	7,576,478	58.87
Public Shareholding		
- Institutions	1,884,770	14.65
- Non-institutions	3,408,376	26.48
Total	12,869,624	100.00

I. Dematerialisation of shares and liquidity

The company's shares are covered under the compulsory dematerialization list and are transferable through depository systems. M/s Karvy Computershare Private Limited act as our RTA agents. Shares received for dematerialization are usually registered within 5 days from the date of the receipt if all the documents are complete in all respects. The ISIN number of the company is INE320B01020.

The breakup of the shares held in physical and electronic form as on March 31, 2018 is as follows:

Particulars	No.of holders	Total Shares	%
Physical	1,212	131,961	1.02
NSDL	4,550	11,349,566	88.19
CDSL	2,931	1,388,157	10.79
Total	8,693	12,869,684	100.00

J. Financial Year

Financial Year: The financial year of the company is from 01st of April to 31st March.

CORPORATE GOVERNANCE REPORT

K. Financial Calendar

Tentative calendar of events for the financial year 2018-19 is given below:

Sl. No.	Particulars	Tentative dates
1.	Financial reporting for the quarter ending June 30, 2018	Second week of August 2018
2.	Financial reporting for the half year ending September 30, 2018.	Second week of November 2018.
3.	Financial reporting for the quarter ending December 31, 2018.	Second week of February 2019.
4.	Financial reporting for the year ending March 31, 2019.	Last week of May 2019.
5.	Annual General Meeting for the year ended March 31, 2019.	July/August 2019

L. Outstanding GDRs/ADRs/warrants

Outstanding GDRs/ADRs/warrants of any convertible instruments, conversion date and likely impact on equity. Nil

M. Registered Office & Plant address / Phone and Fax Numbers

Location I:

Centum Electronics Limited
No 44, KHB Industrial Area
Yelahanka New Town
Bangalore - 560 106.
Phone : +91 80 41436000
Fax : +91 80 41436005

Location II:

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

N. Investors correspondence

Company Secretary
Centum Electronics Limited
No. 44, KHB Industrial Area, Yelahanka
New Town, Bangalore-560 106.
Phone : +91 80 41436000
Fax : +91 80 41436005
E-mail ID : ramua@centumelectronics.com

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 and NSE.
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: Bangalore
Date: 30 May, 2018

Apparao V Mallavarapu
Chairman & Managing Director
DIN : 00286308

S. Krishnan
Director
DIN : 01807344

CEO / CFO Certification

We hereby certify that:

- a) We have reviewed financial statements and the cash flow statement for the year ended 31st March 2018, 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 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 and we have disclosed to the auditors and the Audit Committee, deficiencies

in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

- d) We have indicated to the auditors and the Audit committee
 - i. There are no significant changes in internal control over financial reporting during the year;
 - ii. There are no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. There have been no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

K S Desikan
Chief Financial Officer

Apparao V Mallavarapu
Chairman & Managing
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 Obligations') for the period from 1st April, 2017 to 31st March, 2018. 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 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 : 30th May, 2018

AARTHI G KRISHNA
Company Secretary in practice
FCS No.: 5706
C P No.: 5645

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

1. CONSERVATION OF ENERGY

The Company continues to accord priority to energy conservation. 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:

- Power factor improvement is achieved by replacing inefficient capacitors with new capacitors.
- Monitored LT voltage & if found to be less, discussed with BESCO and improved the Voltage.
- Regularly monitored the top 10 power guzzlers like HVAC system, Process Chillers, air compressors etc. on daily basis and fixed the limits to control the cost.
- Consumption monitoring is done for Nitrogen & helium gas resulting in better control on usage.
- Old Cooling tower of Chillers are replaced for improving efficiency of chillers.
- Regular maintenance of HVAC 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.
- Regular leakage check in gas and air pipelines, arresting leakages if any immediately is done to conserve resources.
- Agreement is made with solar power generator for supplying units on monthly basis, which reduces our carbon footage.
- Thermography study is done for all electrical panels and corrective action is done.
- Office area AHU's are operated with schedule on working days to control power consumption.
- HVAC system is controlled through BMS automation to run efficiently and optimum as per production process requirement.

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:
 - Boot code development for SPARC processor (ATF697F).
 - Radar Signal Processing Algorithms for ELINT systems.
 - Software in 12207 standard
 - High speed boards with ACTEL/XILINX/ALTERA FPGAs
- The company has developed and qualified new manufacturing processes for Defense and Space applications.
 - Qualification of LTCC & SAW Filter assembly processes for RF Products.
 - Qualification of CCGA Assembly process.
 - Surface mount packages attachment on Via holes for space grade assemblies.
 - Qualification of Packaging Techniques to reduce the Circuit Track Resistance towards thermal management in Hybrid based High Power DC-DC Converters.
 - RF (MIC) circuit assembly using 3 layer thin film Alumina substrate and 10 mil thick Alumina Substrate.
 - Use of new packaging techniques/ Processes to reduce the size of Electronic assembly
 - CCGA qualification done for manufacturing in Centum.
 - SnPb+ process qualification for

- soldering Leadfree BGAs in Leaded process.
- AOI (Automated Optical Inspection) TRI TR7500 SIII 3D - Enhanced capability by reducing false call with help of RGB lightings which in-terms helps capture the lead coplanarity and other soldering defects.
- DAGE X-Ray Machine – Enhanced Capability of capturing defects of Critical Components.
- Migration from clean to No-clean process for Thales(TOSA) products to reduce cleaning costs.
- Semi-automated De-gassing Chamber improves productivity and quality for GE SVI 2 models
- PCB panel Re-designed for 12 models of ABB D0-01 by keeping extra PCB materials to Ease of Centum manufacturing processes.
- Introduction of Pre-form to avoid voids and insufficient solder in Centum manufacturing process.
- Introducing Pin & paste process at SMT to eliminate Barrel fill issue of PTH components.
- Solder Paste Thawing Time Management by introducing Poke-yoke system.

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

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

- Space Grade Electronic Power Conditioners for various satellite payloads.
- LLC resonant half-bridge converters

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

- Applied 3 patents and published 11 papers.

(iii) Future Plan of Action

- High Efficiency Active clamp synchronous rectifier with wide input range.
- FPGA based digitally controlled DC-DC Converter.
- GaN FET switch and Driver based DC-DC Converters.
- Capacity and Capability enhancement: Manufacturing and test capabilities are being augmented this year
- Introduce Vapor Phase Soldering Process
- Introduce Valor Software for DFM study, Stencil Design and Speedup NPI process preparation
- Developing data acquisition system which will help us to automated the manual test measurement activities and also automate the recording of test results

(iv) Expenditure on R & D

	₹ in Million	
For the year ended 31st March	2017-18	2016-17
A. Capital	4.30	10.88
B. Recurring	83.06	98.69
C. Total	87.37	109.57
Total R&D expenditure as a % of total turnover	2.4%	2.7%

3. FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange Earnings was INR 2,450

Million and Outgo was INR 2,906 Million for the year ended 31st March, 2018

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes:

The company has formulated CSR Policy and is available at Investor page on the Company website www.centumelectronics.com.

2. Composition of the CSR Committee:

The Composition of the CSR Committee is as follows

Mr. Apparao V Mallavarapu	Chairman and Managing Director	Chairman
Mr. Manoj Nagrath	Independent Director	Member
Mr. S. Krishnan	Independent Director	Member
Dr. Swarnalatha Mallavarapu	Non – Independent Director	Member

3. Average net profits of the Company for the last three financial years:

Average net profit – ₹ 402.89 M.

4. Prescribed CSR Expenditure (two percent of Average net profits):

The company is required to spend ₹ 8.06 M towards CSR.

5. Details of CSR spend for the financial year:

a. Total amount spent for the financial year - ₹ 3.72 M

b. Manner in which the amount spent during the financial year is detailed below:

(Amount in ₹ Lacs)

Sl. No.	Projects/Activities	Sector	Locations	Amount Spent	Cumulative expenditure upto reporting period	Amount spent – Direct or through implementing agency*
1	Mathru Blind School	Education	Bangalore	0.72	0.72	Direct
2	Sparsh Foundation	Health care	Bangalore	0.25	0.25	Direct
3	Akshaya Patra Foundation	Education	Bangalore	2.76	2.76	Direct

*Details of implementing agencies: N.A.

- c. Amount unspent:

₹ 4.34 M

Reason : The company is in the process of creating a frame work for sustainable spending in different activities.

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2018
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

Form No. MGT-9

I. Registration and other details	
CIN	L85110KA1993PLC013869
Registration Date	8th January 1993
Name of the company	Centum Electronics Limited
Category/Sub-Category of the company	Company having share capital
Address of the Registered Office and contact details	No. 44, KHB Industrial Area, Yelahanka Newtown, Bangalore – 560 106.
Whether listed company	Yes
Name, address and contact details of Registrar and Transfer Agent, if any.	M/s. Karvy Computershare Private Limited No.17-24, Vittal Rao Nagar, Madhapura, Hyderabad – 560 106.

II. Principal Business Activities of the company			
All the Business activities contributing 10% or more of the total turnover of the company shall be stated:			
Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Modules	26109	17%
2	Printed circuit boards Assembly	26104	81%
3	Others		02%

III. Particulars of holding, subsidiary and associate companies					
All the Business activities contributing 10% or more of the total turnover of the company shall be stated:					
Sl. No.	Name and Address of the company	CIN/GLN	Holding/ Subsidiary/Associate	% of shares held	Applicable section
1	Centum Rakon India Private Limited No. 44, KHB Industrial Area, Yelahanka Newtown, Bangalore – 560 106.	U32109KA2007 PTC044692	Subsidiary	51.00	2(46)
2	Centum Adetel Group S.A. 4, Chemin du Ruisseau, 69130 Ecully, France	NA.	Subsidiary	54.15	2(46)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Shareholding

Category Code	Category of Shareholder	No. of shares held at the beginning of the year 31/03/2017				No. of shares held at the end of the year 31/03/2018			
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)
(A)	PROMOTER AND PROMOTER GROUP								
(1)	INDIAN								
(a)	Individual /HUF	7577078	0	7577078	59.42	7576478	-	7576478	58.87
(b)	Central Government/ State Government(s)	0	0	0	0.00	0	0	0	0.00
(c)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00
(d)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00
	Sub-Total A(1) :	7577078	0	7577078	59.42	7576478	0	7576478	58.87
(2)	FOREIGN								
(a)	Individuals (NRIs/ Foreign Individuals)	0	0	0	0.00	0	0	0	0.00
(b)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00
	Sub-Total A(2) :	0	0	0	0.00	0	0	0	0.00
	Total A=A(1)+A(2)	7577078	0	7577078	59.42	7576478	0	7576478	58.87
(B)	PUBLIC SHAREHOLDING								
(1)	INSTITUTIONS								
(a)	Mutual Funds /UTI	1525767	83	1525850	11.96	1787371	0	1787371	13.89
(b)	Financial Institutions /Banks	4168	166	4334	0.03	9348	83	9431	0.07
(c)	Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00
(e)	Insurance Companies	0	0	0	0.00	0	0	0	0.00
(f)	Foreign Institutional Investors	125928	833	126761	0.99	87968	-	87968	0.68

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)									
i) Category-wise Shareholding									
Category Code	Category of Shareholder	No. of shares held at the beginning of the year 31/03/2017				No. of shares held at the end of the year 31/03/2018			
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00
(h)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00
(i)	Others	0	0	0	0.00	0	0	0	0.00
	Sub-Total B(1) :	1733734	1082	1734816	13.70	1655863	1082	1656945	12.99
(2)	NON-INSTITUTIONS								
(a)	Bodies Corporate	509611	12041	521652	4.09	524328	5295	529623	4.12
(b)	Individuals								
	(i) Individuals holding nominal share capital upto Rs.1 lakh	1502433	197119	1699552	13.33	1366306	126523	1492829	11.60
	(ii) Individuals holding nominal share capital in excess of Rs.2 lakh	1023355	0	1023355	8.02	1098253	0	1098253	8.53
(c)	Others								
	CLEARING MEMBERS	180929	0	180929	1.42	90218	0	90218	0.70
	I E P F	0	0	0	0.00	67784	0	67784	0.53
	NON RESIDENT INDIANS	82619	0	82619	0.65	109103	0	109103	0.85
	NRI NON-REPATRIATION	10566	0	10566	0.08	20566	0	20566	0.16
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00
	Sub-Total B(2) :	3309513	209160	3518673	27.59	3276558	131818	3408376	26.48
	Total B=B(1)+B(2) :	4965376	210242	5175618	40.58	5161245	131901	5293146	41.13
	Total (A+B) :	12542454	210242	12752696	100.00	12737723	131901	12869624	100.00
(C)	SHARES HELD BY CUSTODIANS, AGAINST WHICH DEPOSITORY RECEIPTS HAVE BEEN ISSUED								
(1)	Promoter and Promoter Group	0	0	0	0.00	0	0	0	0.00
(2)	Public	0	0	0	0.00	0	0	0	0.00
	GRAND TOTAL (A+B+C) :	12542454	210242	12752696	100.00	12737723	131961	12869684	100.00

Note: the change in % promoter's shareholding is due to increase in the paid up share capital during the year and there was a sale of 399 shares by the promoter group.

ii) Shareholding of Promoters

Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in the shareholding during the year
	No.of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	No.of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	
Apparao Mallavarapu	6604715	51.79	0.00	6604715	51.32	0.00	0.00
Nikhil Mallavarapu	589929	4.63	0.00	589929	4.58	0.00	0.00
Swarnalatha Mallavarapu	369150	2.89	0.00	369150	2.87	0.00	0.00
M.S. Swarna kumari	13284	0.10	0.00	12684	0.10	0.00	0.01

Note: the change in % shareholding is due to increase in the paid up share capital during the year and there was a sale of 600 shares by the promoter group .

iii) Change in Promoters' Shareholding (Please specify, if there is no change)

	Shareholding at the beginning of the year		Shareholding at the end of the year	
	No.of shares	% of total shares of the company	No.of shares	% of total shares of the company
At the beginning of the year	7577078	59.42	7576478	58.87
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease(-) (e.g. allotment/transfer/bonus/sweat equity etc.,)	-	-	-600	-
At the end of the year	7577078	59.42	7576478	58.87

iv) Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)

Sl. No.	Folio/Dpid-Clientid	Shareholding at the beginning of the year			Cumulative Shareholding during the year	
		Type	No.of shares	% of total shares of the company	No.of shares	% of total shares of the company
1	AAATH1809A	HDFC TRUSTEE COMPANY LIMITED - HDFC PRUDENCE FUND				
	31/03/2017	Opening Balance	1131634	8.87		
	02/02/2018	Purchase	147882		1279516	9.96
	02/02/2018	Sale	-147882		1131634	8.81
	31/03/2018	Closing Balance			1131634	8.79
2	AAATC4460E	L AND T MUTUAL FUND TRUSTEE LTD-L AND T MID CAP FUND				
	31/03/2017	Opening Balance	394133	3.09		
	07/04/2017	Purchase	58094		452227	3.55
	14/04/2017	Purchase	1604		453831	3.56
	21/04/2017	Purchase	4775		458606	3.60
	28/04/2017	Purchase	12272		470878	3.69
	05/05/2017	Purchase	7346		478224	3.75
	02/06/2017	Purchase	9230		487454	3.82
	09/06/2017	Purchase	23051		510505	4.00
	16/06/2017	Purchase	21000		531505	4.17
	23/06/2017	Purchase	17939		549444	4.29
	04/08/2017	Purchase	2000		551444	4.31
	15/09/2017	Purchase	2000		553444	4.33
	27/10/2017	Purchase	8651		562095	4.38
	31/10/2017	Purchase	1993		564088	4.40
	03/11/2017	Purchase	3909		567997	4.43
	10/11/2017	Purchase	12725		580722	4.52
	17/11/2017	Purchase	1418		582140	4.54
	24/11/2017	Purchase	3128		585268	4.56
	08/12/2017	Purchase	2634		587902	4.58
	15/12/2017	Purchase	17366		605268	4.72
	22/12/2017	Purchase	7884		613152	4.78
	05/01/2018	Purchase	3187		616339	4.80
	19/01/2018	Purchase	1000		617339	4.81
	26/01/2018	Purchase	1000		618339	4.82
	02/03/2018	Purchase	2000		620339	4.82
	23/03/2018	Purchase	2000		622339	4.84
	30/03/2018	Purchase	1087		623426	4.84
	31/03/2018	Closing Balance			623426	4.84
3		BHARAT JAYANTILAL PATEL				
	31/03/2017	Opening Balance	192947	1.51		
	05/05/2017	Sale	-23		192924	1.51
	31/03/2018	Closing Balance			192924	1.50
4	AABCB7028F	FINQUEST SECURITIES PVT LTD				
		Opening Balance	179978	1.41		
	07/04/2017	Sale	-176278		3700	0.03
	28/04/2017	Purchase	186		3886	0.03
	05/05/2017	Purchase	85		3971	0.03

iv) Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)

Sl. No.	Folio/Dpid-Clientid	Shareholding at the beginning of the year			Cumulative Shareholding during the year	
		Type	No.of shares	% of total shares of the company	No.of shares	% of total shares of the company
	12/05/2017	Sale	-271		3700	0.03
	16/06/2017	Purchase	877		4577	0.04
	23/06/2017	Sale	-877		3700	0.03
	21/07/2017	Purchase	533		4233	0.03
	28/07/2017	Purchase	2409		6642	0.05
	28/07/2017	Sale	-83		6559	0.05
	04/08/2017	Purchase	5808		12367	0.10
	11/08/2017	Sale	-8667		3700	0.03
	15/09/2017	Purchase	12567		16267	0.13
	15/09/2017	Sale	-1900		14367	0.11
	22/09/2017	Sale	-10667		3700	0.03
	29/09/2017	Purchase	14636		18336	0.14
	06/10/2017	Sale	-14636		3700	0.03
	01/12/2017	Purchase	39150		42850	0.33
	05/01/2018	Purchase	8500		51350	0.40
	12/01/2018	Sale	-8500		42850	0.33
	30/03/2018	Purchase	176856		219706	1.71
	30/03/2018	Sale	-25000		194706	1.51
	31/03/2018	Closing Balance			194706	1.51
5	ABZPT7007J	MINAXI BHALCHANDRA TRIVEDI				
	31/03/2017	Opening Balance	176278		176278	1.38
	07/04/2017	Purchase			176278	1.37
	31/03/2018	Closing Balance				
6	AACCE5562C	EM RESURGENT FUND				
	31/03/2017	Opening Balance	124428	0.98		
	12/01/2018	Sale	-1152		123276	0.96
	16/03/2018	Sale	-35434		87842	0.68
	31/03/2018	Closing Balance			87842	0.68
7	AABTI2509M	IIFL BEST OF CLASS FUND 1				
	31/03/2017	Opening Balance	106274	0.83		
	17/11/2017	Sale	-2727		103547	0.81
	05/01/2018	Sale	-58797		44750	0.35
	19/01/2018	Sale	-736		44014	0.34
	26/01/2018	Sale	-11703		32311	0.25
	31/03/2018	Closing Balance			32311	0.25
8	ACMPN3294R	SONIA GULATI				
	31/03/2017	Opening Balance	105000	0.82		
	07/04/2017	Sale	-2000		103000	0.81
	09/06/2017	Sale	-2901		100099	0.78
	16/06/2017	Sale	-22257		77842	0.61
	23/06/2017	Sale	-3750		74092	0.58
	30/06/2017	Sale	-50052		24040	0.19
	07/07/2017	Sale	-14878		9162	0.07

iv) Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)

Sl. No.	Folio/Dpid-Clientid	Type	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No.of shares	% of total shares of the company	No.of shares	% of total shares of the company
	14/07/2017	Sale	-7300		1862	0.01
	21/07/2017	Sale	-515		1347	0.01
	28/07/2017	Purchase	49444		50791	0.40
	15/09/2017	Sale	-46		50745	0.40
	10/11/2017	Sale	-20077		30668	0.24
	31/03/2018	Closing Balance			30668	0.24
9	AAFHG1700A	GIRISH GULATI (HUF) .				
	31/03/2017	Opening Balance	101315	0.79		
	28/04/2017	Sale	-43		101272	0.79
	02/06/2017	Sale	-100		101172	0.79
	09/06/2017	Sale	-1800		99372	0.78
	23/06/2017	Sale	-9926		89446	0.70
	30/06/2017	Purchase	48887		138333	1.08
	28/07/2017	Sale	-50000		88333	0.69
	01/09/2017	Sale	-190		88143	0.69
	08/09/2017	Sale	-500		87643	0.69
	15/09/2017	Sale	-2598		85045	0.66
	29/09/2017	Sale	-403		84642	0.66
	10/11/2017	Purchase	20000		104642	0.82
	29/12/2017	Purchase	126		104768	0.82
	29/12/2017	Sale	-126		104642	0.82
	05/01/2018	Purchase	3		104645	0.82
	05/01/2018	Sale	-3		104642	0.82
	09/02/2018	Purchase	7		104649	0.82
	09/02/2018	Sale	-7		104642	0.81
	23/02/2018	Purchase	4		104646	0.81
	23/02/2018	Sale	-4		104642	0.81
	31/03/2018	Closing Balance			104642	0.81
10	AAHPA0156A	VIJAY AGGARWAL				
	31/03/2017	Opening Balance	75000	0.59		
	07/04/2017	Sale	-75000		0	0.00
	31/03/2018	Closing Balance			0	0.00

v) Shareholding of Directors and Key Managerial Personnel

For each of the Directors and KMP	Shareholding at the beginning of the year		Shareholding at the end of the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
Apparao V Mallavarapu				
At the beginning of the year	6604715	52.17	6604715	-
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment /transfer/bonus/sweat equity etc.,)	-	-	-	51.32
At the end of the year	-	-	6604715	51.32
S. Krishnan				
At the beginning of the year	83	0.00	-	-
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment /transfer/bonus/sweat equity etc.,)	-	-	83	0.00
At the end of the year	-	-	83	0.00

For each of the Directors and KMP	Shareholding at the beginning of the year		Shareholding at the end of the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
Mr. K.S. Desikan, Chief Financial Officer				
At the beginning of the year	49397	0.40	49397	0.40
Date wise Increase/Decrease in KMPs Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment /transfer/bonus/sweat equity etc.,)	-	-	-	-
At the end of the year	-	-	49397	0.40
Mr. Ramu Akkili, Company Secretary				
At the beginning of the year	1346	0.01	-	-
Date wise Increase/Decrease in KMPs Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment /transfer/bonus/sweat equity etc.,)	-1273	0.01	73	0.00
At the end of the year	73	-	73	0.00

v) INDEBTEDNESS				
Indebtedness of the Company including interest outstanding/accrued but not due for payment (Amt in ₹ Cr)				
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	150.11	-	-	150.11
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	0.20	-	-	0.20
Total (i+ii+iii)	150.31	-	-	150.31
Change in Indebtedness during the financial year				
Addition	371.67	-	-	371.67
Reduction	313.80	-	-	313.80
Net Change	57.87	-	-	57.87
Indebtedness at the end of the financial year				
i) Principal Amount	207.97	-	-	207.97
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	0.38	-	-	0.38
Total (i+ii+iii)	208.36	-	-	208.36

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL				
A. Remuneration to Managing Director, Whole-time Directors and/or Manager (Amount in ₹ Mn):				
Sl. No.				
1	Gross Salary	Apparao V Mallavarapu	-	Total
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	9.18	-	9.18
	b) Value of perquisites as per provisions contained in Section 17(1) of the Income Tax Act, 1961	-	-	-
	c) Profits in lieu of salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	-	-	-
2	Stock Options	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	- As % of profit	-	-	-
	- Others	-	-	-
5	Others			
	i) Deferred bonus (pertaining to the current financial year payable in 2017)	-	-	-
	ii) Retirals	-	-	-
	Total (A)	9.18	-	9.18

B.	Remuneration to other Directors:					
1)	Independent Directors					
Particulars of remuneration	Mr. S. Krishnan	Mr. Manoj Nagrath	Mr. Rajiv C Mody	Mr. Pranav Kumar N Patel	Mr. Thiruvengadam P	Total
Fee for attending Board/Committee	0.18	0.18	0.04	0.18	0.14	0.72
Commission	-	-	-	-	-	-
Others						
Total (B)(1)	0.18	0.18	0.04	0.18	0.14	0.72

2)	Other Non-Executive Directors					
Particulars of remuneration	Dr. Swarnalatha Mallavarapu					Total
Fee for attending Board/Committee	-	-	-	-	-	
Commission	-	-	-	-	-	
Others	-	-	-	-	-	
Total (B)(2)	-	-	-	-	-	
Total (B)=(B)(1)+(B)(2)	0.18	0.18	0.04	0.18	0.14	0.72

3)	Remuneration to Key Managerial Personnel other than MD/Manager/WTD: (Amt in ₹ Mn)			
Sl. No.	Particulars of remuneration	Mr. K.S. Desikan, Chief Financial Officer	Mr. Ramu Akkili, Company Secretary	Total
1	Gross Salary			
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	6.30	1.43	7.73
	b) Value of perquisites as per provisions contained in Section 17(1) of the Income Tax Act, 1961	0.03	0.03	0.06
	c) Profits in lieu of salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	-	0.68	0.68
2	Stock Options	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	- As % of profit	-	-	-
	- Others	-	-	-
5	Others	-	-	-
	Total (C)	6.33	2.14	8.47

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: NIL

1. COMPANY BACKGROUND

Centum Electronics Limited (Centum) designs, manufactures and also exports electronic products. It also provides design services to its customers. These include systems, subsystems and modules.

Centum serves customers engaged in mission critical solutions with advanced tailor-made technologies. It serves the Strategic Electronics (Space, Defense and Aerospace), Industrial, Transportation and Medical markets. Centum, in its goal to expand its offerings and become the sophisticated one stop shop OEMs are seeking, has been steadily increasing its product and service range in these chosen industry segments and in the geographies, it serves, which are North America, Europe, India and rest of Asia

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 high customer focus with competent people, state of the art technology and high-quality products.

Centum's vision is "To Create Value by contributing to the Success of its Customers, by providing best-in-class Electronics Design and Manufacturing Solutions in high technology areas."

2. INDUSTRY STRUCTURE AND DEVELOPMENT

Broadly, the electronics industry is categorized under Consumer, IT, Medical, Strategic Electronics, Communications, Automotive and Industrial segments. However, your company is focused on Strategic Electronics, Industrial, Transport and Medical industry segments.

With the renewed focus by Govt of India in the area of manufacturing "Make in India" and also creating an environment of "Ease of Doing Business in India" we foresee the Indian manufacturing sector (including design, wherever applicable) to see high growth rates in the coming years, with

significant investments from both domestic and foreign companies. However, the gestation period for the manufacturing sector to show results, is longer compared to other sectors and so, it may take a few years to see the real benefits.

The early adopters of Outsourcing manufacturing were the OEMs in the Communication, IT and Consumer Electronics markets. However, in the recent past, OEM in the high technology sectors also are tending to outsource their manufacturing

The recent trend has been that OEMs in the high technology sector are also outsourcing their hardware design requirements which has significant potential for growth.

a. Strategic Electronics

i. Defense

The Indian Defense Budget is increasing year on year both in terms of the total value and also as a percentage of the budget allocation itself. Of the total defense budget, the percentage of expenditure towards Capital head is increasing every year creating an even bigger opportunity for the defense market. Also studies show that Indian defense market is one of the most attractive defense markets in the world.

The Defense Procurement Policy (DPP) of Government of India has created a huge opportunity for Indian industries. Over time, the DPP has been modified taking into account the feedback from various stakeholders and an updated DPP 2016 has been released. DPP 2016 gives a higher focus on "Make in India" and "Self-Reliance". For example, procurements which may have been classified under "Buy" or "Buy & Make" categories earlier, would under DPP 2016 be classified as "Make" category which would bring lot more opportunity for Indian companies. This would also prompt the Indian / Foreign companies to create Joint Ventures in India to address the Indian market.

Presently, the requirements of Armed Forces are

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not fully met and of course these can be met by direct imports or procured from Public Sector Units which are monopolies in platforms such as fighter planes, missiles etc., To ensure that Armed Forces are fully prepared and also keeping in mind the “Make in India” focus, the Govt has removed the monopoly of the public sector in these areas also and is encouraging large Indian private conglomerates to make fighter planes, missiles in India with International Joint Venture partners. This initiative, will create a strong supply chain in India giving a further opportunity to Indian companies.

However, for all these initiatives to produce results, may take a few years, but these are the essential steps to be taken to convert opportunity into reality

The Armed forces, till recently, procured their requirements either from direct imports or products developed by DRDO labs and productionized by defense PSUs or the Ordnance factories. Due to Govt of India's focus on self-reliance, new opportunities are emerging in this sector. To accelerate the process of self-reliance, DRDO labs are partnering with private industries in designing new products and also willing to transfer technologies of complex products which hitherto were partnering only with PSUs or Ordnance Factories.

Till recently, the indigenous defense manufacturing was restricted to Defense Public Sector Units and Ordnance Factories only. Due to increasing requirements, the Defense PSUs and the Ordnance Factories have a huge order book and should more actively work with the private industry to fulfill the requirements. However due to legacy issues of being vertically integrated, the PSUs still do not involve the private industry as much as they should, to be mutually successful.

ii. Space

India has a space program which is very vibrant and successful. The Government of India has

given the Indian Space Programme a special status.

The number of satellite launches by the Indian Space Agency has been increasing steadily in the last few years and ISRO plans to launch ten to twelve satellites per year in the near future. Until recently ISRO manufactured the systems and subsystems in-house or imported them. However, due to the increased requirements coupled with Govt's focus on self-reliance ISRO, is actively involved in developing the private industry in meeting their increasing requirements. This clearly sets the tone and directions ISRO wants to move, which will be great opportunity for the private sector.

b. Industrial

This sector comprises of segments like Power, Process Automation, Instrumentation, Energy, etc. Industrial sector is one of the late entrants to the concept of outsourcing their electronic hardware compared to Telecom and IT sectors. This was due to the stringent quality requirements and long product lifecycles. The large multinationals in this industry segment are focusing on low cost countries like India for their outsourcing requirements due to the design, engineering and testing skills required to manufacture these products. This is growing market for our products and services.

We also see a trend of multinational companies starting green field projects or acquiring companies in India. To make their products competitive these Indian Units, are creating a supply chain eco system in the country.

c. Transport

Locomotives, Trams, Metros come under this sector. The lifespan of the products in this sector is very long and hence the quality and reliability requirements are very critical. This is a sector which is growing especially in the emerging markets such as China, India, Brazil, South Africa etc., In the developed nations,

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transportation systems with newer technologies are being introduced. Also, these nations have extensive public transportation systems, but they are ageing and need refurbishment or upgrade.

3. COMPANY STRATEGY

Your company was set up 25 years ago, to manufacture Hybrid microcircuits, an electronic component which was used in the telecommunication products. Over the years, your company has continuously evolved, with the market requirements, emerging technologies and industry roadmaps. In this process, we transformed to a company which designs and develops systems & subsystems. The only exception to this was, our subsidiary which was in the business of design and manufacturing of Frequency Controlled Products, an electronic component. This was a small part of the overall business of the company and keeping the future strategy in mind, it was felt it would be in the best interest of your company to exit this business. At the same time, this business, is core to our Joint Venture partner and after discussions with them, we divested the FCP business. With this, your company has exited the component business and in future, we will focus only in design & manufacture of systems and subsystems.

Your company has taken steps to strengthen the operations and improve the competitiveness of Centum Adetel, (CA) our subsidiary in France & Canada,

- In this endeavor, we have started a dedicated design centre in Bengaluru to increase capacity and competitiveness of CA. Currently we have 30 engineers supporting the CA and the plan is to increase this to 100 engineers shortly. We have already started seeing the benefits of this initiative and we are confident this will bring a lot of value to the Centum group.
- CA currently, outsources, its manufacturing to contract manufacturers in France and Morocco. Your company has a strong manufacturing base in Bengaluru, and the strategy is to insource most of the products that are currently being

procured in France and Morocco. This process has already begun and we have transferred some of the products to Bengaluru and CA is seeing the benefits of this transfer and this strategy of insourcing will continue in the future.

Your company has a strong presence in the Indian Space, Defence & Aerospace markets. It has indigenized various products, which up until now were imported. With the focus of Government of India on "Make in India" especially Indigenously Designed, Developed and Manufactured (IDDM) products, the potential opportunities for Indian companies, increases significantly. CA has some unique technologies, which can be leveraged to design, develop and manufacture products in India, which hitherto we would not have been able to address. We expect this synergy to bring additional opportunities for your company.

- The company's strategy focuses on industry segments, technology and geographies.

Industry Segment: To ensure that the company is not dependent on any one industry segment, it operates in Strategic Electronics, (Space, Defense, Aerospace), Industrial, Transport and Medical Electronics.

Technology: The strategy of the company is to operate in high technology areas in the above-mentioned industry segments.

Geography: The strategy of the company is to address the global markets. We have segmented our markets as North America, Europe, India, and rest of Asia. This is to ensure that any economic down turn in any one region, has limited impact on the company.

The company implemented the above strategy very well and is seeing the benefits. The focus, going forward, will be increasing the market share in these industry segments & geographies by increasing the products & services of the company

The products & services that your company offers can be classified broadly into "Built to

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Specification" (BTS), Design Services, "Built to Market" (BTM) and "Built to Print" (BTP) opportunities.

BTS : In this business model, the customer gives only the specifications and the company designs, develops and manufactures the product. As design is the critical factor in functioning of the product, the Value Add is generally higher. . However, as the design and development phase involve multiple iterations and certifications, the lead time to take this to mass production is generally long.

Company has created significant competencies in Digital, Analog, Power and RF areas. These competencies are in the areas of design, process, manufacturing, quality & reliability. Significant investment is being made in human resources and hard assets.

To be successful in this segment, the company has a strong design and technology team of engineers in seven locations worldwide, working alongside engineers with relevant domain experience. All these engineers are from highly reputed universities with Bachelors, Masters and Doctoral degrees and with long years of work experience in R&D labs / companies of International repute.

Design Services: As mentioned above in the section on "Industry Structure & Development", OEMs in high technology areas are also increasingly outsourcing their design requirements for reasons of cost, flexibility, time to market, lifecycle management etc., Investment in Adetel has enabled your company to enter this business, which otherwise would have taken a very long time and it is a high growth business in which India has proven capabilities.

BTM: In this business model, a deep understanding of the industry domain is essential. Here, significant amount of R&D is undertaken to develop innovative and unique products for a given market. Since the IP belongs to the company, there is opportunity for higher

price realization. The flip side of this model, is the product developed may not have the market potential as forecasted and / or the product development cost is higher than the plan and these reasons, can create margin pressures.

BTP: In this business model, the customer supplies the design and the company builds the product to the design provided by the customer. The critical success factor of the BTP model is operational excellence through efficient supply chain management and lean manufacturing practices. As the design is ready, generally the ramp to the production phase is quicker.

As BTP business is working capital intensive, the company is selective and works only with highly reputed domestic and international customers. The strategy of the company for the BTP business is to address only the defense and aerospace, industrial and medical markets. These markets require, a very high focus on quality and reliability, long product life cycle (in some cases, as high as 15-20 years), medium to low volume capability etc. The company has created a world-class ecosystem in terms of capabilities and infrastructure to address these unique requirements.

Most companies offer design services only or standard manufacturing services for PCBA or Box build. But the uniqueness of your company, is that we offer both. Along with very sophisticated design capabilities, our state-of-art manufacturing capabilities extend beyond standard manufacturing services. They include technologies such as thick film, thin film, chip and wire, laser welding, complete test & reliability lab and many more sophisticated processes to realize products which need a combination of these technologies. This is the biggest differentiator for your company over competitors.

- **International Sales & Marketing**

Your company strategy is to address the international markets and to ensure that we

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have the global reach and in line with our strategy, we have invested significantly in worldwide Sales & Marketing. Currently we have offices in France, UK, Canada and USA with senior and experienced team. We have seen the results of this initiative with your company exporting to over seventeen countries serving global leaders such as ABB, GE, , Rafael, Thales, L3 Communications, Emerson, Airbus, Safran, Alstom etc., We will continue to invest in International Sales & Marketing to increase our market presence in these geographies.

4. BUSINESS OUTLOOK

In the financial year 17-18, there were a few unexpected market conditions. The major one has been the world-wide supply chain for electronic components becoming difficult with many components going on allocation and very long lead times. This has affected not only your company but the industry in general. We had two issues which were more specific to your company. One being, one of our major product and high revenue earner which goes to a Defence customer, was not ordered as the customer had some issues with his final product. However, the customer has now, resolved the quality issue and we expect this business to restart in the next year. The other issue we had was in one of the major products where we design and manufacture, the product could not be shipped as planned because the customer changed his requirement and we had to redesign the product to meet the new specifications. This project is moving along well now and we expect to see revenues from this project in the current year.

a. Strategic Electronics

Your company has established itself as a major player in the Strategic Electronics arena. The strategy will be, to continue to consolidate and grow this business thro' innovation, design, technology, quality and overall competitiveness.

Over the years, your company has designed & manufactured systems & modules for the Strategic Electronic industry by delivering advanced and complex products.

- The Indian Space Program has been growing and due to the focus by Government of India for both Civil and Defence requirements, this is poised for a much higher growth in the future. The number of satellites being launched has been steadily increasing. As one of the major partners for ISRO, we expect this business to grow significantly in the coming years.
- Having indigenized very complex products for the Indian missile program, your company is strongly placed in the supply chain and the business outlook for the coming years is strong.
- The other opportunity in the Strategic Electronics is that of "off-set" and we see significant potential in this. We have already received orders for off-set and due to our competitive prices, quality and service, we are now seeing orders from 'Off-set' customers for their international requirements also and we expect to see continuous growth in Offset business in the coming years.
- The Government of India's focus on "Make in India" has opened new opportunities for Indian companies. Due to this, the multinational companies are looking for opportunities to provide technology to Indian companies or form joint ventures with Indian companies as the Govt of India has permitted 49% FDI in the defence sector also. We are exploring the possibilities of bringing advanced technologies to address the requirements of the Armed Forces directly. However, this is a long term initiative and may take some years before we see any results.

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b. Industrial Electronics

Your Company's strategy for this market is to focus on high mix medium volume opportunities which need very high quality products and also have long product life cycles. This segment has very unique and demanding requirements. The company over the past many years has developed special processes, created specialized infrastructure and human resources and has strong domain knowledge to meet these requirements and make it as a very attractive supplier to the global OEMs. Your Company is already well entrenched into this sector and seeing good growth rates from existing customers and also adding new customers both from within India and outside.

c. Transportation

This is a high potential and high focus area for your company. We are working with customers offering unique and innovative products & solutions and are designed into some high growth platforms. We are seeing significant growth in this sector and as your company has some very unique products, we see the transportation business as a high growth area for your company.

Technical Evaluation to qualify the bidder, sometimes bidders who don't have the required capabilities are allowed to bid due to the complexities and risks of elimination. Such bidders, may bid low without knowing the difficulties and complexities of the project.

Some of the projects that are awarded as 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 BTS projects awarded in the D&A segment, the customer expects to receive the ownership of design which has not been paid for and to use 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 business is done on the basis of forecast, and if the forecast conversion rates are not good, 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.

5. RISK FACTORS

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. Unfortunately, we have seen this risk affecting the revenues for the year 17-18.

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 is high.

The Govt of India procurement policy necessitates that the L1 bidder be awarded the business. Although there are processes and procedures for

6. HUMAN RESOURCES

Your company has some of the best talent coming from various domains of experience. Great emphasis is given in ensuring that the employees have a rewarding experience working for your company. Special attention is given for training and upgrading of peoples' skills, providing excellent working conditions, bench mark with other large companies while rewarding the employees. As on 31st March 2018, the employee strength of the company was 2,212.

The Kaizen 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

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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.

9. FINANCIAL CONDITION

A. Consolidated

i. Share capital

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

ii. Loans

The Secured Loans have increased by ₹ 961 million from ₹ 2786 million as on 31st March 2017 to ₹ 3,747 million as on 31st March 2018.

iii. Fixed Assets

The Capital expenditure for 2017-18 is ₹ 115 million.

iv. Working Capital

Inventories has increased by ₹ 859 million from ₹ 1,838 million as on 31st March 2017 to ₹ 2,697 million as on 31st March 2018.

Receivables has increased by ₹ 1,394 million from ₹ 1,877 million as on 31st March 2017 to ₹ 3,271 million as on 31st March 2018.

Current liabilities has increased by ₹ 1,923 million from ₹ 5,155 million as on 31st March 2017 to ₹ 7,078 million as on 31st March 2018.

v. Cash flows

₹ in Million	
Cash flows from Operating activities	(99)
Cash inflows in Financing activities	505
Cash outflows in Investing activities	(336)

vi. Results of Operations

The business operations for 2017-18 resulted

in the Company, achieving sales of ₹ 8,682 million as against ₹ 7,337 million for 2016-17.

The Profit/(Loss) before tax for the year 2017-18 is ₹ (145 million) as against ₹ 372 million for the year 2016-17.

B. Standalone

i. Share capital

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

ii. Loans

The Secured Loans have increased by ₹ 579 million from ₹ 1501 million as on 31st March 2017 to ₹ 2,080 million as on 31st March 2018.

iii. Fixed Assets

The Capital expenditure for 2017-18 is ₹ 76 million.

iv. Working Capital

Inventories has increased by ₹ 839 million from ₹ 1,634 million as on 31st March 2017 to ₹ 2,473 million as on 31st March 2018.

Receivables has increased by ₹ 58 million from ₹ 890 million as on 31st March 2017 to ₹ 948 million as on 31st March 2018.

Current liabilities has increased by ₹ 1,134 million from ₹ 2,622 million as on 31st March 2017 to ₹ 3,756 million as on 31st March 2018.

v. Cash flows

₹ in Million	
Cash flows from Operating activities	(236)
Cash inflows in Financing activities	363
Cash outflows in Investing activities	(132)

vi. Results of Operations

The business operations for 2017-18 resulted in the Company, achieving sales of ₹ 3,664 million as against ₹ 4,092 million for 2016-17.

The Profit/(Loss) before tax for the year 2017-18 is ₹ (215 million) as against ₹ 308 million for the year 2016-17.

EMPLOYEE STOCK OPTION PLAN

ANNEXURE -VIII

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 Directors Report:

		Centum ESOP-2007	Centum ESOP-2013
1	Total Size of ESOP	4,16,666 shares (each option represents one share)	2,50,000 shares (each option represents one share)
2	Options granted	4,16,519	2,50,000
3	Pricing Formula	Closing price, prior to the date of the meeting of Compensation Committee in which Options are granted.	
4	Options vested	337,694	231,728
5	Options exercised	334,713	201,638
6	Number of shares arising as a result of exercise of option	334,713	201,638
7	Options lapsed/surrendered/forfeited	78,825	270
8	Variation of terms of options	NA	NA
9	Money realized by exercise of options	₹ 18,190,007	₹ 14,366,707
10	Total number of options in force	2,981	30,090
11	Grant to senior management personnel	Gopinath Vedaprakash 15,400 Vinod S Chippalkatti 29,526 P M Unnikrishnan 21,234 Desikan KS 28,426 Sandhya Thyagarajan 18,600 Perry Duffill 26,950	Gopinath Vedaprakash 9,259 Vinod S Chippalkatti 14,609 P M Unnikrishnan 14,609 Desikan KS 14,609 Sandhya Thyagarajan 14,198 Perry Duffill 12,346 Sanjay Puri 7,000 Venkatramana Gorti 11,000
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 AS20	₹ -17.02	
15	Impact on Net Profit and EPS	Profit after tax reduced by ₹ 0.06 M	
		EPS reduced by ₹ 0.01	
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	5.7-8.6%	
	c. Expected Life of Option	1-4 years	
	d. Expected Volatility	48.31%	

For and on behalf of the Board

Place: Bangalore
Date: May 30, 2018

Apparao V Mallavarapu
Chairman & Managing Director

S. Krishnan
Director

DETAIL 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.

- (i) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2017-18, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2017-18 and the comparison of remuneration of each Key Managerial Personnel(KMP) against the performance of the Company are as under:

Sl. No.	Name of the Director/KMP and Designation	% increase in Remuneration in the Financial Year 2017-18	Ratio of remuneration of each Director/to median remuneration of employees	Comparison of the Remuneration of the KMP against the performance of the Company
1	Apparao V Mallavarapu Chairman and Managing Director	-56	25.42	
2	S. Krishnan* Non-Executive Director	-64%	0.48	
3	Manoj Nagrath* Non-Executive Director	-63%	0.48	
4	Rajiv C Mody* Non-Executive Director	-88%	0.11	
5	Pranav Kumar N Patel* Non-Executive Director	-61%	0.48	
6	Swarnalatha Mallavarapu** Non-Executive Director	-	-	
7	Thiruvengadam P* Non-Executive Director	-68%	0.37	
8	K. S. Desikan Chief Financial Officer	6%	Not applicable	
9	Ramu Akkili Company Secretary	11%	Not applicable	

*i. The Decrease in remuneration of CMD and Independent directors is due to the following:"i. No.of Board meetings held during the year are 5 as against 9 in the previous year. The Sitting fee is paid for attending the Board and Audit committee meetings accordingly.

ii. There is no remuneration (Commission) paid to CMD and Independent directors for the year 2017-18.

** Dr. Swarnalatha Mallavarpu is a Non executive and Non Independent director

- (ii) During the financial year, there was an increase of 11.79% in the median remuneration of employees.
- (iii) There were 1,530 permanent employees on the rolls of Company as on March 31, 2018.
- (iv) Average percentage increase in the salaries of employees other than the managerial personnel in the last financial year i.e., 2017-18 was 2.12% and decrease in the managerial personnel for the same financial year was 39.10%.
- (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.

Declaration of Code of Conduct

To,
The Members of Centum Electronics Limited

I, Apparao V Mallavarapu, Chairman and Managing Director of Centum Electronics Limited hereby declare that all the members of the Board of Directors and Senior management personnel have affirmed compliance with the Code of Conduct, as applicable to them, for the year ended 31st March, 2018.

Date : 30th May 2018
Place : Bangalore

Apparao V Mallavarapu
Chairman and Managing Director

INDEPENDENT AUDITOR'S REPORT

To the Members of Centum Electronics Limited

Report on the Standalone Ind AS Financial Statements

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, 2018, 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 a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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 Companies Act, 2013 ('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 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our

audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements. 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone Ind AS financial statements give the information required by 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, 2018, of its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

INDEPENDENT AUDITOR'S REPORT

Other Matter

The comparative financial information of the Company for the year ended March 31, 2017 and the transition date opening balance sheet as at April 01, 2016 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the accounting principles generally accepted in India, including the Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014 audited by the predecessor auditor whose report for the year ended March 31, 2017 and March 31, 2016 dated May 30, 2017 and May 27, 2016 respectively expressed an unmodified opinion on those financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

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 purpose 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, 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 the Companies (Indian Accounting Standards) Rules, 2015, as amended;

- (e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2018, from being appointed as a director in terms of section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure 2 to this report;
- (g) 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, 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 43 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**

ICAI firm registration number: 101049W/E300004

Chartered Accountants

per Sandeep Karnani

Bengaluru

Partner

Date: May 30, 2018

Membership number:
061207

“ANNEXURE-1” TO THE INDEPENDENT AUDITOR’S REPORT

Annexure 1 referred to in clause 1 of paragraph I 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, 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. The same has not been independently confirmed by the bank and hence we are unable to comment on the same.
- (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, 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, 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 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, incometax, sales-tax, service tax, duty of customs, duty of excise, value added tax, goods and service tax, cess and other material statutory dues as applicable to the Company, have generally been regularly deposited with the appropriate authorities though there has been slight delays in a few cases.
- (b) According to the information and explanations given to us by the management of the Company, no undisputed amounts

“ANNEXURE-A” TO THE INDEPENDENT AUDITOR’S REPORT

payable in respect of provident fund, employees’ state insurance, income-tax, service tax, sales-tax, duty of customs, duty of excise, value added tax, goods and service tax, cess and other material statutory dues as applicable to the Company, were outstanding at the year end, for a period of

more than six months from the date they became payable.

- (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 dues	Amount (₹)	Period to which amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Disallowance of exemptions	1,893,642	Financial year 2007-2008	Commissioner of Income Tax (Appeals) – Bangalore
Central Excise Act, 1944	Non – payment of Service tax	52,522,824 (2,657,116)*	Financial year 2009-2010 to 2014-2015	Commissioner Central Tax (Appeals)
Customs Act, 1962	Non-payment of customs duty	1,000,000	Financial year 2006-2007 & 2007-2008	Customs, Excise And Service Tax Appellate Tribunal (‘CESTAT’), Bangalore
Central Excise Act, 1944	Disallowance of CENVAT credit availed	9,988,320 (1,000,000)*	Financial year 2004-2005 and 2005-2006	CESTAT, Bangalore
Central Excise Act, 1944	Disallowance of CENVAT credit availed	22,257,402	Financial year 2010-2011 2011-2012 2012-2013	CESTAT, Bangalore
The Karnataka Stamp Act, 1957	Stamp duty	16,281,302	Financial year 2007-08	The District Registrar, Gandhinagar Registration District
Karnataka Value Added Tax 2003	Commercial tax	548,809 (164,643)*	Financial year 2009-2010	Karnataka Appellate Tribunal (‘KAT’), Bangalore
Karnataka Value Added Tax 2003	Commercial tax	6,487,682 (1,946,305)*	Financial year 2013-2014	KAT, Bangalore

* 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 of the Company, the Company has not defaulted in repayment of loans or borrowing to a bank. The Company did not have any outstanding loans

or borrowing dues in respect of a financial institution or to government or dues to debenture holders during the year.

- (ix) According to the information and explanations

“ANNEXURE-A” TO THE INDEPENDENT AUDITOR’S REPORT

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 and term loans hence, reporting under clause (ix) of the Order is not applicable to the Company and hence not commented upon.

- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the 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 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, 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, 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 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, 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

Bengaluru

Date: May 30, 2018

Membership number:
061207

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF CENTUM ELECTRONICS LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls over financial reporting of Centum Electronics Limited ("the Company") as of March 31, 2018 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 (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 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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 and, 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 over financial reporting with reference to these standalone Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

An audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these standalone Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting 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 over financial reporting with reference to these standalone Ind AS financial statements.

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Standalone Ind AS Financial Statements

A company's internal financial control over financial reporting with reference to these standalone Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF CENTUM ELECTRONICS LIMITED

financial reporting and the preparation of the standalone Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these 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 Over Financial Reporting With Reference to these Standalone Ind AS Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these 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 over financial reporting with reference to these

standalone Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these 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, an adequate internal financial controls system over financial reporting with reference to these standalone Ind AS financial statements and such internal financial controls over financial reporting with reference to these standalone Ind AS financial statements were operating effectively as at March 31, 2018, 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

ICAI firm registration number: 101049W/E300004

Chartered Accountants

per Sandeep Karnani

Bengaluru

Partner

Date: May 30, 2018

Membership number:
061207

Standalone Balance Sheet as at March 31, 2018

(₹ in million)

	Notes	March 31, 2018	March 31, 2017	April 1, 2016
ASSETS				
(1) Non-current assets				
(a) Property, plant and equipment	3	1,042.57	1,075.84	334.80
(b) Capital work-in-progress		0.39	1.55	208.51
(c) Goodwill	4	36.35	36.35	36.35
(d) Other intangible assets	4	15.19	22.35	28.50
(e) Intangible assets under development		5.89	-	-
(f) Financial assets				
(i) Investments	5	487.70	516.61	42.12
(ii) Loans	6	15.19	12.14	15.61
(g) Deferred tax assets (net)	7	3.83	29.44	50.63
(h) Non-current tax assets (net)	8	31.10	27.04	22.01
(i) Other non-current assets	9	64.54	103.24	152.41
		1,702.75	1,824.56	890.94
(2) Current assets				
(a) Inventories	10	2,473.12	1,633.85	1,328.60
(b) Financial assets				
(i) Trade receivables	11	947.57	890.08	857.64
(ii) Cash and cash equivalents	12	79.88	82.83	392.02
(iii) Bank balances other than cash and cash equivalents	12	158.68	153.31	115.58
(iv) Other current financial assets	13a	4.62	4.01	3.66
(v) Loans	13b	1.25	0.95	0.16
(c) Other current assets	14	210.21	237.59	134.89
(3) Assets classified as held for disposal				
	5	28.92	-	-
		3,904.25	3,002.62	2,832.55
Total assets (1+2+3)		5,607.00	4,827.18	3,723.49
EQUITY AND LIABILITIES				
(1) Equity				
(a) Equity share capital	15	128.70	127.53	126.61
(b) Other equity	16	1,474.54	1,744.22	1,461.54
		1,603.24	1,871.75	1,588.15
Liabilities				
(2) Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	18	208.73	300.79	-
(ii) Other non-current financial liabilities	19	6.34	6.26	-
(b) Net non-current employee defined benefit liabilities	20	32.95	26.70	20.29
		248.02	333.75	20.29
(3) Current liabilities				
(a) Financial liabilities				
(i) Borrowings	21	1,778.23	1,130.87	818.33
(ii) Trade payables	22	1,133.03	726.51	583.81
(iii) Other current financial liabilities	23	174.89	270.87	110.07
(b) Other current liabilities	24	653.90	468.34	549.04
(c) Net current employee defined benefit liabilities	25	3.93	2.83	2.53
(d) Provisions	26	11.76	20.26	28.01
(e) Liabilities for current tax (net)	27	-	2.00	23.26
		3,755.74	2,621.68	2,115.05
Total equity and liabilities (1+2+3)		5,607.00	4,827.18	3,723.49

Summary of significant accounting policies

2.2

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

As per our report of even date attached

For and on behalf of Board of Directors of

for **S.R. Batliboi & Associates LLP**

Centum Electronics Limited

Chartered Accountants

CIN : L85110KA1993PLC013869

ICAI Firm registration number: 101049W/E300004

per **Sandeep Karnani**

Apparao V. Mallavarapu

S. Krishnan

Partner

Chairman & Managing Director

Director

Membership No. 061207

DIN : 00286308

DIN : 01807344

Place : Bengaluru

Ramu Akkili

K.S.Desikan

Date : 30 May, 2018

Company Secretary

Chief Financial Officer

Standalone Statement of Profit and Loss for the year ended March 31, 2018

(₹ in million)

	Notes	March 31, 2018	March 31, 2017
I Income			
Revenue from operations	28	3,587.08	3,985.79
Other income	29	76.67	106.67
Total income		3,663.75	4,092.46
II Expenses			
Cost of materials consumed	30	2,557.30	2,616.46
(Increase)/ decrease in inventories of work-in-progress	31	(54.79)	(166.15)
Excise duty on sale of products		33.57	116.44
Employee benefits expense	32	605.19	523.37
Finance costs	33	150.09	75.58
Depreciation and amortization expenses	34	120.22	79.80
Other expenses	35	444.26	398.39
Total expenses		3,855.84	3,643.89
III Profit/(loss) before exceptional items and tax (I - II)		(192.09)	448.57
IV Exceptional items (net)	36	-	39.12
V Profit/ (loss) before tax (III - IV)		(192.09)	409.45
VI Tax expenses	37		
(a) Current tax		-	87.23
(b) Adjustment of tax relating to earlier period		0.41	(7.57)
(c) Deferred tax expense / (credit)		24.68	24.77
(d) Minimum alternative tax (MAT) credit entitlement		0.93	(3.58)
Total tax expenses		26.02	100.85
VII Profit/ (loss) for the year (V - VI)		(218.11)	308.60
VIII 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		2.85	(0.94)
(ii) Income tax effect		-	0.32
(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		2.85	(0.62)
IX Total comprehensive income for the year (VII + VIII)		(215.26)	307.98
X Earnings per equity share (nominal value of Rs 10 each)	38		
Basic (Rs.)		(17.02)	24.27
Diluted (Rs.)		(17.02)	24.00

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

As per our report of even date attached

for **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

per **Sandeep Karnani**

Partner

Membership No. 061207

Place : Bengaluru

Date : 30 May, 2018

For and on behalf of Board of Directors of

Centum Electronics Limited

CIN : L85110KA1993PLC013869

Apparao V. Mallavarapu

Chairman & Managing Director

DIN : 00286308

Ramu Akkili

Company Secretary

S. Krishnan

Director

DIN : 01807344

K.S.Desikan

Chief Financial Officer

STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in million)

	March 31, 2018	March 31, 2017
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(loss) before tax	(192.09)	409.45
Non-cash adjustments to reconcile profit/(loss) before tax to net cash flows:		
Depreciation and amortization expenses	120.22	79.80
Provisions no longer required, written back	(29.72)	(8.59)
Fair value loss on financial instruments at fair value through profit or loss	0.08	6.68
Net foreign exchange differences (unrealised)	16.83	(12.50)
Loss on sale of property, plant and equipment	-	0.69
Finance income	(16.38)	(31.06)
Finance costs	150.09	75.58
Operating (loss)/profit before working capital changes	49.03	520.05
Working capital adjustments:		
(Increase) / decrease in inventories	(839.27)	(305.25)
(Increase) / decrease in trade receivables	(35.23)	(80.96)
Decrease / (increase) in other assets	22.09	(65.79)
Increase / (decrease) in trade payables, provisions and other liabilities	574.36	97.89
Cash generated (used in) / from operations	(229.02)	165.94
Direct taxes paid (net of refunds)	(6.47)	(105.95)
Net cash (used in) / from operating activities	(235.49)	59.99
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment, including intangible assets and capital advances	(143.10)	(489.13)
Proceeds from sale of property, plant and equipment	-	0.25
Purchase of non-current investments	-	(474.49)
Investment in bank deposit (having original maturity of more than three months) and other bank balances	(5.37)	(37.73)
Interest received	16.48	31.20
Net cash (used in) / from investing activities	(131.99)	(969.90)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term borrowings	-	380.00
Repayment of long term borrowings	(69.41)	-
Proceeds/ repayment of short term borrowings (net)	632.41	344.31
Proceeds from issue of share capital	8.32	5.99
Finance costs paid	(147.57)	(75.30)
Dividend paid (including dividend distribution tax and amount transferred to Investor Education & Protection Fund)	(60.97)	(55.87)
Net cash from / (used in) financing activities	362.78	599.13
Net (decrease)/increase in cash and cash equivalents (A+B+C)	(4.70)	(310.78)
Cash and cash equivalents at the beginning of the year	82.83	392.02
Effect of exchange differences on cash and cash equivalents held in foreign currency	1.75	1.59
Cash and cash equivalents at the end of the year	79.88	82.83
Total cash and cash equivalents (Note 12)	79.88	82.83

STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2018

Explanatory notes to statement of cash flows

1. Changes in liabilities arising from financing activities:-

(₹ in million)

Particulars	Liabilities arising from financing activities			
	Unpaid dividend on equity shares including dividend distribution tax	Long term borrowings (including current maturities of long term borrowings) (refer note 18 and 23)	Short term borrowings (refer note 21)	Derivatives not designated as hedges - Interest rate swap
As at April 01, 2017	1.77	370.20	1,130.87	6.26
Cash flows	(60.97)	(69.41)	632.41	-
Non-cash changes				
Foreign exchange fluctuations (gain) / loss	-	0.71	14.95	
Changes in fair values	-	-	-	0.08
Dividend declared during the year	61.65	-	-	-
As at March 31, 2018	2.45	301.50	1,778.23	6.34
As at April 01, 2016	26.94	-	818.33	-
Cash flows	(55.87)	380.00	344.31	-
Non-cash changes				
Foreign exchange fluctuations (gain) / loss	-	(9.80)	(31.77)	-
Changes in fair values	-	-	-	6.26
Dividend declared during the year	30.70	-	-	-
As at March 31, 2017	1.77	370.20	1,130.87	6.26
Summary of significant accounting policies	2.2			

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

As per our report of even date attached
for **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

per **Sandeep Karnani**
Partner
Membership No. 061207
Place : Bengaluru
Date : 30 May, 2018

For and on behalf of Board of Directors of
Centum Electronics Limited
CIN : L85110KA1993PLC013869

Apparao V. Mallavarapu
Chairman & Managing Director
DIN : 00286308
Ramu Akkili
Company Secretary

S. Krishnan
Director
DIN : 01807344
K.S.Desikan
Chief Financial Officer

STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

(a) Equity share capital

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

Particulars	Number	₹ in million
At April 1, 2016	12,660,918	126.61
Issue of share capital (refer note 15)	91,778	0.92
At March 31, 2017	12,752,696	127.53
Issue of share capital (refer note 15)	116,988	1.17
At March 31, 2018	12,869,684	128.70

(b) Other equity

(₹ in million)

₹ in million

	Attributable to equity shareholders					Total equity
	Reserves and surplus					
	Securities premium (refer note 16)	General reserve (refer note 16)	Retained earnings (refer note 16)	Share based payments reserve (refer note 16)	Capital reserve (refer note 16)	
For the year ended March 31, 2018						
As at April 1, 2017	20.03	440.26	1,282.20	1.73	-	1,744.22
(Loss)/ profit for the year	-	-	(218.11)	-	-	(218.11)
Issue of share capital (refer note 15)	7.15	-	-	-	-	7.15
Cash dividends (refer note 17)	-	-	(51.24)	-	-	(51.24)
Dividend distribution tax (refer note 17)	-	-	(10.41)	-	-	(10.41)
Share based payment (refer note 44)	-	-	-	0.08	-	0.08
Exercise of share options (refer note 44)	-	-	-	(0.88)	0.88	0.00
Remeasurement of post-employee benefit obligations	-	-	2.85	-	-	2.85
As at March 31, 2018	27.18	440.26	1,005.29	0.93	0.88	1,474.54
For the year ended March 31, 2017						
As at April 1, 2016	14.96	440.26	1,004.92	1.40	-	1,461.54
Profit/ (loss) for the year	-	-	308.60	-	-	308.60
Issue of share capital (refer note 15)	5.07	-	-	-	-	5.07
Cash dividends (refer note 17)	-	-	(25.51)	-	-	(25.51)
Dividend distribution tax (refer note 17)	-	-	(5.19)	-	-	(5.19)
Share based payment (refer note 44)	-	-	-	0.33	-	0.33
Remeasurement of post-employee benefit obligations	-	-	(0.62)	-	-	(0.62)
As at March 31, 2017	20.03	440.26	1,282.20	1.73	-	1,744.22

Summary of significant accounting policies

2.2

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**

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

per **Sandeep Karnani**

Partner

Membership No. 061207

Place : Bengaluru

Date : 30 May, 2018

For and on behalf of Board of Directors of

Centum Electronics Limited

CIN : L85110KA1993PLC013869

Apparao V. Mallavarapu

Chairman & Managing Director

DIN : 00286308

Ramu Akkili

Company Secretary

S. Krishnan

Director

DIN : 01807344

K.S.Desikan

Chief Financial Officer

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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 40.

The standalone financial statements were approved by the Board of Directors and authorised for issue in accordance with a resolution of the directors on May 30, 2018.

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 financial statements and in preparing the opening Ind AS Balance Sheet as at April 1, 2016 for the purpose of transition to Ind AS, unless otherwise indicated.

Amendments to Ind AS 7 Statement of Cash Flows

The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). The Company has provided the information for the current period under the standalone statement of cash flows.

2.1. Statement of Compliance

In accordance with the notification issued by the

Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended). The standalone financial statements of the Company, have been prepared and presented in accordance with Ind AS and these standalone financial statements for the year ended March 31, 2018 are the first the Company has prepared in accordance with Ind AS. Previous year numbers in the standalone financial statements have been restated to Ind AS. In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standards, the Company has presented a reconciliation from the presentation of standalone financial statements under Accounting Standards notified under the the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ("Indian GAAP" or "Previous GAAP") to Ind AS of Shareholders' equity as at March 31, 2017 and April 1, 2016 and of the comprehensive net income for the year ended March 31, 2017 (refer note 47 for reconciliations and effect of transitions).

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. Summary of significant accounting policies

a. Current versus non-current classification

The Company presents assets and liabilities in

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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

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 of financial instruments

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date using valuation techniques.

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:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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.

c. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

Based on the Educational Material on Ind AS 18 issued by the ICAI, the Company has assumed that recovery of excise duty flows to the Company on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Company on its own account, revenue includes excise duty.

The specific recognition criteria described below

must also be met before revenue is recognised.

Sale of products

Revenue from the sale of products is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of products is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Sale of services / Management fees income

Income from sale of services 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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

as per the agreements entered into with the parties.

d. 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 establishes provisions where appropriate.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying values of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit and is accounted for using the balance sheet liability model. Deferred tax liabilities are generally recognised for all the taxable temporary

differences. In contrast, deferred tax assets are only recognised to the extent that is probable that future taxable profits will be available against which the temporary differences can be utilised.

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.

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.

Deferred tax assets include Minimum Alternative Tax ('MAT') paid in accordance with the tax laws in India, which is likely to give future economic

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognized as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized.

In the year in which the company recognizes MAT credit as an asset, it is created by way of credit to the statement of profit and loss and shown as part of deferred tax asset. The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

e. 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.

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.

f. 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.

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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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 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.

Further, the management has estimated the useful lives of asset individually costing Rs 5,000 or less to be less than one year, whichever is lower than those indicated in Schedule II. 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.

g. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised 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 (3 years)	Straight-line basis	Acquired
Intellectual property rights *	Definite (8 years)	Straight-line basis	Acquired

* Refer depreciation policy for plant and machinery above under note 2.2 (f) for details.

h. Borrowing cost

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.

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.

i. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease.

The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease.

For arrangements entered into prior to April 1, 2016, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Company as a lessee

A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

depreciated over the shorter of the estimated useful life of the asset and the lease term.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased asset or, at the present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term unless either:

- a) another systematic basis is more representative of the time pattern of the user's benefit even if the payments to the lessors are not on that basis; or
- b) the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. If payments to the lessor vary because of factors other than general inflation, then this condition is not met.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. 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.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

j. 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) 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 and work-in-progress 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.

k. Impairment of non-financial assets and investments in subsidiaries and joint ventures

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 joint venture

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

companies 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 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.

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

I. 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.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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.

m. 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 reporting 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 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 year-end.

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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

- 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.

n. Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contract embodying the related financial instruments. All financial assets, financial liabilities and financial guarantee contracts are initially measured at transaction cost and where such values are different from the fair value, at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognised in the statement of profit and loss.

Investment in equity instruments issued by subsidiaries, associates and joint ventures 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 or 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 joint ventures

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 – Impairment loss on investments.

For financial assets whose credit risk has not

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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.

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.

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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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.

o. Derivative financial instruments

The Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. 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 46 for more details.

p. 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, 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, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

q. 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 statement of profit and loss expense or credit 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.

r. Cash dividend

The Company recognises a liability to make cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

s. Foreign currencies

In preparing the financial statements, transactions in the currencies other than the Company's

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

functional currency are recorded at the rates of exchange prevailing on the date of transaction. At the end of each reporting period, monetary items denominated in the foreign currencies are re-translated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the retranslation or settlement of other monetary items are included in the statement of profit and loss for the period.

t. 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. i.e., the estimated useful life of ten years. Amortization is recognized in the standalone statement of profit and loss. During the period of development, the asset is tested for impairment annually.

u. Corporate social responsibility ('CSR') expenditure

The Company charges its CSR expenditure during the year to the statement of profit and loss.

v. 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, 2018

3. PROPERTY, PLANT AND EQUIPMENT

(₹ in million)

	Freehold land	Leasehold improvements	Building	Plant and equipment	Electrical installations	Computers	Office equipment	Furniture and fixtures	Vehicles	Leased computer	Leasehold land	Total
At deemed cost												
As at April 1, 2016	4.41	3.89	34.46	150.22	8.79	1.88	4.97	6.00	5.56	0.01	114.61	334.80
Additions	-	0.11	389.76	293.67	67.67	11.87	29.34	19.92	-	-	-	812.34
Disposals	-	-	-	(9.62)	-	-	-	-	-	-	-	(9.62)
As at March 31, 2017	4.41	4.00	424.22	434.27	76.46	13.75	34.31	25.92	5.56	0.01	114.61	1,137.52
Additions	-	-	15.35	44.33	2.16	3.38	2.52	8.00	-	-	-	75.74
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2018	4.41	4.00	439.57	478.60	78.62	17.13	36.83	33.92	5.56	0.01	114.61	1,213.26
Depreciation												
As at April 1, 2016	-	-	-	-	-	-	-	-	-	-	-	-
Charge for the year	-	3.68	4.13	45.50	5.08	4.20	3.57	2.78	1.41	0.01	-	70.36
Disposals	-	-	-	(8.68)	-	-	-	-	-	-	-	(8.68)
As at March 31, 2017	-	3.68	4.13	36.82	5.08	4.20	3.57	2.78	1.41	0.01	-	61.68
Charge for the year	-	0.08	15.23	67.59	8.53	5.04	7.82	3.31	1.41	-	-	109.01
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2018	-	3.76	19.36	104.41	13.61	9.24	11.39	6.09	2.82	0.01	-	170.69
Net block												
As at March 31, 2018	4.41	0.24	420.21	374.19	65.01	7.89	25.44	27.83	2.74	-	114.61	1,042.57
As at March 31, 2017	4.41	0.32	420.09	397.45	71.38	9.55	30.74	23.14	4.15	-	114.61	1,075.84
As at April 1, 2016	4.41	3.89	34.46	150.22	8.79	1.88	4.97	6.00	5.56	0.01	114.61	334.80

Notes:

- (a) Ind AS 101 exemption: The Company has availed the exemption available under Ind AS 101, whereas the carrying value of Property, plant and equipment and Intangible assets under the previous GAAP has been carried forward as the costs under Ind AS.

Information regarding gross block of assets, accumulated depreciation has been disclosed by the Company separately as follows:

(₹ in million)

	Freehold land	Leasehold improvements	Building	Plant and equipment	Electrical installations	Computers	Office equipment	Furniture and fixtures	Vehicles	Leased computer	Leasehold land	Total
As at April 1, 2016												
Gross Block	4.41	16.21	60.07	826.34	32.53	34.58	33.02	23.05	14.97	0.99	114.61	1,160.78
Less: Accumulated Depreciation	0.00	12.32	25.61	676.12	23.74	32.70	28.05	17.05	9.41	0.98	-	825.98
Net book value as per previous GAAP	4.41	3.89	34.46	150.22	8.79	1.88	4.97	6.00	5.56	0.01	114.61	334.80
Deemed cost as on April 1, 2016	4.41	3.89	34.46	150.22	8.79	1.88	4.97	6.00	5.56	0.01	114.61	334.80

- (b) Karnataka Industrial Area Development (KIADB) has allotted following 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. 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.
- (c) During the year ended March 31, 2017, the Company had capitalised borrowing cost towards Avansa building. Addition to gross block for the year ended March 31, 2017 includes borrowing cost amounting to ₹ 6.14 million.
- (d) Property, plant and equipments and other intangible assets of the Company have been pledged / mortgaged as securities against borrowings. Refer note 18 and 21 for details of borrowings.
- (e) Gross block of buildings and plant and equipments amounting to ₹ 565.83 million (March 31, 2017: ₹ 543.03 million; April 1, 2016: ₹ Nil) are on leasehold land.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

4. OTHER INTANGIBLE ASSETS AND GOODWILL

(₹ in million)

	Goodwill	Computer software	Intellectual property rights	Total
At deemed cost				
As at April 1, 2016	36.35	18.99	9.51	64.85
Additions	-	3.29	-	3.29
Disposals	-	-	-	-
As at March 31, 2017	36.35	22.28	9.51	68.14
Additions	-	4.05	-	4.05
Disposals	-	-	-	-
As at March 31, 2018	36.35	26.33	9.51	72.19
Amortisation				
As at April 1, 2016	-	-	-	-
Charge for the year	-	7.91	1.53	9.44
Disposals	-	-	-	-
As at March 31, 2017	-	7.91	1.53	9.44
Charge for the year	-	9.68	1.53	11.21
Disposals	-	-	-	-
As at March 31, 2018	-	17.59	3.06	20.65
Net block				
As at March 31, 2018	36.35	8.74	6.45	51.54
As at March 31, 2017	36.35	14.37	7.98	58.70
As at April 1, 2016	36.35	18.99	9.51	64.85

Notes:

- (a) Ind AS 101 exemption: The Company has availed the exemption available under Ind AS 101, whereas the carrying value of Property, plant and equipment and Intangible assets under the previous GAAP has been carried forward as the costs under Ind AS.

Information regarding gross block of assets, accumulated amortization has been disclosed by the Company separately as follows:

(₹ in million)

	Goodwill	Computer software	Intellectual property rights	Total
As at April 1, 2016				
Gross Block (refer note (c) below)	39.65	62.78	11.87	114.30
Less: Accumulated amortization	3.30	43.79	2.36	49.45
Net book value as per previous GAAP	36.35	18.99	9.51	64.85
Deemed cost as on April 1, 2016	36.35	18.99	9.51	64.85

- (b) Also, refer note 3(d) for details.

- (c) The Company had entered into a business transfer agreement with Centum Industries Private Limited 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 by an independent professional valuer amounting ₹ 17.35 million resulted in a goodwill of ₹ 39.65 million.

The aforementioned goodwill is tested for impairment annually. As at March 31, 2018, March 31, 2017 and April 1, 2016, the goodwill is not impaired.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in million)

	March 31, 2018	March 31, 2017	April 1, 2016
5 FINANCIAL ASSETS: INVESTMENTS			
Investment carried at cost - Unquoted equity shares			
i. Subsidiary Company			
Centum Electronics UK Limited ¹			
5,233,900 equity shares (March 31, 2017: 5,233,900, April 1, 2016: Nil) equity shares of GBP 1 each, fully paid up.	474.44	474.44	-
ii. Joint venture			
Centum Rakon India Private Limited (refer note 53 and 44(E))			
2,856,000 (March 31, 2017: 2,856,000, April 1, 2016: 2,856,000) equity shares of ₹ 10 each, fully paid up.	28.92	28.91	28.86
Investment carried at fair value - Unquoted equity shares			
iii. Others			
Qulsar Inc. ^{2,3}			
74,184 equity share (March 31, 2017: 74,184, April 1, 2016: 59,347) equity shares of USD 0.01 each, fully paid up.	13.26	13.26	13.26
	516.62	516.61	42.12
Less: Investments classified as held for sale (refer note 53)	(28.92)	-	-
	487.30	516.61	42.12
Aggregate value of unquoted investments	516.62	516.61	42.12

1. The Company has investments in Centum Electronics UK Limited, which in turn has made investment in Centum Adetel Group SA. 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.
2. The Company has investments in Qulsar Inc. Based on internal assessment performed with regard to future operations, the management of the Company is of the view that the carrying value of the Company's investment in Qulsar Inc. approximates the fair value as on the reporting dates.
3. During the year ended March 31, 2017, Qulsar Inc. has issued 14,837 bonus shares to the Company.

6 LOANS

Unsecured, considered good

Carried at amortised cost

Security deposits (refer note 40)	15.19	12.14	15.61
	15.19	12.14	15.61

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in million)

	March 31, 2018	March 31, 2017	April 1, 2016
7 DEFERRED TAX ASSETS (NET)			
Deferred tax liability			
Property, plant and equipments: Impact of difference between tax depreciation and depreciation / amortization charged for the financial reporting	(27.25)	(13.94)	-
(A)	(27.25)	(13.94)	-
Deferred tax asset			
Property, plant and equipments: Impact of difference between tax depreciation and depreciation / amortization charged for the financial reporting	-	-	13.56
Impact of expenditure charged to the statement of profit and loss but allowed for tax purposes on payment basis	28.43	39.80	37.07
MAT credit entitlement	2.65	3.58	-
(B)	31.08	43.38	50.63
Deferred tax asset (net) (A+B)	3.83	29.44	50.63
8 NON-CURRENT TAX ASSETS (NET)			
Advance income tax (net of provision for current tax and including tax paid under protest)	31.10	27.04	22.01
	31.10	27.04	22.01
9 OTHER NON CURRENT ASSETS			
Capital advances			
Unsecured, considered good	56.11	96.04	110.49
(A)	56.11	96.04	110.49
Prepaid expenses	3.22	4.09	3.16
(B)	3.22	4.09	3.16
Balance with statutory / government authorities			
Unsecured, considered doubtful	-	-	1.36
Unsecured, considered good	5.21	3.11	38.76
	5.21	3.11	40.12
Less: Provision for doubtful receivables	-	-	(1.36)
(C)	5.21	3.11	38.76
Total other non-current assets (A+B+C)	64.54	103.24	152.41
10 INVENTORIES (VALUED AT THE LOWER OF COST AND NET REALISABLE VALUE)			
Raw materials	1,872.63	1,086.98	944.85
[Includes raw material in transit ₹ 89.10 million (March 31, 2017: ₹ 42.42 million, April 1, 2016: ₹ 75.89 million)]			
Work-in-progress	597.56	542.77	376.62
Stores and spares	2.93	4.10	7.13
	2,473.12	1,633.85	1,328.60

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in million)

	March 31, 2018	March 31, 2017	April 1, 2016
11 TRADE RECEIVABLES			
Carried at amortised cost			
Receivables from related parties (refer note 40)	33.74	35.38	12.32
Other trade receivables	913.83	854.70	845.32
Total Trade receivables	947.57	890.08	857.64
Break-up for security details:			
Trade receivables:			
Unsecured, considered good	960.65	920.00	887.56
Doubtful	6.28	7.62	0.53
	966.93	927.62	888.09
Impairment allowance (allowance for bad and doubtful debts)			
Unsecured, considered good	(13.08)	(29.92)	(29.92)
Doubtful	(6.28)	(7.62)	(0.53)
Total trade receivables	947.57	890.08	857.64

- No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. For details of trade or other receivable due from firms or private companies respectively in which any director is a partner, a director or a member, refer note 40.

- Trade receivables are non-interest bearing and are generally on terms of 30 to 120 days.

- Refer note 46(c) for details pertaining to ECL.

12 CASH AND CASH EQUIVALENTS

Balances with banks:

- On current accounts	29.10	15.52	15.90
- On exchange earners foreign currency (EEFC) accounts	20.83	14.30	10.66
Deposits with original maturity of less than three months	29.27	52.47	364.97
Cash on hand	0.68	0.54	0.49
(A)	79.88	82.83	392.02

Other bank balances

Balance with banks			
- On current account ¹	2.45	1.79	26.96
- On margin money accounts ²	156.23	151.52	88.62
(B)	158.68	153.31	115.58

Total cash and cash equivalents (A+B)

	238.56	236.14	507.60
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1. Includes balance in unclaimed dividend account ₹ 2.45 million (March 31, 2017: ₹1.77 million, April 1, 2016: ₹ 26.94 million).

2. Margin money is against bank guarantees issued in favour of customers and statutory authorities.

3. Balances with banks on current accounts does not earn interest. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash-requirement of the Company, and earn interest at the respective short-term deposit rates.

13a OTHER CURRENT FINANCIAL ASSETS

Carried at amortised cost

Staff advances (refer note 40)	1.79	1.08	0.59
Interest accrued on fixed deposits	2.83	2.93	3.07
	4.62	4.01	3.66

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in million)

	March 31, 2018	March 31, 2017	April 1, 2016
13b LOANS			
Unsecured, considered good			
Carried at amortised cost			
Security deposits (refer note 40)	1.25	0.95	0.16
	1.25	0.95	0.16
14 OTHER CURRENT ASSETS			
Unsecured considered good			
Prepaid expenses	18.72	18.66	19.47
Balance with statutory / government authorities	122.84	58.11	9.81
Advance to suppliers and other advances (refer note 40)	68.65	160.82	105.61
	210.21	237.59	134.89

15. EQUITY SHARE CAPITAL

	Equity shares of ₹10 each	
	In Numbers	(₹ in million)
Authorised share capital:		
At April 1, 2016	15,500,000	155.00
Increase / (decrease) during the year	-	-
At March 31, 2017	15,500,000	155.00
Increase / (decrease) during the year	-	-
At March 31, 2018	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 1, 2016	12,660,918	126.61
Issue of equity shares (refer note 44)	91,778	0.92
At March 31, 2017	12,752,696	127.53
Issue of equity shares (refer note 44)	116,988	1.17
At March 31, 2018	12,869,684	128.70

(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, 2018

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

	(₹ in million)					
	March 31, 2018		March 31, 2017		April 1, 2016	
	No. of shares held	% holding in class	No. of shares held	% holding in class	No. of shares held	% holding in class
Equity shares of Rs 10 each fully paid						
Apparao V Mallavarapu	6,604,715	51.32%	6,604,715	51.79%	6,604,715	52.17%

(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 44.

16. OTHER EQUITY

Securities premium

Balance as at April 1, 2016	14.96
Add: received during the year on account of issue of equity shares	5.07
Balance as at March 31, 2017	20.03
Add: received during the year on account of issue of equity shares	7.15

Balance as at March 31, 2018 (A) 27.18

General reserve

Balance as at April 1, 2016	440.26
Balance as at March 31, 2017	440.26

Balance as at March 31, 2018 (B) 440.26

Retained earnings

Balance as at April 1, 2016	1,004.92
Profit/ (loss) for the year	308.60
Less: Cash dividends	(25.51)
Less: Dividend distribution tax	(5.19)
Less: Remeasurement of post-employee benefit obligations	(0.62)
Balance as at March 31, 2017	1282.20
(Loss) / profit for the year	(218.11)
Less: Cash dividends	(51.24)
Less: Dividend distribution tax	(10.41)
Add: Remeasurement of post-employee benefit obligations	2.85

Balance as at March 31, 2018 (C) 1005.29

Share based payments reserve

Balance as at April 1, 2016	1.40
Add: Compensation options granted during the year	0.33
Balance as at March 31, 2017	1.73
Add: Compensation options granted during the year	0.08
Less: Transferred to capital reserve on exercise of stock options	(0.88)

Balance as at March 31, 2018 (D) 0.93

Capital reserve

Balance as at April 1, 2016	-
Add: Amount transferred on exercise of share options	-
Balance as at March 31, 2017	-
Add: Amount transferred on exercise of share options	0.88

Balance as at March 31, 2018 (E) 0.88

Total other equity (A+B+C+D+E)

Balance as at April 1, 2016	1461.54
Balance as at March 31, 2017	1744.22
Balance as at March 31, 2018	1474.54

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in million)

	March 31, 2018	March 31, 2017
17. DISTRIBUTION MADE AND PROPOSED		
Cash dividends on equity shares declared and paid:		
Final dividend for the year ended on March 31, 2017:		
₹ 3 per share (March 31, 2016: Nil)	38.38	-
Dividend distribution tax on final dividend	7.81	-
Interim dividend for the year ended on March 31, 2018:		
₹ 1 per share (March 31, 2017: ₹ 2 per share)	12.86	25.51
Dividend distribution tax on interim dividend	2.60	5.19
	61.65	30.70
Proposed dividends on equity shares ¹		
Final cash dividend for the year ended on March 31, 2018:		
Nil (March 31, 2017: ₹ 3 per share) ²	-	38.38
Dividend distribution tax on proposed dividend	-	7.81
	-	46.19

- Proposed dividends 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.
- The Board of Directors of the Company at its meeting held on May 30, 2017 have recommended a final dividend of 30% (i.e. ₹ 3 per equity share) for the year ended March 31, 2017.

(₹ in million)

	March 31, 2018	March 31, 2017	April 1, 2016
18 NON-CURRENT FINANCIAL LIABILITIES: BORROWINGS			
Term loan			
From bank			
Foreign currency term loan (secured) (refer note 23 for details of Current maturities of long term borrowings)	208.73	300.79	-
	208.73	300.79	-
The above amount includes			
Secured borrowings	208.73	300.79	-
Unsecured borrowings	-	-	-
	208.73	300.79	-

- Foreign currency term loan represents term loan taken from a bank and secured by way of :-
 - First pari-passu charge on current assets including stock and receivables of the Company;
 - First pari-passu charge on present and future fixed assets of the Company; and
 - 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, 2017: 4.25% p.a. and April 1, 2016: Nil) on the outstanding amount of the loan payable at quarterly rests. The term loan is repayable in sixteen equal quarterly instalments from September 2017.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in million)

	March 31, 2018	March 31, 2017	April 1, 2016
19 OTHER NON-CURRENT FINANCIAL LIABILITIES			
Financial liabilities through profit or loss			
Derivatives not designated as hedges			
Interest rate swap (refer note 49)	6.34	6.26	-
	6.34	6.26	-
20 NET NON-CURRENT EMPLOYEE DEFINED BENEFIT LIABILITIES			
Provision for employee benefits			
Provision for gratuity (refer note 41)	32.95	26.70	20.29
	32.95	26.70	20.29
21 CURRENT FINANCIAL LIABILITIES: BORROWINGS			
Term loan			
From banks			
Indian rupee term loan (secured) ¹	200.00	-	-
Others			
Cash credit and overdraft from banks (secured) ²	453.48	282.30	32.97
Packing credit loan from banks (secured) ²	697.37	600.43	637.26
Foreign currency non-repatriable (FCNR) loan account (secured) ²	427.38	193.39	29.45
Buyer's credit ³	-	54.75	118.65
	1,778.23	1,130.87	818.33
The above amount includes			
Secured borrowings	1,778.23	1,130.87	818.33
Unsecured borrowings	-	-	-
	1,778.23	1,130.87	818.33

1. Secured Indian rupee term loan from a bank of ₹ 200.00 million (March 31, 2017: ₹ Nil; April 1, 2016: ₹ Nil) carries interest at 10.25% p.a. (March 31, 2017: Nil; April 1, 2016: Nil). The loan is secured by way of:

- First pari-passu charge on current assets including stock and receivables of the Company;
- First pari-passu charge on present and future fixed assets of the Company; and
- 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.

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

- 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;
- Hypothecation of plant and machinery pari passu first charge with other banks;
- 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
- 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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in million)

	March 31, 2018	March 31, 2017	April 1, 2016
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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 10.40% to 11.10% p.a. (March 31, 2017: 11.25% to 11.30% p.a.; April 1, 2016: 11.30% to 11.90% p.a.). The rate of interest of Packing credit from banks ranges from 3.34% to 5.74% (March 31, 2017: 3.12% p.a. ; April 1, 2016: 2.36% to 2.78% p.a.) and that of FCNR ranges from 5.38% to 5.69% p.a. (March 31, 2017: 5.5% p.a.; April 1, 2016: 5.5% p.a.) payable on monthly basis.

3. Buyer's credit from banks carried an interest rate at Nil (March 31, 2017: 0.30% to 1.94% p.a., April 1, 2016: 0.56% to 1.62% p.a.) and the interest and principal were repayable within a maximum tenor of twelve months. During March 31, 2018, the buyer's credit was repaid in full.

22 FINANCIAL LIABILITIES: TRADE PAYABLES

Carried at amortised cost

Trade payables	1,116.50	725.53	581.48
Trade payables to related parties (refer note 40)	16.53	0.98	2.33
	1,133.03	726.51	583.81

- 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:

Principal amount remaining unpaid to any supplier as at the end of the accounting year.

16.80	11.67	5.09
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Interest due thereon remaining unpaid to any supplier as at the end of the accounting year (March 31, 2018: ₹ 529,947, March 31, 2017: ₹ 221,816 and April 1, 2016: ₹ 323).

0.53	0.22	0.00
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The amount of interest paid by the buyer (March 31, 2018: Nil, March 31, 2017: ₹ 323 and April 1, 2016: ₹ 1,628) 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.

-	0.00	0.00
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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.

-	-	-
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The amount of interest accrued and remaining unpaid at the end of the accounting year.

-	0.22	-
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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.

-	0.26	-
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- 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 46(c)
- The dues to related parties are unsecured

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in million)

	March 31, 2018	March 31, 2017	April 1, 2016
23 OTHER CURRENT FINANCIAL LIABILITIES			
Financial liabilities through profit or loss			
Derivatives not designated as hedges			
Foreign exchange forward contract (refer note 49) ¹	-	0.80	0.38
Other financial liabilities at amortised cost			
Unpaid dividends	2.45	1.77	26.94
Accrued salaries and benefits (refer note 40)	50.72	73.95	63.18
Payable for capital goods	25.10	123.61	18.52
Current maturities of long term borrowings (refer note 18)	92.77	69.41	-
Interest accrued but not due on borrowings	3.85	1.33	1.05
	174.89	270.87	110.07
1. While the Company entered into foreign exchange forward contract with the intention of reducing the foreign exchange risk of expected repayments, this contract is not designated in hedge relationship and is measured at fair value through profit or loss.			
24 OTHER CURRENT LIABILITIES			
Advance from customers	643.73	453.83	529.00
Withholding and other taxes / duties payable	9.77	14.12	19.43
Other liabilities	0.40	0.39	0.61
	653.90	468.34	549.04
25 NET CURRENT EMPLOYEE DEFINED BENEFIT LIABILITIES			
Provision for employee benefits			
Provision for gratuity (refer note 41)	3.93	2.83	2.53
	3.93	2.83	2.53
26 PROVISIONS			
Provision for employee benefits			
Provision for compensated absences	11.76	9.09	8.42
Other provisions			
Provision for stamp duty charges (refer note 43)	-	11.17	19.59
	11.76	20.26	28.01
27 LIABILITIES FOR CURRENT TAX (NET)			
Provision for taxation, net of advance tax	-	2.00	23.26
	-	2.00	23.26

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in million)

	March 31, 2018	March 31, 2017
28 REVENUE FROM OPERATIONS		
Sale of products (including excise duty) (refer note 40)	3,501.99	3,861.06
Sale of services (refer note 40)	30.87	78.58
Other operating revenues		
Management fees (refer note 40)	54.22	46.15
	3,587.08	3,985.79
<p>Sale of products includes excise duty collected from customers of ₹ 33.57 million (March 31, 2017: ₹ 116.44 million). Sale of products net of excise duty is ₹ 3,468.42 million (March 31, 2017: ₹ 3,744.61 million). Revenue from operations for periods up to June 30, 2017 includes excise duty. From July 1, 2017 onwards the excise duty and most indirect taxes in India have been replaced with Goods and Service Tax (GST). The Company collects GST on behalf of the Government. Hence, GST is not included in Revenue from operations. In view of the aforesaid change in indirect taxes, Revenue from operations for the year ended March 31, 2018 is not comparable to March 31, 2017.</p>		
29 OTHER INCOME		
Interest income on bank deposits	16.38	15.93
Interest income on income tax and excise refund	-	15.13
Rental income (refer note 40)	3.03	3.03
Provisions / liabilities no longer required, written back	29.72	8.59
Gain on account of foreign exchange fluctuations (net)	-	44.33
Other non-operating income	27.54	19.66
	76.67	106.67
30 COST OF MATERIALS CONSUMED		
Inventory at the beginning of the year	1,091.08	951.98
Add: Purchases (refer note 40)	3,341.78	2,755.56
	4,432.86	3,707.54
Less: Inventory at the end of the year	(1,875.56)	(1,091.08)
Cost of materials consumed	2,557.30	2,616.46
31 (INCREASE) / DECREASE IN INVENTORIES OF WORK-IN-PROGRESS		
Inventories at the end of the year		
- Work-in-progress	597.56	542.77
Inventories at the beginning of the year		
- Work-in-progress	542.77	376.62
(Increase) / decrease in inventories of work-in-progress	(54.79)	(166.15)
32 EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and bonus	504.58	455.02
Contribution to provident and other funds (refer note 41)	32.46	26.38
Employee share based payments	0.06	0.27
Gratuity expenses (refer note 41)	18.24	7.76
Staff welfare expenses	49.85	33.94
	605.19	523.37

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in million)

	March 31, 2018	March 31, 2017
33 FINANCE COSTS		
Interest on debt and borrowings	92.66	45.86
Bank charges	22.82	23.30
Exchange differences	26.02	0.00
Other borrowing costs	8.59	6.42
	150.09	75.58
34 DEPRECIATION AND AMORTIZATION EXPENSES		
Depreciation of tangible assets (refer note 3)	109.01	70.36
Amortization of intangible assets (refer note 4)	11.21	9.44
	120.22	79.80
35 OTHER EXPENSES		
Rent	25.36	29.87
Rates and taxes	9.15	9.80
Power and fuel	72.15	49.57
Repairs and maintenance	43.91	36.11
Insurance	12.20	10.25
Legal and professional fees (includes payment to auditor (refer details below)	58.20	57.30
Travelling and conveyance	54.51	52.03
Purchase of services	83.12	75.87
Communication costs	6.87	6.11
Printing and stationery	4.46	4.34
Corporate social responsibility expenditure (refer note 51)	3.72	2.03
Selling and marketing expenses	0.71	5.97
Advertisement and promotion	5.26	6.35
Security charges	10.59	9.62
Recruitment and training	7.19	7.92
Freight outwards	9.86	6.48
Loss on account of foreign exchange fluctuations (net)	14.29	-
Loss on sale of fixed assets	-	0.69
Fair value loss on financial instruments at fair value through profit or loss	0.08	6.68
Miscellaneous expenses	22.63	21.40
	444.26	398.39
Payment to auditor (exclusive of taxes)		
As auditor:		
Audit fee (including fees for internal controls over financial reporting, consolidated financial statements of the company and quarterly limited reviews)	5.20	4.70
In other capacity		
Other services (including certification fees)	-	-
Reimbursement of expenses	0.45	0.31
	5.65	5.01

*The payment to auditor for the year ended March 31, 2017 has been paid to the erstwhile auditor.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in million)

	March 31, 2018	March 31, 2017
36 EXCEPTIONAL ITEMS (NET)		
Travelling and conveyance	-	1.35
Legal and professional fees	-	35.10
Staff welfare expenses	-	0.96
Interest on debt and borrowings	-	1.71
Total exceptional item	-	39.12

The Board of Directors of the Company had considered and approved the investment of 51% controlling stake in Adetel Company SA, France through Centum Electronics UK Limited on June 17, 2016. The said transaction was completed on July 4, 2016. Consequent to the acquisition, Adetel Company SA, France and its subsidiaries became subsidiaries of the Company.

Further the Board of Directors of the Company had considered and approved a further investment of 3.15% stake in Centum Adetel Company SA (formerly Adetel Company SA), France through Centum Electronics UK Limited on March 10, 2017. The Company had incurred expenses amounting to ₹ 39.12 million in connection with the said investment, which was disclosed as an exceptional item for the year ended March 31, 2017.

37 INCOME TAX

The Company is subject to income tax in India on the basis of standalone financial statements. As per the Income Tax Act, the Company is liable to pay income tax which is the higher of regular income tax payable or the amount payable based on the provisions applicable for Minimum Alternate Tax (MAT).

MAT paid in excess of regular income tax during a year can be carried forward for a period of 15 years and can be offset against future tax liabilities.

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.

Income tax expenses in the statement of profit and loss consist of the following:

(a) Current tax	-	87.23
(b) Adjustment of tax relating to earlier period	0.41	(7.57)
(c) Deferred tax expense / (credit)	24.68	24.77
(d) MAT credit entitlement	0.93	(3.58)
Total taxes	26.02	100.85

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

Profit before taxes	(192.09)	409.45
Applicable tax rates in India	34.608%	34.608%
Computed tax charge	(66.48)	141.70
Tax effect on permanent non-deductible expenses	2.44	0.81
Allowances of expenditure in accordance with section 35(2AB) of the Income Tax Act	(11.07)	(36.59)
Tax effect of items on which deferred taxes has not been accounted:		
Taxable losses	88.27	-
Others	5.24	(5.24)
Adjustments in respect of current income tax of previous years	0.41	(7.57)
Others	7.21	7.74
Total tax expenses	26.02	100.85
Income tax reported in the statement of profit and loss	26.02	100.85
	-	-

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in million)

March 31, 2018 March 31, 2017

38 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:

Face value of equity shares (₹ per share)	10	10
(Loss) / profit attributable to equity shareholders (A) (₹ in million)	(218.11)	308.60
Weighted average number of equity shares used for computing EPS (basic) (B)	12,814,148	12,716,896
EPS - basic (A/B) (₹)	(17.02)	24.27
Weighted average number of equity shares used for computing EPS (basic) (B)	12,814,148	12,716,896
Add: Effect of dilutive issues of stock options	-	143,400
Weighted average number of equity shares used for computing EPS (diluted) (C)	12,814,148	12,860,296
EPS - diluted (A/C) (₹)	(17.02)	24.00

39 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. Estimates and underlying assumptions are reviewed on an ongoing basis. 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 investments in subsidiaries and joint ventures, impairment of goodwill, provision for employee benefits and other provisions, recoverability of deferred tax assets, commitments and contingencies.

(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 MAT credit entitlement and unused tax losses to the extent that it is

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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 7 and 37 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 46 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.

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.

Further details about gratuity obligations are given in note 41.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

40 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* Centum Adetel Transportation SAS* Centum Adetel Synergies SARL* Centum Adetel Solution* Centum Adetel Equipment* Adetel Maroc SA* Adetel Equipment Maroc SA* Centum Adeneo India Private Limited***
Associates/ Joint Venture Companies	Centum Rakon India Private Limited Sandhi 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 - Relative 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 Mr. Ramu Akkili - Company Secretary

with effect from May 18, 2016

* with effect from June 30, 2016

** with effect from December 06, 2016

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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

Particulars	March 31, 2018	March 31, 2017
i) Sale of products		
Associates/ Joint Venture Companies		
- Centum Rakon India Private Limited	18.41	2.40
Subsidiary companies		
- Centum Adeneo SAS	0.42	-
- Centum Adetel Equipment	0.18	-
- Centum Adetel Group SA	-	8.88
- Centum Adetel Transportation SAS	7.16	-
ii) Sale of services		
Associates/ Joint Venture Companies		
- Centum Rakon India Private Limited	10.02	21.94
Subsidiary companies		
- Centum Adeneo India Private Limited	0.95	-
- Centum Adeneo SAS	-	0.54
iii) Other operating income - Management fees		
Associates/ Joint Venture Companies		
- Centum Rakon India Private Limited	54.22	46.15
iv) Other income - rental income		
Associates/ Joint Venture Companies		
- Centum Rakon India Private Limited	3.03	3.03
v) Purchase of goods		
Associates/ Joint Venture Companies		
- Centum Rakon India Private Limited	14.19	0.37
Subsidiary companies		
- Centum Adetel Transportation SAS	2.77	-
Enterprises where key managerial personnel or their relatives exercise significant influence		
- Centum Industries Private Limited	0.01	-
vi) Purchase of services		
Associates/ Joint Venture Companies		
- Centum Rakon India Private Limited	0.35	-
vii) Other expenses - Rent		
Enterprises where key managerial personnel or their relatives exercise significant influence		
- Centum Industries Private Limited	7.79	7.27
viii) Expense incurred by the Company on behalf of:		
Associates/ Joint Venture Companies		
- Centum Rakon India Private Limited	12.70	7.37
ix) Corporate guarantees given on behalf of:		
Subsidiary companies		
- Centum Adetel Group SA	36.28	-
x) Security deposits refunded/ adjusted		
Enterprises where key managerial personnel or their relatives exercise significant influence		
- Centum Industries Private Limited	0.16	-
xi) Remuneration to key managerial personnel and their relatives		
a) Employee benefit expenses		
(including employee share based payments)		
- Mr. Apparao V Mallavarapu	9.18	21.34
- Mr. Nikhil Mallavarapu	10.05	1.94
- Mr. K S Desikan	6.33	6.72
- Mr. Ramu Akkili	2.15	1.50

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in million)

Particulars		March 31, 2018	March 31, 2017	
b) Directors' sitting fees (including commission paid to non-executive directors)				
- Mr. S Krishnan		0.18	0.50	
- Mr. Rajiv C Modi		0.04	0.34	
- Mr. Pranav Kumar Patel		0.18	0.46	
- Mr. Manoj Nagrath		0.18	0.48	
- Mr. Thiruvengadam P		0.14	0.44	
Particulars		March 31, 2018	March 31, 2017	April 1, 2016
xii) Outstanding balances as at the year ended:				
a) Trade receivables - Current				
Associates/ Joint Venture Companies				
- Centum Rakon India Private Limited	19.89	10.15	12.32	
Subsidiary companies				
- Centum Adetel Group SA	-	24.92	-	
- Centum Adeneo India Pvt Ltd	1.12	-	-	
- Centum Adeneo SAS	0.42	-	-	
- Centum Adetel Equipment	4.19	-	-	
- Centum Adetel Transportation System SAS	7.16	-	-	
Enterprises where key managerial personnel or their relatives exercise significant influence				
- Centum Industries Private Limited	0.95	0.30	-	
b) Trade payables - Current				
Associates/ Joint Venture Companies				
- Centum Rakon India Private Limited	12.33	0.32	2.31	
Subsidiary companies				
- Centum Adetel Transportation System SAS	2.73	-	-	
Enterprises where key managerial personnel or their relatives exercise significant influence				
- Centum Industries Private Limited	1.47	0.66	0.02	
c) Other current financial assets - Staff advances				
- Mr. Apparao V Mallavarapu	0.39	-	-	
- Ms. Swarnalatha Mallavarapu	-	0.15	-	
- Mr. K S Desikan	0.26	-	-	
- Mr. Nikhil Mallavarapu	-	0.24	-	
d) Other current assets - Advance to suppliers and other advances				
Subsidiary companies				
- Centum Adeneo India Pvt Ltd	1.28	-	-	
Associates/ Joint Venture Companies				
- Centum Rakon India Private Limited	0.92	1.71	-	

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in million)

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
e) Other non-current financial asset - Security deposit Enterprises where key managerial personnel or their relatives exercise significant influence			
- Centum Industries Private Limited	-	0.45	-
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	0.16	0.16
g) Corporate guarantees sanctioned on behalf of Subsidiary companies			
- Centum Adetel Group SA	36.28	-	-
h) Other current financial liabilities - Accrued salaries and benefits-payable/(recoverable)			
- Mr. Apparao V Mallavarapu	0.46	12.37	13.60
- Mr. Nikhil Mallavarapu	0.24	0.20	-
- Mr. K S Desikan	0.41	0.14	(0.91)
- Mr. Ramu Akkili	0.10	0.14	(0.12)

c) Key Managerial Personnel's interests in the share based payments plan:

Share options held by key managerial personnel under the share based payments plan to purchase equity shares are as follows:

Share based payments plan	Exercise price	March 31, 2018	March 31, 2017	April 1, 2016
		Number outstanding	Number outstanding	Number outstanding
Centum Employee Stock Option Plan ('ESOP') - 2007 plan	₹ 53.45	-	-	12,994
Centum ESOP - 2013 plan	₹ 71.25	3,654	4,790	16,882

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 44 for further details on the scheme.

Notes:

- 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.
- For investments in related parties, refer note 5(2).

41 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 (note 32) are as under:

(₹ in million)

Particulars	March 31, 2018	March 31, 2017
Contribution to provident fund	25.23	21.50
Contribution to employees' state insurance	7.23	4.88
	32.46	26.38

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in million)

b) Defined benefits plan

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, 2018	March 31, 2017
Current service cost	8.27	5.85
Net interest cost on defined benefit obligation	2.31	1.91
Past service cost	7.67	-
Net benefit expenses	18.24	7.76

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

(₹ in million)

Particulars	March 31, 2018	March 31, 2017
Actuarial (gain)/ loss on obligations arising from changes in experience adjustments	(1.32)	(1.32)
Actuarial (gain)/ loss on obligations arising from changes in financial assumptions	(1.53)	2.26
Actuarial (gain)/ loss recognised in OCI	(2.85)	0.94

iii. Net defined benefit asset/ (liability)

(₹ in million)

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Defined benefit obligation	(36.88)	(29.53)	(22.82)
Fair value of plan assets -	-	-	-
Asset / (liability) recognised in the balance sheet	(36.88)	(29.53)	(22.82)

iv. Changes in the present value of the defined benefit obligation are as follows:

(₹ in million)

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Opening defined benefit obligation	29.53	22.82	17.25
Current service cost	8.27	5.85	4.50
Past service cost	7.67	-	-
Benefits paid	(8.03)	(2.00)	(1.34)
Interest cost on the defined benefit obligation	2.31	1.91	1.43
Actuarial (gain)/ loss on obligations arising from changes in experience adjustments	(1.32)	(1.32)	1.04
Actuarial (gain)/ loss on obligations arising from changes in financial assumptions	(1.53)	2.26	(0.06)
Closing defined benefit obligation	36.88	29.53	22.82

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

v. The following pay-outs are expected in future years:

(₹ in million)

Particulars	March 31, 2018
March 31, 2019	4.08
March 31, 2020	3.85
March 31, 2021	1.98
March 31, 2022	2.05
March 31, 2023	2.55
March 31, 2024 to March 31, 2028	16.63

The average duration of the defined benefit plan obligation at the end of the reporting period is 10 years (March 31, 2017: 10 years; April 1, 2016: 10 years).

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

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Discount rate (in %)	7.69%	7.16%	7.80%
Salary escalation (in %)		7%	
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 - 57 Yrs : 1%	
Retirement age		58 years	
Mortality Rate		Indian Assured Lives Mortality (2006-08) (Modified) Ultimate	

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.

vii. A quantitative sensitivity analysis for significant assumption as at March 31, 2018 is as shown below:

(₹ in million)

Particulars	March 31, 2018	March 31, 2017
Discount rate		
Impact on defined benefit obligation due to 1% increase in discount rate	(3.10)	(2.48)
Impact on defined benefit obligation due to 1% decrease in discount rate	3.29	2.64
Salary escalation rate		
Impact on defined benefit obligation due to 1% increase in salary escalation rate	1.89	1.51
Impact on defined benefit obligation due to 1% decrease in salary escalation rate	(1.77)	(1.42)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

42 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)

	Segment revenue*		Non-current assets**		
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	April 1, 2016
India	1,058.96	1,646.23	1,164.93	1,239.33	760.57
Europe	1,079.28	848.01	-	-	-
USA	673.51	439.67	-	-	-
Rest of the world	775.33	1,051.89	-	-	-
Total	3,587.08	3,985.79	1,164.93	1,239.33	760.57

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

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

(c) No single customer represents 10% or more of the entity's total revenue during the year ended March 31, 2018.

43 Commitments and contingencies

(a) Operating leases: Company as lessee

The Company has entered into operating leases for office facilities and equipments (like car and computers) under cancellable operating leases. There are no restrictions imposed by lease arrangements and there are no sub leases. The total rental expense towards the aforementioned leases charged to the statement of profit and loss is ₹ 25.36 million (March 31, 2017: ₹ 29.87 million).

Company as lessor

The Company has entered into operating lease for giving office facilities under cancellable operating lease arrangement to its joint venture company. The total rental income recognised by the Company in the statement of profit and loss amounted to ₹ 3.03 million (March 31, 2017: ₹ 3.03 million).

(b) Commitments

Capital commitments

(₹ in million)

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	44.95	42.63	146.27

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(c) Contingencies

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)

Particulars of guarantees	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Corporate guarantee given on behalf of subsidiary company	36.28	-	-
Bank guarantee	5.58	4.93	0.38

(d) Litigations

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*	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Matters relating to direct taxes under dispute			
- Income tax	1.89	1.89	35.28
Matters relating to indirect taxes under dispute			
- Sales tax	7.04	7.04	7.04
- Excise, cenvat credit availment and customs duty	85.77	84.86	32.25
Stamp duty levy	16.28	5.11	5.11

* 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.

44 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 sponsors two share option plans - the Centum Employee Stock Option Plan ('ESOP') - 2007 plan and the Centum ESOP - 2013 plan. The details of the aforementioned plans are as follows:

- The Centum ESOP - 2007 plan was approved by the directors of the Company in October 2007 and by the shareholders in December 2007. Centum ESOP - 2007 plan provides for the issue of 416,666 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 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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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, 2018		Year ended March 31, 2017	
	Centum ESOP - 2007	Centum ESOP - 2013	Centum ESOP - 2007	Centum ESOP - 2013
Fair value at grant date	₹ 6.54 - ₹ 47.20	₹ 11.65 - ₹ 277.30	₹ 6.54 - ₹ 47.20	₹ 11.65 - ₹ 14.82
Share price at grant date	₹ 31.60 - ₹ 118.50	₹ 71.25 & ₹ 637.05	₹ 31.60 - ₹ 118.50	₹ 71.25
Weighted average exercise price	₹ 53.45	₹ 283.03	₹ 69.14	₹ 71.25
Dividend yield (%)	10%	10%	10%	10%
Expected life of share options (years)	1- 4 years	1- 4 years	1- 4 years	1- 4 years
Risk free interest rate (%)	5.70 - 8.60%	5.70 - 8.60%	5.70 - 8.60%	5.70 - 8.60%
Expected volatility (%)	48.31%	48.31%	51.22%	51.22%

C Movements during the year

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, Centum ESOP - 2007 plan during the year:

Particulars	For the year ended March 31, 2018		For the year ended March 31, 2017	
	Number of options	WAEP	Number of options	WAEP
Options outstanding at April 1	28,814	69.14	85,183	61.97
Granted during the period	-	-	-	-
Forfeited / lapsed during the period	-	-	-	-
Exercised during the period	25,833	70.95	56,369	69.14
Expired during the period	-	-	-	-
Options outstanding at March 31	2,981	53.45	28,814	69.14
Exercisable at March 31	2,981	53.45	28,814	69.14

The options outstanding as at March 31, 2018 had a weighted average exercise price of ₹ 53.45 (March 31, 2017: ₹ 69.14) and the weighted average remaining contractual life of 7.64 years (March 31, 2017: 8.03 years).

The following table illustrates the number and WAEP of, and movements in, Centum ESOP - 2013 plan during the year:

Particulars	March 31, 2018		March 31, 2017	
	Number of options	WAEP	Number of options	WAEP
Options outstanding at April 1	135,532	71.25	170,941	71.25
Granted during the period	18,000	637.05	-	-
Forfeited / lapsed during the period	14,287	-	-	-
Exercised during the period	91,155	71.25	35,409	71.25
Expired during the period	-	-	-	-
Options outstanding at March 31	48,090	283.03	135,532	71.25
Exercisable at March 31	30,090	71.25	76,906	71.25

The options outstanding as at March 31, 2018 had an exercise price of ₹ 283.03 (March 31, 2017: ₹ 71.25) and the weighted average remaining contractual life of 10.61 years (March 31, 2017: 9.41 years).

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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 :

Particulars	March 31, 2018	March 31, 2017
Expense arising from equity settled share based payment transaction	0.06	0.27

- E The Company has granted stock options to employees of Centum Rakon India Private Limited under ESOP plans as detailed in note 44(A) above. The Company has an obligation to settle the transaction with the aforementioned entity's employees by providing its own equity shares. Therefore, in accordance with Ind AS 102, the Company has measured its obligation in accordance with the requirements applicable to equity settled share-based payment transaction.

45 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, 2018	March 31, 2017	April 1, 2016
Borrowings (refer note 18, 21 and 23)	2,079.73	1,501.07	818.33
Less: Cash and cash equivalents (refer note 12)	79.88	82.83	392.02
Total debts (i)	1,999.85	1,418.34	426.31
Capital components			
Equity share capital (refer note 15)	128.70	127.53	126.61
Other equity (refer note 16)	1,474.54	1,744.22	1,461.54
Total Capital (ii)	1,603.24	1,871.75	1,588.15
Capital and borrowings (iii = i + ii)	3,603.09	3,289.99	2,014.46
Gearing ratio (i / iii)	56%	43%	21%

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, 2018 and March 31, 2017.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

46 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 2.2(b) and 2.2(n), 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, 2018, March 31, 2017 and April 1, 2016.

As at March 31, 2018

(₹ 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 and joint ventures)	13.26	-	-	13.26	13.26
(ii) Trade receivables	-	-	947.57	947.57	947.57
(iii) Cash and cash equivalents	-	-	79.88	79.88	79.88
(iv) Bank balances other than cash and cash equivalents	-	-	158.68	158.68	158.68
(v) Other financial assets	-	-	19.81	19.81	19.81
Total	13.26	-	1,205.94	1,219.20	1,219.20
Financial liabilities					
(i) Borrowings	-	-	2,079.73	2,079.73	2,079.73
(ii) Trade payables	-	-	1,133.03	1,133.03	1,133.03
(iii) Derivative instrument-Interest rate swap	-	6.34	-	6.34	6.34
(iv) Other financial liabilities	-	-	82.12	82.12	82.12
Total	-	6.34	3,294.88	3,301.22	3,301.22

As at March 31, 2017

(₹ 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 and joint ventures)	13.26	-	-	13.26	13.26
(ii) Trade receivables	-	-	890.08	890.08	890.08
(iii) Cash and cash equivalents	-	-	82.83	82.83	82.83
(iv) Bank balances other than cash and cash equivalents	-	-	153.31	153.31	153.31
(v) Other financial assets	-	-	16.15	16.15	16.15
Total	13.26	-	1,142.37	1,155.63	1,155.63
Financial liabilities					
(i) Borrowings	-	-	1,501.07	1,501.07	1,501.07
(ii) Trade payables	-	-	726.51	726.51	726.51
(iii) Foreign exchange forward contract	-	0.80	-	0.80	0.80
(iv) Derivative instrument-Interest rate swap	-	6.26	-	6.26	6.26
(v) Other financial liabilities	-	-	200.66	200.66	200.66
Total	-	7.06	2,428.24	2,435.30	2,435.30

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

As at April 1, 2016

(₹ 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 and joint ventures)	13.26	-	-	13.26	13.26
(ii) Trade receivables	-	-	857.64	857.64	857.64
(iii) Cash and cash equivalents	-	-	392.02	392.02	392.02
(iv) Bank balances other than cash and cash equivalents	-	-	115.58	115.58	115.58
(v) Other financial assets	-	-	19.27	19.27	19.27
Total	13.26	-	1,384.51	1,397.77	1,397.77
Financial liabilities					
(i) Borrowings	-	-	818.33	818.33	818.33
(ii) Trade payables	-	-	583.80	583.80	583.80
(iii) Foreign exchange forward contract	-	0.38	-	0.38	0.38
(iv) Other financial liabilities	-	-	109.69	109.69	109.69
Total	-	0.38	1,511.83	1,512.21	1,512.21

(b) Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3, as described below:

Quoted prices in an active market (Level 1): This level of hierarchy includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists of investment in quoted equity shares, and mutual fund investments.

Valuation techniques with observable inputs (Level 2): This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Valuation techniques with significant unobservable inputs (Level 3): This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in million)

Particulars	Fair value measurements at reporting date using			
	Total	Level 1	Level 2	Level 3
March 31, 2018				
Financial assets				
Investments (other than investments in subsidiaries and joint ventures)	13.26	-	-	13.26
Financial liabilities				
Foreign exchange forward contracts	-	-	-	-
Derivative instrument - Interest rate swap	6.34	-	6.34	-
March 31, 2017				
Financial assets				
Investments (other than investments in subsidiaries and joint ventures)	13.26	-	-	13.26
Financial liabilities				
Foreign exchange forward contracts	0.80	-	0.80	-
Derivative instrument - Interest rate swap	6.26	-	6.26	-
April 1, 2016				
Financial assets				
Investments (other than investments in subsidiaries and joint ventures)	13.26	-	-	13.26
Financial liabilities				
Foreign exchange forward contracts	0.38	-	0.38	-

- (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 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 years ended March 31, 2018, March 31, 2017 and April 1, 2016.

(c) Financial risk management objectives and policies

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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(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, 2018		
USD	+50	(5.62)
INR	+50	(3.27)
USD	-50	5.62
INR	-50	3.27
March 31, 2017		
USD	+50	(4.94)
INR	+50	(0.72)
USD	-50	4.94
INR	-50	0.72

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 sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD / EURO exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material. For unhedged foreign currency exposure, refer note 54.

(₹ in million)

Particulars	Change in currency	Effect on profit or loss		Effect on equity, net of tax	
		Strengthening	Weakening	Strengthening	Weakening
March 31, 2018					
USD	5%	(69.06)	69.06	(45.16)	45.16
EURO	5%	(5.31)	5.31	(3.47)	3.47
March 31, 2017					
USD	5%	(65.08)	65.08	(42.56)	42.56
EURO	5%	(3.03)	3.03	(1.98)	1.98

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

The sensitivity analysis has been based on the composition of the Company's financial assets and liabilities at March 31, 2018 and March 31, 2017 excluding cash and cash equivalents which does not present a material exposure. 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 ₹ 1,219.20 million, ₹1,155.63 million and ₹1,397.77 million, as at March 31, 2018, March 31, 2017 and April 1, 2016, 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 (excluding assets held for disposal).

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 customers of the Company contribute to more than 38% of the receivables for the year ended March 31, 2018 and more than 50% of the receivables during the year ended March 31, 2017 and April 1, 2016.

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, 2018	March 31, 2017
Opening balance	29.92	29.92
Amount provided/ (reversed) during the year	(16.83)	-
Closing provision	13.08	29.92

Credit risk from balances with bank and financial institutions 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.

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 a 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 low.

The following table shows a maturity analysis of the anticipated cash flows including interest obligations for the Company'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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in million)

Particulars	0-1 years	1 to 5 years	> 5 years	Total
March 31, 2018				
Borrowings	1,871.00	208.73	-	2,079.73
Trade payables	1,133.03	-	-	1,133.03
Other financial liabilities	82.12	6.34	-	88.46
	3,086.15	215.07	-	3,301.22
March 31, 2017				
Borrowings	1,200.28	300.79	-	1,501.07
Trade payables	726.51	-	-	726.51
Other financial liabilities	201.46	6.26	-	207.72
	2,128.25	307.05	-	2,435.30
April 1, 2016				
Borrowings	818.33	-	-	818.33
Trade payables	583.81	-	-	583.81
Other financial liabilities	110.07	-	-	110.07
	1,512.21	-	-	1,512.21

47 First time adoption of Ind AS

These standalone financial statements, for the year ended March 31, 2018, are the first financial statements, the Company has prepared in accordance with Ind AS. For the periods upto March 31, 2017, the Company has prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and Amendment thereof ("Indian GAAP" or "previous GAAP").

Accordingly, the Company has prepared these standalone financial statements which comply with Ind AS applicable for year ended March 31, 2018, together with the comparative period data as at and for the year ended March 31, 2017, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 1, 2016, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 1, 2016 and the financial statements as at and for the year ended March 31, 2017.

(A) Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following material exemptions:

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Exemptions

Estimates:

The estimates as at April 1, 2016 and as at March 31, 2017 are consistent with those made for the same dates in accordance with Indian GAAP apart from the Impairment of financial assets based on Expected Credit Loss (ECL) model where application of Indian GAAP did not require estimation.

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions as at April 1, 2016, the date of transition to Ind AS and as of March 31, 2017.

De-recognition of financial assets and liabilities:

The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

Classification and measurement of financial assets:

The Company has classified the financial assets in accordance with Ind AS 109 on the basis of facts and circumstances that exists at the date of transition to Ind AS.

Impairment of financial assets: (Trade receivables and other financial assets)

As at the date of transition to Ind AS, the Company has determined that there will be significant increase in credit risk since the initial recognition of a financial instrument which would require undue cost or effort. The Company has recognised a loss allowance at an amount equal to lifetime expected credit losses at each reporting date until that financial instrument is derecognised (unless that financial instrument is low credit risk at a reporting date).

Deemed cost - Previous GAAP carrying amount: (PPE and Intangible Assets)

The Company has elected to avail exemption under Ind AS 101 to use Indian GAAP carrying value as deemed cost at the date of transition for all items of property, plant and equipment, capital work in progress and intangible assets as per the balance sheet prepared in accordance with previous GAAP.

Investments in subsidiaries, joint ventures and associates

In separate financial statements, a first-time adopter that subsequently measures an investment in a subsidiary, joint venture or associate at cost, may measure such investment at cost (determined in accordance with Ind AS 27) or deemed cost (fair value or previous GAAP carrying amount) in its separate opening Ind AS balance sheet. The Company has elected to apply the previous GAAP carrying amount of its investment in subsidiaries, associates and joint ventures.

Share - based payment transactions:

Ind AS 101 permits a first time adopter to not apply Ind AS 102 share based payments to equity instruments that settled before date of transition to Ind AS. Accordingly, the Company has elected to measure only those employee stock options that have not been settled as on the date of transition.

Fair value measurement of financial assets or financial liabilities:

In accordance with paragraph D20 of Ind AS 101, the Company has applied day one gain or loss provisions prospectively to transactions occurring on or after the date of transition to Ind AS.

(B) Reconciliation of total equity between previous GAAP and Ind AS

(₹ in million)

Particulars	Notes	March 31, 2017	April 1, 2016
Equity as reported under previous GAAP		1,891.44	1,607.91
ECL on financial assets	47(2)	(29.92)	(29.92)
Reversal of amortisation of goodwill	47(5)	9.96	-
Loss on fair valuation of derivative instrument - interest rate swap	47(4)	(6.26)	-
Income tax impact on above adjustments	47(3)	6.90	10.34
Others		(0.37)	(0.18)
Equity as per Ind AS		1,871.75	1,588.15

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(C) Total comprehensive income / (expense) reconciliation for the year ended March 31, 2017

(₹ in million)

Particulars	Notes	March 31, 2017
Profit/ (loss) after tax under previous GAAP		308.24
Add/(less): Ind AS adjustments		
Reversal of amortisation of goodwill	47(5)	9.96
Loss on fair valuation of derivative instrument - interest rate swap	47(4)	(6.26)
Others		(0.08)
Income tax impact on above adjustments	47(3)	(3.26)
Profit/ (loss) after tax for the year as per Ind AS		308.60
Other comprehensive income/ (loss) (net of tax)	47(1) & 47(6)	(0.62)
Total comprehensive income / (expense) for the year under Ind AS		307.98

Notes to the reconciliation between previous GAAP and Ind AS

1. Re-measurement of post employment benefit plans

In accordance with Ind AS 19, "Employee Benefits", re-measurement gains and losses on post employment defined benefit plans are recognised in other comprehensive income as compared to the statement of profit and loss under the Previous GAAP.

2. Expected credit loss

The provision is made against trade receivables based on "expected credit loss" model as per Ind AS 109. Under previous GAAP the provision was made when the receivable turned doubtful based on the assessment on case to case basis.

3. Deferred tax

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

Accordingly, under Ind AS, there are transitional adjustments leading to temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings on transition or a separate component of equity depending on the recognition of the instrument.

4. Interest rate swap not designated as hedging instrument

Under the previous GAAP, the Company had considered both the critical terms of the interest rate swap and those of the repayment of interest on foreign currency term loan as same. Based on the internal assessment carried out by the management, the net impact of the marked to market valuation of the foreign currency swap, net of gain/ loss on the underlying loan, is not expected to be material and accordingly no adjustments were made in the standalone financial statements.

In accordance with Ind AS 109 "Financial Instruments", all derivative financial instruments are recognised at fair value as at each reporting date through the statement of profit and loss.

5. Amortisation of goodwill

The goodwill recognised on transactions in earlier years was amortised under previous GAAP, however the same has been recognised at previous GAAP carrying value on transition date in accordance with Ind AS 101 transition provisions. Amortisation of goodwill amount has been reversed for the year ended March 31, 2017 and has been reinstated.

6. Other comprehensive income

Under Indian GAAP, the Company has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit or loss to profit or loss as per Ind AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

7. Statement of cash flows

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

8. Previous year figures have been regrouped

The figures of the previous periods have been regrouped/reclassified, where necessary, to conform with the current year's classification.

48 Interest in significant investment in subsidiaries, joint ventures 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, 2018	March 31, 2017	April 1, 2016	March 31, 2018	March 31, 2017	April 1, 2016	March 31, 2018	March 31, 2017	April 1, 2016		
Centum Rakon India Private Limited	Joint venture	Joint venture	Joint venture	51.00%	51.00%	51.00%	51.00%	51.00%	51.00%	December 7, 2007	India
Centum Electronics UK Limited	Subsidiary	Subsidiary	NA	100.00%	100.00%	NA	100.00%	100.00%	NA	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 audited financial statements for the respective years.
2. The above disclosure made do not include step down subsidiaries, joint ventures and associates and are with respect to subsidiaries, joint ventures and associates existing as at March 31, 2018.

49 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, 2018	March 31, 2017	April 1, 2016
Fair value of foreign exchange forward contract not designated as hedging instrument (refer note 23)	-	0.80	0.38
Derivative instrument - Interest rate swap (refer note 19)	6.34	6.26	-

50 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, 2018, 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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

51 Corporate social responsibility expenses

(₹ in million)

Particulars	March 31, 2018	March 31, 2017
a) Gross amount required to be spent by the Company during the year	8.06	7.51
	In cash	Yet to be paid in cash
b) Amount spent during the year ending on March 31, 2018:		Total
i) Construction/acquisition of any assets	-	-
ii) On purposes other than (i) above	3.72	4.34
	In cash	Yet to be paid in cash
Amount spent during the year ending on March 31, 2017:		Total
i) Construction/acquisition of any assets	-	-
ii) On purposes other than (i) above	2.03	5.48
		7.51

52 Standards issued but not yet effective

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standard:

Ind AS 115 - Revenue from Contracts with Customers

Ind AS 115 "Revenue from Contracts with Customers" was issued on March 28, 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under Ind AS. This new standard requires revenue to be recognized when promised goods or services are transferred to customers in amounts that reflect the consideration to which the Company expects to be entitled in exchange for those goods or services. Adoption of the new rules could affect the timing of revenue recognition for certain transactions of the Company. Ind AS 115 is effective for the Company in the first quarter of fiscal year 2019 using either one of two methods:

- retrospectively to each prior reporting period presented in accordance with Ind AS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", with the option to elect certain practical expedients as defined within Ind AS 115 (the full retrospective method); or
- retrospectively with the cumulative effect of initially applying Ind AS 115 recognized at the date of initial application (April 1, 2018) and providing certain additional disclosures as defined in Ind AS 115 (the modified retrospective method).

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

The Company continues to evaluate the available transition methods and its contractual arrangements. The ultimate impact on revenue resulting from the application of Ind AS 115 will be subject to assessments that are dependent on many variables, including, but not limited to, the terms of the contractual arrangements and the mix of business. The Company's considerations also include, but are not limited to, the comparability of its financial statements and the comparability within its industry from application of the new standard to its contractual arrangements. The Company has established an implementation team to implement Ind AS 115 related to the recognition of revenue from contracts with customers and it continues to evaluate the changes to accounting system and processes, and additional disclosure requirements that may be necessary. A reliable estimate of the quantitative impact of Ind AS 115 on the standalone financial statements will only be possible once the implementation project has been completed.

Amendments to Ind 112 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in Ind AS 112

The amendments clarify that the disclosure requirements in Ind AS 112, other than those in paragraphs B10–B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for disposal.

As at March 31, 2018, the Company has classified its interest in Centum Rakon India Private Limited, a joint-venture Company, as held for sale (see note 53), but these amendments are unlikely to affect the Company's financial statements.

Amendments to Ind AS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after April 1, 2018. These amendments are not expected to have any impact on the Company as the Company has no deductible temporary differences or assets that are in the scope of the amendments.

- 53** The Board of Directors of the Company in its meeting held on February 26, 2018 had approved proposal to sell 51% stake held in Centum Rakon India Private Limited (a joint venture company), subject to approval of the shareholders. Subsequent to the year ended March 31, 2018, the Company has signed Share Purchase Agreement with Rakon Limited for the sale of entire 51% stake held by the Company in Centum Rakon India Private Limited.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

54 Unhedged foreign currency exposure:

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

Particulars	Currency	March 31, 2018		March 31, 2017		April 1, 2016	
		Amount in foreign currency	Amount in ₹ million	Amount in foreign currency	Amount in ₹ million	Amount in foreign currency	Amount in ₹ million
Borrowings (including short term borrowing and long term borrowing)	USD EUR	21.94	1,426.25	20.93	1,357.41	10.94 0.36	723.80 26.79
Trade payables	CHF (March 31, 2018: CHF 434) EUR GBP JPY SEK SGD (March 31, 2018: SGD 4,850) USD	0.00 1.36 0.17 0.09 0.57 0.00 8.70	0.03 109.26 15.83 0.06 4.58 0.25 565.78	0.23 0.91 0.04 65.41 0.89 - 6.24	15.25 63.13 3.03 38.57 6.61 - 404.51	- 0.35 0.01 1.16 0.52 - 4.55	- 26.07 1.20 0.70 4.31 - 300.80
Trade receivables	EUR USD	0.04 9.42	3.12 610.82	0.04 7.11	2.48 460.35	0.26 8.09	19.77 533.74
Cash and cash equivalents	EUR (March 31, 2017: EUR 606) GBP (March 31, 2016: GBP 4,932) USD	0.01 0.01 0.34	0.51 0.55 21.94	0.00 0.03 0.25	0.04 2.02 16.08	0.08 0.00 0.09	5.82 0.47 5.77

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:

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

(₹ in million)

Particulars	March 31, 2018	March 31, 2017
Capital expenses	4.30	10.88
Revenue expenses (including depreciation)	83.06	98.69
	87.37	109.57

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

- 56** 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.
- 57** The comparatives given in the standalone financial statements have been compiled after making necessary Ind AS adjustments to the respective audited financial statements under previous GAAP to give a true and fair view in accordance with Ind AS.
- 58** The audit of standalone financial statements of the Company under previous GAAP for the period ended March 31, 2017 and April 1, 2016 was carried out by firm of Chartered Accountants other than S.R. Batliboi & Associates LLP.

As per our report of even date attached
for **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 101049W/E300004
per Sandeep Karnani
Partner
Membership No. 061207
Place : Bengaluru
Date : 30 May, 2018

For and on behalf of Board of Directors of
Centum Electronics Limited
CIN : L85110KA1993PLC013869

Apparao V. Mallavarapu
Chairman & Managing Director
DIN : 00286308
Ramu Akkili
Company Secretary

S. Krishnan
Director
DIN : 01807344
K.S.Desikan
Chief Financial Officer

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of Centum Electronics Limited

Report on the Consolidated Ind AS financial statements

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") its associates and joint ventures, comprising of the consolidated Balance Sheet as at March 31, 2018, the consolidated Statement of Profit and Loss including other comprehensive income, the consolidated Cash Flow Statement, the consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS financial statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirement of the Companies Act, 2013 ("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 and Joint Ventures in accordance with 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 Standard) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its associates and joint ventures 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 joint ventures and for preventing and detecting frauds and other irregularities; the 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 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration

INDEPENDENT AUDITOR'S REPORT

of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, associates and joint ventures, the aforesaid consolidated Ind AS financial statements give the information required by 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, its associates and joint ventures as at March 31, 2018, their consolidated loss including other comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Other Matter

- (a) We did not audit the financial statements and other financial information, in respect of 2 subsidiaries (One subsidiary has 10 subsidiaries, 1 joint venture and 1 associate), whose Ind AS financial statements include total assets of Rs. 5,098.69 million and net assets of Rs. 863.63 million as at March 31, 2018, and total revenues of Rs. 5,030.68 million and net cash inflows of Rs 83.08 million for the year ended on that date (before adjustments on consolidation). These 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, joint ventures and associate, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, joint ventures and associates, is based solely on the report(s) of such other auditors.

Certain of these subsidiaries/associates/ joint ventures 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 Company's management has converted the financial statements of such subsidiaries/associates/joint ventures located outside India from accounting principles generally

accepted in their respective countries to accounting principles generally accepted in India. Our opinion in so far as it relates to the balances and affairs of such subsidiaries/ associates/ joint ventures located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company.

- (b) The comparative financial information of the Group including its subsidiaries, associates and joint ventures for the year ended March 31, 2017 and the transition date opening balance sheet as at April 01, 2016 included in these consolidated Ind AS financial statements, are based on the previously issued consolidated financial statements prepared in accordance with accounting principles generally accepted in India, including the Companies (Accounting Standards) Rules, 2006 (as amended) specified under Section 133 of the Act, read with the Companies (Accounts) Rules, 2014 audited by the predecessor auditor whose report for the year ended March 31, 2017 and March 31, 2016 dated May 30, 2017 and May 27, 2016 respectively expressed an unmodified opinion on those consolidated financial statements, as adjusted for the differences in the accounting principles adopted by the Group on transition to the Ind AS, which have been 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, associates and joint ventures, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

- (a) We / the other auditors whose reports we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief

INDEPENDENT AUDITOR'S REPORT

were necessary for the purpose 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, 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 Indian Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standard) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2018 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 and joint venture Company, incorporated in India, none of the directors of the Company and its subsidiary and joint venture incorporated in India is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company and its

subsidiary and joint venture incorporated in India, refer to our separate report in "Annexure 1" to this report;

- (g) 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, associates and joint ventures, 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, its associates and joint ventures – Refer Note 42 to the consolidated Ind AS financial statements;
 - ii. The Group, its associates and joint ventures did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2018.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiary and its joint venture incorporated in India during the year ended March 31, 2018.

For S.R. Batliboi & Associates LLP

ICAI firm registration number: 101049W/E300004

Chartered Accountants

per Sandeep Karnani

Partner

Bengaluru

Date: May 30, 2018

Membership number: 061207

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 financial statements of Centum Electronics Limited as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of Centum Electronics Limited (hereinafter referred to as the "Holding Company") and its subsidiary company and its joint venture, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and joint venture, 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 issued by the Institute of Chartered Accountants of India. 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial

reporting with reference to these consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 over financial reporting with reference to these consolidated 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 over financial reporting with reference to these consolidated financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these consolidated 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 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 over financial reporting with reference to these consolidated financial statements.

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF CENTUM ELECTRONICS LIMITED

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Financial Statements

A company's internal financial control over financial reporting with reference to these consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these consolidated 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 financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these consolidated 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 over financial reporting with reference to these consolidated financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these consolidated 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 Holding Company, its subsidiary company and joint venture, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls over financial reporting with reference to these consolidated financial statements and such internal financial controls over financial reporting with reference to these consolidated financial statements were operating effectively as at March 31, 2018, 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 issued by the Institute of Chartered Accountants of India.

For S.R. Batliboi & Associates LLP

ICAI firm registration number: 101049W/E300004

Chartered Accountants

per Sandeep Karnani

Bengaluru

Partner

Date: May 30, 2018

Membership number:
061207

Consolidated Balance Sheet as at March 31, 2018

(₹ in million)

	Notes	March 31, 2018	March 31, 2017	April 1, 2016
ASSETS				
(1) Non-current assets				
(a) Property, plant and equipment	3	1,221.27	1,234.32	334.80
(b) Capital work-in-progress		150.77	1.87	208.51
(c) Goodwill on consolidation	4a	376.23	376.23	-
(d) Other intangible assets	4b	788.49	893.71	64.85
(e) Intangible assets under development		115.07	111.10	-
(f) Financial assets				
(i) Investment in Joint Ventures and Associates	5a, 5b	53.13	368.57	323.91
(ii) Other Investments	5c	91.28	80.57	13.26
(iii) Loans	6	54.44	42.88	15.61
(g) Deferred tax assets (net)	7	-	-	50.63
(h) Non-current tax assets (net)	8	506.76	129.03	22.01
(i) Other non-current assets	9	64.54	103.24	152.41
		3,421.98	3,341.52	1,185.99
(2) Current assets				
(a) Inventories	10	2,697.02	1,838.98	1,328.60
(b) Financial assets				
(i) Trade receivables	11	3,271.05	1,876.92	857.64
(ii) Cash and cash equivalents	12	217.29	136.59	392.02
(iii) Bank balances other than cash and cash equivalents	12	158.68	153.31	115.58
(iv) Loans	13a	1.13	0.92	0.16
(v) Other current financial assets	13b	1.79	221.37	3.66
(c) Other current assets	14	664.74	1,084.26	134.89
(3) Assets classified as held for disposal	5a	296.35	-	-
		7,308.05	5,312.35	2,832.55
Total assets (1+2+3)		10,730.03	8,653.87	4,018.54
EQUITY AND LIABILITIES				
(1) Equity				
(a) Equity share capital	15	128.70	127.53	126.61
(b) Other equity	16	1,733.01	1,972.07	1,748.07
Equity attributable to equity holders of the parent		1,861.71	2,099.60	1,874.68
Non-controlling interests		260.58	216.22	-
Total equity		2,122.29	2,315.82	1,874.68
Liabilities				
(2) Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	18	793.73	578.20	-
(ii) Other non-current financial liabilities	19	447.92	322.12	-
(b) Provisions	20	156.48	154.36	20.30
Deferred tax liabilities (net)	7	131.79	127.88	-
		1,529.92	1,182.56	20.30
(3) Current liabilities				
(a) Financial liabilities				
(i) Borrowings	21	2,669.72	1,898.38	818.33
(ii) Trade payables	22	1,840.79	1,228.15	592.32
(iii) Other current financial liabilities	23	365.93	510.54	110.07
(b) Other current liabilities	24	2,044.63	1,334.13	549.04
(c) Net employee defined benefit liabilities	25	3.93	2.83	2.53
(d) Provisions	26	11.76	20.26	28.01
(e) Liabilities for current tax (net)	27	141.06	161.20	23.26
		7,077.82	5,155.49	2,123.56
Total equity and liabilities (1+2+3)		10,730.03	8,653.87	4,018.54

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 attached

for **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

per **Sandeep Karnani**

Partner

Membership No. 061207

Place : Bengaluru

Date : 30 May, 2018

For and on behalf of Board of Directors of

Centum Electronics Limited

CIN : L85110KA1993PLC013869

Apparao V. Mallavarapu

Chairman & Managing Director

DIN : 00286308

Ramu Akkili

Company Secretary

S. Krishnan

Director

DIN : 01807344

K.S.Desikan

Chief Financial Officer

Consolidated Statement of Profit and Loss for the year ended March 31, 2018

(₹ in million)

	Notes	March 31, 2018	March 31, 2017
Continuing Operations			
I Income			
Revenue from operations	28	8,468.40	7,032.40
Other income	29	214.03	304.44
Total income		8,682.43	7,336.84
II Expenses			
Cost of materials consumed	30	4,020.50	3,030.31
(Increase)/ decrease in inventories of work-in-progress	31	(81.80)	81.07
Excise duty on sale of products		33.57	116.44
Employee benefits expense	32	3,090.83	2,275.89
Finance costs	33	221.01	184.05
Depreciation and amortization expenses	34	335.84	232.47
Other expenses	35	1,160.81	970.52
Total expenses		8,780.76	6,890.75
Profit / (loss) before share of profit/(loss) of associate and joint ventures, exceptional items and tax from continuing operations (I - II)		(98.33)	446.09
Share of (loss) / profit of associates and joint ventures (net)		(10.65)	6.67
Profit / (loss) before exceptional items and tax from continuing operations		(108.98)	452.76
Exceptional items (net)	36	-	6.95
III Profit/ (loss) before tax from continuing operations		(108.98)	459.71
IV Tax expenses of continuing operations			
(a) Current tax		5.59	88.77
(b) Adjustment of tax relating to earlier period		0.42	(7.57)
(c) Deferred tax expense / (credit)		2.97	8.82
(d) Minimum alternative tax (MAT) credit entitlement		0.93	(3.58)
V (Loss) / profit after tax from continuing operations (III - IV)		(118.90)	373.60
Discontinuing Operations			
VI Profit/(loss) before share of profit/(loss) of joint venture and tax from discontinuing operations		-	-
Share of (loss) / profit of joint venture (net)		(26.40)	(1.26)
VII Profit/(loss) before tax from discontinuing operations		(26.40)	(1.26)
VIII Tax expenses of discontinuing operations			
(a) Current tax		-	-
(b) Deferred tax expense / (credit)		-	-
IX (Loss) / profit after tax from discontinuing operations (VII - VIII)		(26.40)	(1.26)
X (Loss) / profit for the year (V + IX)		(145.30)	372.34
XI 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		2.15	3.47
(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		2.86	(0.94)
(ii) Income tax effect		-	0.32
Other comprehensive income/ (expense) for the year, net of tax		5.01	2.85

Consolidated Statement of Profit and Loss for the year ended March 31, 2018

(₹ in million)

Notes	March 31, 2018	March 31, 2017
(Loss) / profit for the year	(145.30)	372.34
Attributable to		
a) Equity holders of the parent	(189.65)	343.36
b) Non-controlling interests	44.35	28.98
Other comprehensive income/ (expense) for the year	5.01	2.85
Attributable to		
a) Equity holders of the parent	5.01	2.85
b) Non-controlling interests	-	-
XII Total comprehensive income for the year (X + XI)	(140.29)	375.19
Attributable to		
a) Equity holders of the parent	(184.64)	346.21
b) Non-controlling interests	44.35	28.98
XIII Earnings per share (nominal value of Rs 10 each)		
Earnings per share (₹) for continuing operations:		
Basic and diluted, computed on the basis of profit from continuing operations attributable to equity holders of the parent (per equity share of ₹10 each)	38	
- Basic	(12.74)	27.10
- Diluted	(12.74)	26.80
Earnings per share (₹) for discontinuing operations:		
Basic and diluted, computed on the basis of profit from discontinued operations attributable to equity holders of the parent (per equity share of ₹10 each)	38	
- Basic	(2.06)	(0.10)
- Diluted	(2.06)	(0.10)
Earnings per share (₹) for continuing and discontinuing operations:		
Basic and diluted, computed on the basis of profit attributable to equity holders of the parent (per equity share of ₹10 each)	38	
- Basic	(14.80)	27.00
- Diluted	(14.80)	26.70

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 attached

for **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

per **Sandeep Karnani**

Partner

Membership No. 061207

Place : Bengaluru

Date : 30 May, 2018

For and on behalf of Board of Directors of

Centum Electronics Limited

CIN : L85110KA1993PLC013869

Apparao V. Mallavarapu

Chairman & Managing Director

DIN : 00286308

Ramu Akkili

Company Secretary

S. Krishnan

Director

DIN : 01807344

K.S.Desikan

Chief Financial Officer

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in million)

	March 31, 2018	March 31, 2017
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (loss) before tax from continuing operations	(108.98)	459.71
Profit / (loss) before tax from discontinued operations	(26.40)	(1.26)
(Loss) / profit before tax expenses	(135.38)	458.45
Non-cash adjustments to reconcile profit/(loss) before tax to net cash flows:		
Depreciation and amortisation expenses	335.84	232.47
Provisions no longer required, written back	(101.48)	(26.02)
Fair value loss on financial instruments at fair value through profit or loss	0.08	6.68
Net foreign exchange differences (unrealised)	16.83	(12.50)
Gain on disposals of property, plant and equipment	(0.72)	(23.25)
Provision for doubtful receivables	4.79	9.00
Employee share based payments	18.62	13.68
Finance income	(18.54)	(32.58)
Finance costs	221.01	184.05
Profit on sale of investment	-	(46.07)
Share of loss / (profit) of associates and a joint ventures	37.05	(5.41)
Operating (loss)/profit before working capital changes	378.10	758.50
Working capital adjustments:		
(Increase) / decrease in inventories	(788.90)	(217.95)
(Increase) / decrease in trade receivables	(1,212.02)	(693.81)
(Increase) / decrease in non-current/current financial and other assets	769.05	(44.15)
Increase / (decrease) in trade payables, provisions and other liabilities	1,167.99	(279.64)
Cash generated from/ (used in) operations	314.23	(477.06)
Direct taxes paid (net of refunds)	(413.18)	(49.96)
Net cash (used in) / from operating activities	(98.95)	(527.02)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment, including intangible assets and capital advances	(350.60)	(784.60)
Proceeds from sale of property, plant and equipment	1.88	24.19
Sale of investments	-	174.0
Purchase consideration paid on acquisition of subsidiary	-	(391.92)
Investment in bank deposit (having original maturity of more than three months) and other bank balances	(5.37)	(37.73)
Interest received	18.54	35.65
Net cash (used in) / from investing activities	(335.55)	(1,137.01)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds / repayments of long term borrowings (net)	144.46	300.38
Proceeds / repayment of short term borrowings (net)	631.65	900.90
Proceeds from issue of equity shares	8.32	5.99
Finance costs paid	(218.49)	(183.77)
Dividend paid (including dividend distribution tax and amount transferred to Investor Education & Protection Fund)	(60.97)	(55.87)
Net cash from financing activities	504.97	967.63
Net (decrease)/increase in cash and cash equivalents (A+B+C)	70.47	(696.39)
Cash and cash equivalents at the beginning of the year	136.59	392.02
Cash and cash equivalents on acquisition of shares in a subsidiary	-	477.05
Effect of exchange differences on cash and cash equivalents held in foreign currency	10.23	(36.08)
Cash and cash equivalents at the end of the year	217.29	136.59
Total cash and cash equivalents (Note 12)	217.29	136.59

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2018

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 18 and 23)	Unpaid dividend on equity shares including dividend distribution tax	Short term borrowings (refer note 21)	Derivatives not designated as hedges - Interest rate swap
As at April 01, 2017	887.28	1.77	1,898.38	6.26
Cash flows	144.46	(60.97)	631.65	-
Non-cash changes				
Foreign exchange fluctuations (gain) / loss	45.80	-	139.69	-
Changes in fair values	-	-	-	0.08
Dividend declared during the year	-	61.65	-	-
As at March 31, 2018	1,077.54	2.45	2,669.72	6.34
As at April 1, 2016	-	26.94	818.33	-
Cash flows	300.38	(55.87)	900.90	-
Addition on account of acquisition of subsidiary	596.70	-	280.17	-
Non-cash changes				
Foreign exchange fluctuations (gain) / loss	(9.80)	-	(101.02)	-
Changes in fair values	-	-	-	6.26
Dividend declared during the year	-	30.70	-	-
As at March 31, 2017	887.28	1.77	1,898.38	6.26
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 attached

for **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

per **Sandeep Karnani**

Partner

Membership No. 061207

Place : Bengaluru

Date : 30 May, 2018

For and on behalf of Board of Directors of

Centum Electronics Limited

CIN : L85110KA1993PLC013869

Apparao V. Mallavarapu

Chairman & Managing Director

DIN : 00286308

Ramu Akkili

Company Secretary

S. Krishnan

Director

DIN : 01807344

K.S.Desikan

Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

(a) Equity share capital

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

Particulars	Number	₹ in million
At April 1, 2016	12,660,918	126.61
Issue of share capital (refer note 15)	91,778	0.92
At March 31, 2017	12,752,696	127.53
Issue of share capital (refer note 15)	116,988	1.17
At March 31, 2018	12,869,684	128.70

(b) Other equity

(₹ in million)

	Attributable to equity shareholders							Total equity	Non-controlling interests
	Reserves and surplus								
	Securities premium account (refer note 16)	General reserve (refer note 16)	Retained earnings (refer note 16)	Put option liability (refer note 16)	Share based payments reserve (refer note 16)	Capital reserve (refer note 16)	Foreign currency translation reserve (refer note 16)		
For the year ended March 31, 2018									
As at April 1, 2017	20.03	440.26	1,603.49	(96.91)	1.73	-	3.47	1,972.07	216.23
(Loss)/ profit for the year	-	-	(189.65)	-	-	-	-	(189.65)	44.35
Other comprehensive income	-	-	2.86	-	-	-	2.15	5.01	-
Issue of share capital (refer note 15)	7.15	-	-	-	-	-	-	7.15	-
Cash dividends (refer note 17)	-	-	(51.24)	-	-	-	-	(51.24)	-
Dividend distribution tax (refer note 17)	-	-	(10.41)	-	-	-	-	(10.41)	-
Share based payment (refer note 44)	-	-	-	-	0.08	-	-	0.08	-
Exercise of share options (refer note 44)	-	-	-	-	(0.88)	0.88	-	0.00	-
As at March 31, 2018	27.18	440.26	1,355.05	(96.91)	0.93	0.88	5.62	1,733.01	260.58
For the year ended March 31, 2017									
As at April 1, 2016	14.96	440.26	1,291.45	-	1.40	-	-	1,748.07	-
Profit/ (loss) for the year	-	-	343.36	-	-	-	-	343.36	28.98
Other comprehensive income	-	-	(0.62)	-	-	-	3.47	2.85	-
Issue of share capital (refer note 15)	5.07	-	-	-	-	-	-	5.07	-
Cash dividends (refer note 17)	-	-	(25.51)	-	-	-	-	(25.51)	-
Dividend distribution tax (refer note 17)	-	-	(5.19)	-	-	-	-	(5.19)	-
Share based payment (refer note 44)	-	-	-	-	0.33	-	-	0.33	-
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	187.25
Liability arising from business combination on acquisition of Centum Adetel Group S.A.	-	-	-	(96.91)	-	-	-	(96.91)	-
As at March 31, 2017	20.03	440.26	1,603.49	(96.91)	1.73	-	3.47	1,972.07	216.23

Summary of significant accounting policies

2.3

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

for **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

per **Sandeep Karnani**

Partner

Membership No. 061207

Place : Bengaluru

Date : 30 May, 2018

For and on behalf of Board of Directors of

Centum Electronics Limited

CIN : L85110KA1993PLC013869

Apparao V. Mallavarapu

Chairman & Managing Director

DIN : 00286308

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Company Secretary

S. Krishnan

Director

DIN : 01807344

K.S.Desikan

Chief Financial Officer

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

1. Corporate information

Centum Electronics Limited ("the Company") along with its subsidiaries ("the Group"), associates and its joint ventures (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 May 30, 2018.

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 and in preparing the opening consolidated Ind AS Balance Sheet as at April 1, 2016 for the purpose of transition to Ind AS, unless otherwise indicated.

Amendments to Ind AS 7 Statement of Cash Flows

The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). The Company has provided the information for the current period under the standalone statement of cash flows.

2.1. Statement of Compliance

In accordance with the notification issued by the Ministry of Corporate Affairs, the Group has

adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time). The consolidated financial statements of the Group, have been prepared and presented in accordance with Ind AS and these consolidated financial statements for the year ended March 31, 2018 are the first the Group has prepared in accordance with Ind AS. Previous year numbers in the consolidated financial statements have been restated to Ind AS. In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standards, the Group has presented a reconciliation from the presentation of consolidated financial statements under Accounting Standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ("Indian GAAP" or "Previous GAAP") to Ind AS of Shareholders' equity as at March 31, 2017 and April 1, 2016 and of the comprehensive net income for the year ended March 31, 2017 (refer note 47 for reconciliations and effect of transitions).

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.

2.2. Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at March 31, 2018. Control is achieved when the Group is exposed, or has rights,

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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.
- c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(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
- 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
- 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.

2.3. Summary of significant accounting policies

a. Business combination and goodwill

In accordance with Ind AS 101 provisions related to first time adoption, the Group has elected to apply Ind AS accounting for business combinations prospectively from April 1, 2016. As such, Indian GAAP balances relating to business combinations entered into before that date, including goodwill, have been carried forward. The same first time adoption exemption is also used for associates and joint ventures.

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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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.
- 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.

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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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

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 of financial instruments

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date using valuation techniques.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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.

e. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

Based on the Educational Material on Ind AS 18 issued by the ICAI, the Group has assumed that recovery of excise duty flows to the Group on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Group on its own account, revenue includes excise duty.

The specific recognition criteria described below must also be met before revenue is recognised.

Sale of products

Revenue from the sale of products is recognised

when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of products is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Sale of services / Management fees income

Income from sale of services / 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

f. 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. 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 establishes provisions where appropriate.

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 temporary differences. In contrast, deferred assets are only recognised to the extent that it 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.

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.

Deferred tax assets include Minimum Alternative Tax ('MAT') paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognized as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized.

In the year in which the Group recognizes MAT credit as an asset, it is created by way of credit to the statement of profit and loss and shown as

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

part of deferred tax asset. The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

g. 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.

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.

h. Property, plant and equipment ('PPE') and depreciation of 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 as at the balance sheet date.

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,

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

which coincides with the lives prescribed under Schedule II of the Companies Act, 2013 except in case of 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 life of 8 years which is 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.

Further, the management has estimated the useful lives of asset individually costing Rs 5,000 or less to be less than one year, whichever is lower than those indicated in Schedule II. 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.

Assets acquired under finance leases are depreciated on a straight line basis over the lease term. Where there is reasonable certainty that the Group shall obtain ownership of the assets at the end of the lease term, such assets are depreciated based on the useful life prescribed under Schedule II to the Companies Act, 2013 or based on the useful life adopted by the Group for similar assets.

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, joint ventures 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, joint ventures and associates. In view of different sets of environment in which such foreign subsidiaries, joint ventures 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 & equipment	3	5
Electrical installation	5	10
Furniture & fixtures	5	10
Office equipment	3	8
Computer	3	5

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i. Intangible assets and amortisation of 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.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period with the affect of any change in the estimate being accounted for on a prospective basis. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are

considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually 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.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised 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 (3 years)	Straight-line basis	Acquired
Intellectual property rights*	Definite (8 years)	Straight-line basis	Acquired

* Refer depreciation policy for plant and machinery above under note 2.2 (h) for details.

j. Borrowing costs

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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

for the intended use or sale. All other borrowing costs are expensed in the period in which they occur.

k. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease.

For arrangements entered into prior to April 1, 2016, the Group has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Group as a lessee

A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased asset or, at the present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges

are recognised in finance costs in the consolidated statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on the borrowing costs.

Operating lease payments are recognised as an expense in the consolidated statement of profit and loss on a straight-line basis over the lease term unless either:

- a) another systematic basis is more representative of the time pattern of the user's benefit even if the payments to the lessors are not on that basis; or
- b) the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. If payments to the lessor vary because of factors other than general inflation, then this condition is not met.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. 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.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Group to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

investment outstanding in respect of the lease.

l. 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) 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 and work-in-progress 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.

m. 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 and joint venture companies 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 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.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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.

n. 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.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any

impairment loss on the assets associated with that contract.

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.

o. 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

the scheme for service received before the balance sheet reporting 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 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 year-end.

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.

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.

p. 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.

Investment in equity instruments issued by

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associates and joint ventures are measured at cost less impairment. Further, as regards investments in associates and joint ventures existing as at April 1, 2016, the Group has measured such investments as at April 1, 2016 as the aggregate of the carrying amounts of the assets and liabilities that the Group had previously proportionately consolidated, including any goodwill arising from acquisition.

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 or 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

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 – Impairment loss on investments.

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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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 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) Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee.

b) De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated 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 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.

q. Derivative financial instruments

The Group uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

assets when the fair value is positive and as financial liabilities when the fair value is negative. Refer to Note 46 for more details.

r. **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, 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, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

s. **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 statement of profit and loss expense or credit 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.

t. **Cash dividend**

The Company recognises a liability to make cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

u. **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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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.

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 on or after April 1, 2016 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.

v. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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.

w. 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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, 2018	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, 2018	March 31, 2017	April 1, 2016	March 31, 2018	March 31, 2017	April 1, 2016	As a % of consolidated net assets	Rs. in million	As a % of consolidated net assets	Rs. in million	As % of total comprehensive income	Rs. in million	As % of total comprehensive income	Rs. in million
1	Parent Centum Electronics Limited	India	Holding Company														
2	Indian Subsidiaries Centum Adeneo India Private Limited	India	Subsidiary	54.15%	54.15%	-	100.00%	100.00%	-	67.91%	1,603.24	58.17%	1,871.75	205.65%	(215.26)	96.03%	307.98
3	Foreign Subsidiaries Centum Electronics UK Limited	United Kingdom	Subsidiary	100.00%	100.00%	-	100.00%	100.00%	-	0.11%	(7.02)	-0.25%	2.98	3.86%	(4.04)	-1.24%	(3.98)
4	Centum Adetel Group SA ¹	France	Subsidiary	54.15%	54.15%	-	54.15%	54.15%	-	15.80%	504.88	18.32%	435.42	1.18%	(1.24)	-0.49%	(1.58)
5	Centum Adeneo SAS ¹	France	Subsidiary	54.15%	54.15%	-	100.00%	100.00%	-								
6	Centum Adeneo CRD SAS ¹	France	Subsidiary	54.15%	54.15%	-	100.00%	100.00%	-								
7	Centum Adetel Transportation System SAS ¹	France	Subsidiary	54.15%	54.15%	-	100.00%	100.00%	-								
8	Centum Adetel Transportation SAS ¹	France	Subsidiary	54.15%	54.15%	-	100.00%	100.00%	-								
9	Centum Adetel Synergies SARL ¹	France	Subsidiary	54.15%	54.15%	-	100.00%	100.00%	-								
10	Centum Adetel Solution ¹	Canada	Subsidiary	54.15%	54.15%	-	100.00%	100.00%	-								
11	Centum Adetel Equipment ¹	Canada	Subsidiary	54.15%	54.15%	-	100.00%	100.00%	-								
12	Adetel Maroc SA ¹	Morocco	Subsidiary	52.04%	52.04%	-	96.11%	96.11%	-	4.49%	358.87	13.02%	123.69	+135.91%	142.26	6.10%	19.56
13	Adetel Equipment Maroc SA ¹	Morocco	Subsidiary	52.03%	52.03%	-	96.09%	96.09%	-								
14	Associates Ausar Energy SAS ¹	France	Associate	16.49%	22.10%	-	30.45%	40.82%	-								
15	Joint Ventures Sandhi SAS4	France	Joint Venture	27.08%	27.08%	-	50.00%	50.00%	-								
16	Centum Rakon India Private Limited	India	Joint Venture	51.00%	51.00%	51.00%	51.00%	51.00%	51.00%	10.74%	296.01	10.74%	322.40	25.22%	(26.40)	-0.39%	(1.26)
	Sub Total Add / Less: Non controlling interests in all subsidiaries Consolidation adjustments/eliminations**									100.00%	2,755.98	100.00%	2,756.24	100.00%	(104.67)	100.00%	320.73
	Total										(260.58) (373.11)		(216.22) (224.20)		44.35 (79.97)		28.98 25.48
											2,122.29		2,315.82		(140.29)		375.19

* The figures have been considered from the respective financial statements and the consolidated net asset figure has been arrived at after consolidation adjustments/eliminations.

** Consolidation adjustments/eliminations include intercompany eliminations and consolidation adjustments.

The financial statements of subsidiaries / joint ventures / associates have been drawn up to the same reporting date as of the Company, i.e. March 31, 2018.

Notes:

1 The amounts for net assets / (liabilities) and net profit / (loss) of Centum Adetel Group SA and its subsidiaries (refer Sl. No. 3 to 15 above) have been presented on a consolidated basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

3. PROPERTY, PLANT AND EQUIPMENT

(₹ in million)

	Freehold land	Leasehold improvements	Building	Plant and equipment	Electrical installations	Computers	Office equipment	Furniture and fixtures	Vehicles	Leased computer	Leasehold land	Total
At deemed cost												
As at April 1, 2016	4.41	3.89	34.46	150.22	8.79	1.88	4.97	6.00	5.56	0.01	114.61	334.80
Addition on account of acquisition of subsidiary (refer note 48)	1.16	-	32.54	97.50	105.02	61.18	27.21	-	0.57	-	-	325.18
Exchange differences - translation adjustment	(0.09)	-	(2.57)	(7.70)	(11.94)	(6.95)	(3.09)	-	(0.05)	-	-	(32.39)
Additions	-	0.11	389.85	359.47	67.67	11.87	29.34	19.93	-	-	-	878.24
Disposals	-	-	-	(9.62)	-	-	-	-	-	-	-	(9.62)
As at March 31, 2017	5.48	4.00	454.28	589.87	169.54	67.98	58.43	25.93	6.08	0.01	114.61	1,496.21
Additions	-	-	15.35	70.91	10.49	6.95	3.09	8.00	0.24	-	-	115.03
Exchange differences - translation adjustment	0.17	-	4.89	25.29	15.13	8.81	3.92	-	0.09	-	-	58.30
Disposals	-	-	-	-	-	(5.33)	(0.11)	-	-	-	-	(5.44)
As at March 31, 2018	5.65	4.00	474.52	686.07	195.16	78.41	65.33	33.93	6.41	0.01	114.61	1,664.10
Depreciation												
As at April 1, 2016	-	-	-	-	-	-	-	-	-	-	-	-
Addition on account of acquisition of subsidiary (refer note 48)	-	-	13.84	75.10	55.28	47.94	22.97	-	0.25	-	-	215.38
Exchange differences - translation adjustment	-	-	(1.14)	(6.10)	(5.48)	(4.73)	(2.27)	-	(0.02)	-	-	(19.74)
Charge for the year	-	3.67	5.12	49.00	5.08	4.20	3.57	2.78	1.50	0.01	-	74.93
Disposals	-	-	-	(8.68)	-	-	-	-	-	-	-	(8.68)
As at March 31, 2017	-	3.67	17.82	109.32	54.88	47.41	24.27	2.78	1.73	0.01	-	261.89
Charge for the year	-	0.07	16.34	91.85	15.84	10.85	10.15	3.31	1.50	-	-	149.91
Exchange differences - translation adjustment	-	-	2.30	13.38	8.65	7.41	3.52	-	0.05	-	-	35.31
Disposals	-	-	-	-	-	(4.22)	(0.06)	-	-	-	-	(4.28)
As at March 31, 2018	-	3.74	36.46	214.55	79.37	61.45	37.88	6.09	3.28	0.01	-	442.83
Net block												
As at March 31, 2018	5.65	0.26	438.06	471.52	115.79	16.96	27.45	27.84	3.13	-	114.61	1,221.27
As at March 31, 2017	5.48	0.33	436.46	480.55	114.66	20.57	34.16	23.15	4.35	-	114.61	1,234.32
As at April 1, 2016	4.41	3.89	34.46	150.22	8.79	1.88	4.97	6.00	5.56	0.01	114.61	334.80

Notes:

(a) The Group has availed the exemption under Ind AS 101. The reconciliation of the IGAAP balance to Ind AS balances are as detailed below:

	Gross block as at April 1, 2016	Accumulated depreciation as at April 1, 2016
As per previous GAAP	2,138.27	1,482.82
Less: Deconsolidation of joint ventures	(977.49)	(656.84)
Total	1,160.78	825.98

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

- (b) Ind AS 101 exemption: The Group has availed the exemption available under Ind AS 101, whereas the carrying value of Property, plant and equipment under the previous GAAP has been carried forward as the costs under Ind AS.

Information regarding gross block of assets, accumulated depreciation has been disclosed by the Group separately as follows:

(₹ in million)

	Freehold land	Leasehold improvements	Building	Plant and equipment	Electrical installations	Computers	Office equipment	Furniture and fixtures	Vehicles	Leased computer	Leasehold land	Total
As at April 1, 2016												
Gross Block	4.41	16.21	60.07	826.34	32.53	34.58	33.02	23.05	14.97	0.99	114.61	1,160.78
Less: Accumulated Depreciation	-	12.32	25.61	676.12	23.74	32.70	28.05	17.05	9.41	0.98	-	825.98
Net book value as per previous GAAP	4.41	3.89	34.46	150.22	8.79	1.88	4.97	6.00	5.56	0.01	114.61	334.80
Deemed cost as on April 1, 2016	4.41	3.89	34.46	150.22	8.79	1.88	4.97	6.00	5.56	0.01	114.61	334.80

- (c) 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. 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.
- (d) During the year ended March 31, 2017, the Group had capitalised borrowing cost towards Avansa building. Addition to gross block for the year ended March 31, 2017 includes borrowing cost amounting to ₹ 6.14 million.
- (e) Property, plant and equipments of the Group have been pledged / mortgaged as securities against borrowings. Refer note 18 and 21 for details of borrowings.
- (f) Gross block of buildings and plant and equipments amounting to ₹ 565.83 million (March 31, 2017: ₹ 543.03 million; April 1, 2016: ₹ Nil) are on leasehold land.

4a. GOODWILL ON CONSOLIDATION

(₹ in million)

	Goodwill on consolidation	Total
At deemed cost		
As at April 1, 2016	-	-
Addition on account of acquisition of subsidiary (refer note 48)	376.23	376.23
Additions / disposals	-	-
As at March 31, 2017	376.23	376.23
Additions / disposals	-	-
As at March 31, 2018	376.23	376.23
Net block		
As at March 31, 2018	376.23	376.23
As at March 31, 2017	376.23	376.23
As at April 1, 2016	-	-

Notes:

The Board of Directors of the Company had considered and approved the investment of 51% controlling stake in Adetel Company SA, France through Centum Electronics UK Limited on June 17, 2016. The said transaction was completed on July 4, 2016. Consequent to the acquisition, Adetel Company SA, France and its subsidiaries, joint ventures/associates became subsidiaries, joint ventures/associates of the Company. Further the Board of Directors of the Company had considered and approved a further investment of 3.15% stake in Centum Adetel Group SA (formerly known as Adetel Company SA, France) through Centum Electronics UK Limited on March 10, 2017. Refer note 48 for details of goodwill on consolidation.

The aforementioned goodwill is tested for impairment annually. As at March 31, 2018, March 31, 2017 and April 1, 2016, the goodwill is not impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

4b. OTHER INTANGIBLE ASSETS

(₹ in million)

	Goodwill	Computer software	Intellectual property rights (including R&D credits)	Customer Relationships	Total
At deemed cost					
As at April 1, 2016	36.35	18.99	9.51	-	64.85
Addition on account of acquisition of subsidiary (refer note 48)	-	117.92	957.87	481.92	1,557.71
Exchange differences - translation adjustment	-	(9.31)	(74.09)	-	(83.40)
Additions	-	3.29	249.74	-	253.03
Disposals	-	-	-	-	-
As at March 31, 2017	36.35	130.89	1143.03	481.92	1792.19
Additions	-	6.82	35.32	-	42.14
Exchange differences - translation adjustment	-	19.75	163.48	-	183.23
Disposals	-	(1.21)	-	-	(1.21)
As at March 31, 2018	36.35	156.25	1341.83	481.92	2016.35
Amortisation					
As at April 1, 2016	-	-	-	-	-
Addition on account of acquisition of subsidiary (refer note 48)	-	100.77	696.41	-	797.18
Exchange differences - translation adjustment	-	(7.11)	(49.13)	-	(56.24)
Charge for the year	-	7.91	104.45	45.18	157.54
Disposals	-	-	-	-	-
As at March 31, 2017	-	101.57	751.73	45.18	898.48
Exchange differences - translation adjustment	-	17.52	127.14	-	144.66
Charge for the year	-	18.53	107.16	60.24	185.93
Disposals	-	(1.21)	-	-	(1.21)
As at March 31, 2018	-	136.41	986.03	105.42	1227.86
Net block					
As at March 31, 2018	36.35	19.84	355.80	376.50	788.49
As at March 31, 2017	36.35	29.32	391.30	436.74	893.71
As at April 1, 2016	36.35	18.99	9.51	-	64.85

Notes:

(a) The Group has availed the exemption under Ind AS 101. The reconciliation of the IGAAP balance to Ind AS balances are as detailed below:

	Gross block as at April 1, 2016	Accumulated depreciation as at April 1, 2016
As per previous GAAP	116.44	51.54
Less: Deconsolidation of joint ventures	(2.14)	(2.09)
Total	114.30	49.45

(b) Ind AS 101 exemption: The Group has availed the exemption available under Ind AS 101, whereas the carrying value of Intangible assets under the previous GAAP has been carried forward as the costs under Ind AS.

Information regarding gross block of assets, accumulated depreciation has been disclosed by the Group separately as follows:

(₹ in million)

	Goodwill	Computer software	Intellectual property rights (including R&D credits)	Total
As at April 1, 2016				
Gross Block (refer note (c) below)	39.65	62.78	11.87	114.30
Less: Accumulated amortization	3.30	43.79	2.36	49.45
Net book value as per previous GAAP	36.35	18.99	9.51	64.85
Deemed cost as on April 1, 2016	36.35	18.99	9.51	64.85

(c) Also, refer note 3(f) for details.

(d) 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 by an independent professional valuer amounting ₹ 17.35 million resulted in a goodwill of ₹ 39.65 million.

The aforementioned goodwill is tested for impairment annually. As at March 31, 2018, March 31, 2017 and April 1, 2016, the goodwill is not impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

5a INTEREST IN A JOINT VENTURES:

(i) Details of Joint ventures:

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 followed
		March 31, 2018	March 31, 2017	April 1, 2016	March 31, 2018	March 31, 2017	April 1, 2016		
(a) Material Joint ventures Centum Rakon India Private Limited ('CRIPL')	India	51.00%	51.00%	51.00%	51.00%	51.00%	51.00%	Engaged in design and manufacturing of high performance frequency control products	Equity Method
(b) Others Sandhi SAS	France	27.08%	27.08%	NA	50.00%	50.00%	NA	Engaged in engineering of electronic systems	Equity Method

Notes:

- 1 Aggregate amount of unquoted investment in joint ventures ₹ 298.42 million (including assets held for disposal) (March 31, 2017: ₹ 324.41 million; April 1, 2016: ₹ 323.91 million)
- 2 The country of incorporation is same as their principal place of business.
- 3 The reporting dates of the joint ventures coincide with that of the parent Company whose financial statements for the year ended on and as at March 31, 2018 were considered for the purpose of consolidated financial statements of the Group.

(ii) Summarised financial information for material joint ventures

(₹ in million)

Particulars	CRIPL		
	March 31, 2018	March 31, 2017	April 1, 2016
Current assets			
Inventories	349.95	253.12	244.49
Cash and cash equivalents	54.60	137.65	120.49
Financial assets (excluding cash and cash equivalents)	133.75	195.94	155.74
Other current assets	68.13	19.98	25.48
Total current assets	606.43	606.69	546.20
Non-current assets			
Non-current tax assets (net)	32.01	26.99	15.24
Deferred tax assets (net)	39.67	31.45	13.54
Other non current assets	188.11	239.40	332.72
Total non current assets	259.79	297.84	361.50
Current liabilities			
Financial liabilities (excluding trade payables)	115.00	141.46	127.22
Trade payables	105.45	62.00	113.33
Liabilities for current tax (net)	-	5.26	-
Other current liabilities	52.70	56.78	25.46
Total current liabilities	273.15	265.50	266.01
Non-current liabilities			
Net employee defined benefit liabilities	12.14	6.39	6.70
Other financial liabilities	0.52	0.49	0.46
Total non-current liabilities	12.66	6.88	7.16
Net assets	580.41	632.15	634.53

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(iii) Reconciliation of carrying amounts of material joint ventures

(₹ in million)

Particulars	CRIPL		
	March 31, 2018	March 31, 2017	April 1, 2016
Opening net assets	632.15	634.53	*
Profit / (loss) for the year	(51.91)	(3.27)	*
Other Comprehensive income	0.16	0.84	*
Other equity	0.01	0.05	*
Closing net assets (a)	580.41	632.15	634.53
Proportion of the group's ownership (b)	51.00%	51.00%	51.00%
Group's share (a*b)	296.01	322.40	323.61
Adjustments to the equity values on account of share-based payments	0.34	0.35	0.30
Carrying amount of investments	296.35	322.75	323.91

* Indicates disclosures not applicable.

(iv) Summarised statement of profit & loss for material joint ventures

(₹ in million)

Particulars	CRIPL	
	March 31, 2018	March 31, 2017
Revenue from operations	688.12	718.00
Other income	8.23	28.15
Cost of materials consumed and (increase)/ decrease in inventories of work-in-progress	410.54	390.89
Employee benefits expenses	115.91	97.96
Depreciation and amortization expenses	61.86	97.14
Other expenses	168.26	171.34
Tax expenses / (income)	(8.31)	(7.91)
Profit / (loss) for the year	(51.91)	(3.27)
Other Comprehensive income	0.16	0.84
Total Comprehensive income for the year	(51.75)	(2.43)
Group's share of profit / (loss) for the year	(26.40)	(1.26)

(v) Financial information in respect of other joint ventures

(₹ in million)

Particulars	CRIPL		
	March 31, 2018	March 31, 2017	April 1, 2016
Aggregate carrying amount of investments in individually immaterial joint ventures	51.06	44.16	-
Aggregate amount of group's share of :			
- Profit / (loss) for the year	0.41	(0.16)	-
- Other comprehensive income for the year	-	-	-
- Total comprehensive income for the year	0.41	(0.16)	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(vi) Contingent liabilities in respect of joint ventures

(₹ in million)

Particulars	CRIPL		
	March 31, 2018	March 31, 2017	April 1, 2016
Particulars of guarantees			
- Bank guarantee	1.09	-	-
Matters relating to direct taxes under dispute*			
- Income tax	72.15	72.15	70.39
Matters relating to indirect taxes under dispute*			
- Cenvat credit availment	39.57	39.57	39.57

* 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.

** Refer note 5(d) for details on investments held for sale.

5b INVESTMENT IN ASSOCIATES

(i) Details of Associates

Name of the Entity	Place of business ²	Percentage of effective ownership interest held (directly and indirectly) as at			Percentage of voting right held as at			Nature of activities	Accounting method
		March 31, 2018	March 31, 2017	April 1, 2016	March 31, 2018	March 31, 2017	April 1, 2016		
(a) Other associates: Ausar Energy SAS	France	16.49%	22.10%	NA	30.45%	40.82%	NA	Engaged in in the consulting, engineering, research and development in Energy sector.	Equity Method

Notes:

1. Aggregate amount of unquoted investment in associates ₹ 51.06 million (March 31, 2017: ₹ 44.16 million; April 1, 2016: ₹ Nil)
2. The country of incorporation of the above entity is same as its principal place of business.
3. The reporting dates of the associate coincide with that of the parent Company whose financial statements for the year ended on and as at March 31, 2018 were considered for the purpose of consolidated financial statements of the Group.

(ii) Financial information in respect of other associates

(₹ in million)

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Aggregate carrying amount of investments in individually immaterial associates	51.06	44.16	*
Aggregate amount of group's share of :			
- Profit / (loss) for the year	(11.07)	6.81	*
- Other comprehensive income for the year	-	-	*
- Total comprehensive income for the year	(11.07)	6.81	*

* Indicates disclosures not applicable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(iii) Contingent liabilities of associates

The associate had no contingent liabilities or capital commitments as at March 31, 2018, March 31, 2017 and April 1, 2016. The Group has no contingent liabilities relating to its interests in its associates.

(iv) Commitments of / towards joint ventures and associates

In respect of Group's investments in certain joint venture entities, other joint venture partners have the first right of refusal in case any of the joint venture partners intend to sell its stake subject to other terms and conditions of respective joint venture agreements.

(v) Carrying amount of investments in joint ventures, associates and others

(₹ in million)

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Material joint ventures (refer note no. - 5a) (includes Assets classified as held for disposal)	296.35	322.75	323.91
Other joint ventures (refer note no. - 5a)	2.07	1.66	-
Other associates (refer note no. - 5b)	51.06	44.16	-
Total	349.48	368.57	323.91

(vi) Share in profits / (loss) of joint ventures / associates (net)

(₹ in million)

Particulars	March 31, 2018	March 31, 2017
Material joint ventures	(26.40)	(1.26)
Other associates	(11.07)	6.81
Other joint ventures	0.41	(0.16)
Total	(37.06)	5.39

(₹ in million)

	March 31, 2018	March 31, 2017	April 1, 2016
5c FINANCIAL ASSETS: OTHER INVESTMENTS			
Unquoted			
Investment carried at fair value through consolidated statement of profit or loss			
Investments in equity shares of Qulsar Inc. ^{1,2} 74,184 (March 31, 2017: 74,184, April 1, 2016: 59,347) equity shares of USD 0.01 each, fully paid up.	13.26	13.26	13.26
Investments in other companies	13.52	11.83	-
Investment at amortised cost			
Investments in 800,000 (March 31, 2017: 800,000; April 1, 2016: Nil) unquoted bonds of Euro 1 in Ausar Energy SAS	64.50	55.48	-
Total	91.28	80.57	13.26
Aggregate book value of quoted investments	-	-	-
Aggregate market value of quoted investments	-	-	-
Aggregate value of unquoted investments	91.28	80.57	13.26

- 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

- During the year ended March 31, 2017, Qulsar Inc. had issued 14,837 bonus shares to the Company.
- Investments in other companies includes investments in 529 shares of Erocca; 295 shares of CMS Industries and 3,733 shares of Transpolis, made by Centum Adetel Group S.A. and its subsidiaries.

5d DISCONTINUED OPERATIONS:

The Board of Directors of the Company in its meeting held on February 26, 2018 had approved proposal to sell 51% stake held in Centum Rakon India Private Limited, a joint venture of the Group, subject to approval of the shareholders. Subsequent to the year ended March 31, 2018, the Company has signed Share Purchase Agreement with Rakon Limited for the sale of entire 51% stake held by the Group in Centum Rakon India Private Limited.

Pursuant to the aforesaid transaction, the Group has classified the carrying value of investments as at March 31, 2018 in Centum Rakon India Private Limited amounting to ₹ 296.35 million, as assets classified as held for disposal and has accordingly disclosed its share of losses from Centum Rakon India Private Limited for the year ended March 31, 2018 and March 31, 2017 amounting to ₹26.40 million and ₹ 1.26 million, respectively, as discontinuing operations in the consolidated statement of profit and loss.

(₹ in million)

	March 31, 2018	March 31, 2017	April 1, 2016
6 LOANS			
Unsecured, considered good			
Carried at amortised cost			
Security deposits (refer note 40)	54.44	42.88	15.61
	54.44	42.88	15.61
7 DEFERRED TAX ASSETS (NET)			
Deferred tax liability			
Property, plant and equipments: Impact of difference between tax depreciation and depreciation / amortization charged for the financial reporting	(162.87)	-	-
Add: Addition on account of acquisition of subsidiary	-	(173.60)	-
(A)	(162.87)	(173.60)	-
Deferred tax asset			
Property, plant and equipments: Impact of difference between tax depreciation and depreciation / amortization charged for the financial reporting	-	2.34	13.56
Impact of expenditure charged to the statement of profit and loss but allowed for tax purposes on payment basis	28.43	39.80	37.07
MAT credit entitlement	2.65	3.58	-
(B)	31.08	45.72	50.63
Total deferred tax (liability) / asset (net) (A+B)	(131.79)	(127.88)	50.63

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in million)

	March 31, 2018	March 31, 2017	April 1, 2016
8 NON-CURRENT TAX ASSETS (NET)			
Advance income tax (net of provision for current tax and including tax paid under protest)	506.76	129.03	22.01
	506.76	129.03	22.01
9 OTHER NON CURRENT ASSETS			
Capital advances			
Unsecured, considered good	56.11	96.04	110.49
(A)	56.11	96.04	110.49
Prepaid expenses	3.22	4.09	3.16
(B)	3.22	4.09	3.16
Balance with statutory / government authorities			
Unsecured, considered doubtful	-	-	1.36
Unsecured, considered good	5.21	3.11	38.76
	5.21	3.11	40.12
Less: Provision for doubtful receivables	-	-	(1.36)
(C)	5.21	3.11	38.76
Total other non-current assets (A+B+C)	64.54	103.24	152.41
10 INVENTORIES (VALUED AT THE LOWER OF COST AND NET REALISABLE VALUE)			
Raw materials	2,054.02	1,276.61	944.85
[Includes raw material in transit ₹ 89.10 million (March 31, 2017: ₹ 42.42 million, April 1, 2016: ₹ 75.89 million)]			
Work-in-progress	640.07	558.27	376.62
Stores and spares	2.93	4.10	7.13
	2,697.02	1,838.98	1,328.60

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in million)

	March 31, 2018	March 31, 2017	April 1, 2016
11 TRADE RECEIVABLES			
Carried at amortised cost			
Receivables from related parties (refer note 40)	45.04	45.47	12.32
Other trade receivables	3,226.01	1,831.45	845.32
Total Trade receivables	3,271.05	1,876.92	857.64
Break-up for security details:			
Trade receivables:			
Secured, considered good	-	-	-
Unsecured, considered good	3,284.13	1,906.84	887.56
Doubtful	14.32	9.53	0.53
	3,298.45	1,916.37	888.09
Impairment allowance (allowance for bad and doubtful debts)			
Unsecured, considered good	(13.08)	(29.92)	(29.92)
Doubtful	(14.32)	(9.53)	(0.53)
Total trade receivables	3,271.05	1,876.92	857.64

- The carrying amount of trade receivables include receivables amounting to ₹ 874.56 million (March 31, 2017: ₹ 541.42 million; April 1, 2016: ₹ Nil) which are subject to factoring arrangement entered into with the factoring agency / bank. Under this arrangement, the Group has transferred the relevant receivables to the bank in exchange of cash and transferred all rights and actions attached to the aforementioned receivables. As the risk for non recovery lies with the Group, it continues to recognise the transferred assets in its entirety in balance sheet. The amount repayable under the factoring arrangement is presented as unsecured borrowing in note 21.
- No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. For details of trade or other receivable due from firms or private companies respectively in which any director is a partner, a director or a member, refer note 40.
- Trade receivables are non-interest bearing and are generally on terms of 30 to 120 days.

12 CASH AND CASH EQUIVALENTS

Balances with banks:

- On current accounts	166.51	69.28	15.90
- On exchange earners foreign currency (EEFC) accounts	20.83	14.30	10.66
Deposits with original maturity of less than three months	29.27	52.47	364.97
Cash on hand	0.68	0.54	0.49
(A)	217.29	136.59	392.02

Other bank balances

Balance with banks			
- On current account ¹	2.45	1.79	26.96
- On margin money accounts ²	156.23	151.52	88.62
(B)	158.68	153.31	115.58

Total cash and cash equivalents (A+B)

375.97	289.90	507.60
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- Includes balance in unclaimed dividend account ₹ 2.45 million (March 31, 2017: ₹ 1.77 million, April 1, 2016: ₹ 26.94 million).
- Margin money is against bank guarantees issued in favour of customers and statutory authorities.
- Balances with banks on current accounts does not earn interest. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash-requirement of the Company, and earn interest at the respective short-term deposit rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in million)

	March 31, 2018	March 31, 2017	April 1, 2016
13a LOANS			
Unsecured, considered good			
Carried at amortised cost			
Security deposits (refer note 40)	1.13	0.92	0.16
	1.13	0.92	0.16
13b OTHER CURRENT FINANCIALS ASSETS			
Unsecured, considered good			
Staff advances (refer note 40)	1.79	1.08	0.59
Interest accrued on fixed deposits	-	-	3.07
Unbilled revenue	-	220.29	-
	1.79	221.37	3.66
14 OTHER CURRENT ASSETS			
Unsecured considered good			
Prepaid expenses	73.38	72.85	19.47
Balance with statutory / government authorities	233.39	214.08	9.81
Advance to suppliers and other advances (refer note 40)	357.97	797.33	105.61
	664.74	1,084.26	134.89

15. EQUITY SHARE CAPITAL

	Equity shares of ₹ 10 each	
	In Numbers	(₹ in million)
Authorised share capital:		
At April 1, 2016	15,500,000	155.00
Increase / (decrease) during the year	-	-
At March 31, 2017	15,500,000	155.00
Increase / (decrease) during the year	-	-
At March 31, 2018	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 1, 2016	12,660,918	126.61
Issue of equity shares (refer note 44)	91,778	0.92
At March 31, 2017	12,752,696	127.53
Issue of equity shares (refer note 44)	116,988	1.17
At March 31, 2018	12,869,684	128.70

(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 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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

(₹ in million)

	March 31, 2018		March 31, 2017		April 1, 2016	
	No. of shares held	% holding in class	No. of shares held	% holding in class	No. of shares held	% holding in class
Equity shares of Rs 10 each fully paid						
Apparao V Mallavarapu	6,604,715	51.32%	6,604,715	51.79%	6,604,715	52.17%

(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 44.

16. OTHER EQUITY

Securities premium

Balance as at April 1, 2016	14.96
Add: received during the year on account of issue of equity shares	5.07
Balance as at March 31, 2017	20.03
Add: received during the year on account of issue of equity shares	7.15
Balance as at March 31, 2018	(A) 27.18

General reserve

Balance as at April 1, 2016	440.26
Balance as at March 31, 2017	440.26
Balance as at March 31, 2018	(B) 440.26

Retained earnings

Balance as at April 1, 2016	1,291.45
Profit/ (loss) for the year	343.36
Less: Cash dividends	(25.51)
Less: Dividend distribution tax	(5.19)
Less: Remeasurement of post-employee benefit obligations	(0.62)
Balance as at March 31, 2017	1,603.49
(Loss) / profit for the year	(189.65)
Less: Cash dividends	(51.24)
Less: Dividend distribution tax	(10.41)
Add: Remeasurement of post-employee benefit obligations	2.86
Balance as at March 31, 2018	(C) 1,355.05

Share based payments reserve

Balance as at April 1, 2016	1.40
Add: Compensation options granted during the year	0.33
Balance as at March 31, 2017	1.73
Add: Compensation options granted during the year	0.08
Less: Transferred to capital reserve on exercise of stock options	(0.88)
Balance as at March 31, 2018	(D) 0.93

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in million)

Capital reserve

Balance as at April 1, 2016		-
Add: Amount transferred on exercise of share options		-
Balance as at March 31, 2017		-
Add: Amount transferred on exercise of share options		0.88
Balance as at March 31, 2018	(E)	0.88
Put option liability		-
Balance as at April 1, 2016		-
Add: Liability arising from business combination on acquisition of Centum Adetel Group S.A.		(96.91)
Balance as at March 31, 2017		(96.91)
Balance as at March 31, 2018	(F)	(96.91)
Foreign currency translation difference account (FCTR)		-
Balance as at April 1, 2016		-
Movement during the year		3.47
Balance as at March 31, 2017		3.47
Movement during the year		2.15
Balance as at March 31, 2018	(G)	5.62
Total other equity	(A+B+C+D+E+F+G)	
Balance as at April 1, 2016		1,748.07
Balance as at March 31, 2017		1,972.07
Balance as at March 31, 2018		1,733.01

(₹ in million)

	March 31, 2018	March 31, 2017
17. DISTRIBUTION MADE AND PROPOSED		
Cash dividends on equity shares declared and paid:		
Final dividend for the year ended on March 31, 2017:		
₹ 3 per share (March 31, 2016: Nil)	38.38	-
Dividend distribution tax on final dividend	7.81	-
Interim dividend for the year ended on March 31, 2018:		
Re. 1 per share (March 31, 2017: ₹ 2 per share)	12.86	25.51
Dividend distribution tax on interim dividend	2.60	5.19
	61.65	30.70
Proposed dividends on equity shares¹		
Final cash dividend for the year ended on March 31, 2018:		
Nil (March 31, 2017: ₹ 3 per share) ²	-	38.38
Dividend distribution tax on proposed dividend	-	7.81
	-	46.19

- Proposed dividends 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.
- The Board of Directors of the Company at its meeting held on May 30, 2017 have recommended a final dividend of 30% (i.e. ₹. 3 per equity share) for the year ended March 31, 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in million)

	March 31, 2018	March 31, 2017	April 1, 2016
18 NON-CURRENT FINANCIAL LIABILITIES: BORROWINGS			
Secured			
Term loans from banks			
Foreign currency term loan (refer note 23 for details of Current maturities of long term borrowings) ^{1,2}	471.23	300.79	-
Unsecured			
Bonds ³	322.50	277.41	-
	793.73	578.20	-

1. Foreign currency term loan availed by the Company amounting to ₹ 301.50 million (March 31, 2017: ₹ 370.20 million; April 1, 2016: ₹ Nil) (including Current maturities of long term borrowings) 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, 2017: 4.25% p.a.; April 1, 2016: Nil) on the outstanding amount of the loan payable at quarterly rests. The term loan is repayable in sixteen equal quarterly instalments from September 2017.

- 2. Foreign currency term loans availed by Centum Adetel Group SA, Centum Adeneo SAS and Centum Adetel Solution amounting to ₹ 453.54 million (March 31, 2017: ₹ 239.67 million; April 1, 2016: ₹ Nil) (including Current maturities of long term borrowings) carries interest rate ranging from 2.83% to 11% p.a. and is secured by way of pledge of receivables of Centum Adeneo SAS, bank guarantees and all assets present and future of Centum Adetel Group SA, Centum Adeneo SAS and Centum Adetel Solution.
- 3. Bonds having coupon rate of 4% p.a. have redemption due date of August 2020.

19 OTHER NON-CURRENT FINANCIAL LIABILITIES

Financial liabilities through profit or loss

Derivatives not designated as hedges			
Interest rate swap ¹	6.34	6.26	-
Put option liability (refer note 48(2))	283.24	243.64	-
Other financial liabilities	158.34	72.22	-
	447.92	322.12	-

- 1. 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 18). The mark to market fluctuation has been recognised as an expense for the year ended March 31, 2018 and March 31, 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in million)

	March 31, 2018	March 31, 2017	April 1, 2016
20 PROVISIONS			
Provision for employee benefits			
Provision for gratuity (refer note 41)	32.95	26.70	20.30
Provision for pension (refer note 41)	21.12	25.11	-
Other provisions			
Provisions for litigations	102.41	102.55	-
	156.48	154.36	20.30

	Provisions for litigations
As at April 1, 2016	-
Addition on acquisition of subsidiary	69.11
Provision made during the year and amount used during the year (net)	33.44
As at March 31, 2017	102.55
Provision made during the year and amount used during the year (net)	(0.14)
As at March 31, 2018	102.41

(₹ in million)

	March 31, 2018	March 31, 2017	April 1, 2016
21 CURRENT FINANCIAL LIABILITIES: BORROWINGS			
Secured			
Indian rupee term loan from banks ¹	200.00	-	-
Cash credit and overdraft from banks ^{2,4}	470.41	508.39	32.97
Packing credit loan from banks ²	697.37	600.43	637.26
Foreign currency non-repatriable (FCNR) loan ²	427.38	193.39	29.45
Buyer's credit ³	-	54.75	118.65
Unsecured			
Customers bill discounted / factored ⁵	874.56	541.42	-
	2,669.72	1,898.38	818.33
The above amount includes			
Secured borrowings	1,795.16	1,356.96	818.33
Unsecured borrowings	874.56	541.42	-
	2,669.72	1,898.38	818.33

1. Secured Indian rupee term loan availed by the Company from a bank of ₹ 200.00 million (March 31, 2017: ₹ Nil; April 1, 2016: ₹ Nil) carries interest at 10.25% p.a. (March 31, 2017: Nil; April 1, 2016: Nil). The loan is secured by way of:

- First pari-passu charge on current assets including stock and receivables of the Company;
- First pari-passu charge on present and future fixed assets of the Company; and
- 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.

2. Cash credit and overdraft from banks amounting to ₹ 453.48 million (March 31, 2017: ₹ 282.30 million; April 1, 2016: ₹ 32.97 million) and packing credit loans from banks amounting to ₹ 697.37 million (March 31, 2017: ₹ 600.43 million; April 1, 2016: ₹ 637.26 million) and FCNR loan from banks amounting to 427.38 million (March 31, 2017: ₹ 193.39 million; April 1, 2016: ₹ 29.45 million) of the Company are payable on demand and are secured by way of :

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

- (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 10.40% to 11.10% p.a. (March 31, 2017: 11.25% to 11.30% p.a.; April 1, 2016: 11.30% to 11.90% p.a.). The rate of interest of Packing credit from banks ranges from 3.34% to 5.74% (March 31, 2017: 3.12% p.a. ; April 1, 2016: 2.36% to 2.78% p.a.) and that of FCNR ranges from 5.38% to 5.69% p.a. (March 31, 2017: 5.5% p.a.; April 1, 2016: 5.5% p.a.) payable on monthly basis.

3. Buyer's credit from banks availed by the Company amounting to ₹ Nil (March 31, 2017: ₹ 54.75 million; April 1, 2016: ₹ 118.65) carried an interest rate at Nil (March 31, 2017: 0.30% to 1.94% p.a., April 1, 2016: 0.56% to 1.62% p.a.) and the interest and principal are repayable within a maximum tenor of twelve months. During March 31, 2018, the buyer's credit was repaid in full.
4. Cash credit / over draft from banks amounting to ₹ 16.93 million (March 31, 2017: ₹ 226.09 million; April 1, 2016: ₹ Nil) availed by Centum Adetel Transportation SAS and Centum Adetel Solution carries interest rate of 4% p.a.
5. Customer's bill discounted / factored receivables of Rs. 874.56 million (March 31, 2017: ₹ 541.42 million; April 1, 2016: ₹ Nil) have recourse to Centum Adeneo SAS, Centum Adeneo CRD SAS and Centum Adetel Transportation SAS. Refer note 11(1) for details.

(₹ in million)

	March 31, 2018	March 31, 2017	April 1, 2016
22 FINANCIAL LIABILITIES: TRADE PAYABLES			
Trade payables	1,826.99	1,227.17	589.99
Trade payables to related parties (refer note 40)	13.80	0.98	2.33
	1,840.79	1,228.15	592.32

- a) 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 46(c)
 - The dues to related parties are unsecured

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in million)

	March 31, 2018	March 31, 2017	April 1, 2016
23 OTHER CURRENT FINANCIAL LIABILITIES			
Financial liabilities through profit or loss			
Derivatives not designated as hedges			
Foreign exchange forward contract (refer note 49) ¹	-	0.80	0.38
Other financial liabilities at amortised cost			
Unpaid dividends	2.45	1.77	26.94
Accrued salaries and benefits (refer note 40)	50.72	73.95	63.18
Payable for capital goods	25.10	123.61	18.52
Current maturities of long term borrowings (refer note 18)	283.81	309.08	-
Interest accrued but not due on borrowings	3.85	1.33	1.05
	365.93	510.54	110.07
1. While the Company entered into foreign exchange forward contract with the intention of reducing the foreign exchange risk of expected repayments, this contract is not designated in hedge relationship and is measured at fair value through profit or loss.			
24 OTHER CURRENT LIABILITIES			
Advance from customers	1,100.44	536.50	529.00
Withholding and other taxes / duties payable	476.77	536.20	19.43
Other liabilities	467.42	261.43	0.61
	2,044.63	1,334.13	549.04
25 NET CURRENT EMPLOYEE DEFINED BENEFIT LIABILITIES			
Provision for employee benefits			
Provision for gratuity (refer note 41)	3.93	2.83	2.53
	3.93	2.83	2.53
26 PROVISIONS			
Provision for employee benefits			
Provision for compensated absences	11.76	9.09	8.42
Other provisions			
Provision for stamp duty charges (refer note 42)	-	11.17	19.59
	11.76	20.26	28.01
27 LIABILITIES FOR CURRENT TAX (NET)			
Provision for taxation, net of advance tax	141.06	161.20	23.26
	141.06	161.20	23.26

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in million)

	March 31, 2018	March 31, 2017
28 REVENUE FROM OPERATIONS		
Sale of products (including excise duty) (refer note 40)	5,150.63	4,635.08
Sale of services (refer note 40)	2,880.83	2,032.10
Other operating revenues		
Management fees (refer note 40)	54.22	46.15
Other operating revenues	382.72	319.07
	8,468.40	7,032.40

Sale of products by the Company includes excise duty collected from customers of ₹ 33.57 million (March 31, 2017: ₹116.44 million). Sale of products net of excise duty is ₹ 5,117.06 million (March 31, 2017: ₹ 4,518.64 million). Revenue from operations for periods up to June 30, 2017 includes excise duty. From July 1, 2017 onwards the excise duty and most indirect taxes in India have been replaced with Goods and Service Tax (GST). The Company collects GST on behalf of the Government. Hence, GST is not included in Revenue from operations. In view of the aforesaid change in indirect taxes, Revenue from operations for the year ended March 31, 2018 is not comparable to March 31, 2017.

29 OTHER INCOME

Interest income on bank deposits	18.54	17.45
Interest income on income tax and excise refund	-	15.13
Rental income (refer note 40)	3.03	3.03
Provisions / liabilities no longer required, written back	101.48	26.02
Gain on account of foreign exchange fluctuations (net)	-	44.11
Profit on sale of fixed assets	0.72	23.25
Other non-operating income	90.26	175.45
	214.03	304.44

30 COST OF MATERIALS CONSUMED

Inventory at the beginning of the year	1,280.71	951.98
Add: Addition on account of acquisition of subsidiary	-	54.78
Add: Purchases (refer note 40)	4,796.74	3,304.26
	6,077.45	4,311.02
Less: Inventory at the end of the year	(2,056.95)	(1,280.71)
Cost of materials consumed	4,020.50	3,030.31

31 (INCREASE) / DECREASE IN INVENTORIES OF WORK-IN-PROGRESS

Inventories at the beginning of the year - Work-in-progress	558.27	376.62
Add: Addition on account of acquisition of subsidiary	-	262.72
Inventories at the end of the year - Work-in-progress	640.07	558.27
(Increase) / decrease in inventories of work-in-progress	(81.80)	81.07

32 EMPLOYEE BENEFITS EXPENSE

Salaries, wages and bonus	2,330.40	1,758.95
Contribution to provident and other funds (refer note 41)	673.72	461.56
Employee share based payments	18.62	13.68
Gratuity expenses (refer note 41)	18.24	7.77
Staff welfare expenses	49.85	33.93
	3,090.83	2,275.89

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in million)

	March 31, 2018	March 31, 2017
33 FINANCE COSTS		
Interest on debt and borrowings	162.35	88.84
Bank charges	22.84	23.34
Exchange differences	26.02	-
Other borrowing costs	9.80	71.87
	221.01	184.05
34 DEPRECIATION AND AMORTIZATION EXPENSES		
Depreciation of tangible assets (refer note 3)	149.91	74.93
Amortization of intangible assets (refer note 4a and 4b)	185.93	157.54
	335.84	232.47
35 OTHER EXPENSES		
Rent	196.17	145.03
Rates and taxes	105.86	75.60
Power and fuel	72.15	49.57
Repairs and maintenance	100.35	72.08
Insurance	34.30	25.90
Legal and professional fees	124.00	84.17
Travelling and conveyance	211.58	160.97
Purchase of services	91.13	107.64
Communication costs	21.38	19.00
Printing and stationery	4.46	4.34
Corporate social responsibility expenditure	3.72	2.03
Selling and marketing expenses	0.71	5.97
Advertisement and promotion	18.45	11.58
Security charges	10.59	9.62
Recruitment and training	7.19	7.92
Freight outwards	9.86	6.48
Loss on account of foreign exchange fluctuations (net)	27.75	-
Loss on sale of fixed assets	1.05	0.69
Fair value loss on financial instruments at fair value through profit or loss	0.08	6.68
Provision for doubtful advances	4.79	9.00
Miscellaneous expenses	116.29	166.94
	1,160.81	970.52
36 EXCEPTIONAL ITEMS (NET)		
Travelling and conveyance	-	1.35
Legal and professional fees	-	35.10
Staff welfare expenses	-	0.96
Interest on debt and borrowings	-	1.71
Total expenses incurred on acquisition of subsidiary (refer note (a))-A	-	39.12
Profit on sale of investment by a subsidiary - B	-	46.07
Total exceptional item (B-A)	-	6.95

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

- (a) The Board of Directors of the Company had considered and approved the investment of 51% controlling stake in Adetel Company SA, France through Centum Electronics UK Limited on June 17, 2016. The said transaction was completed on July 4, 2016. Consequent to the acquisition, Adetel Company SA, France and its subsidiaries became subsidiaries of the Company. Further the Board of Directors of the Company had considered and approved a further investment of 3.15% stake in Centum Adetel Company SA (formerly Adetel Company SA), France through Centum Electronics UK Limited on March 10, 2017.

The Company had incurred expenses amounting to ₹ 39.12 million in connection with the said investment, which was disclosed as an exceptional item for the year ended March 31, 2017.

37 INCOME TAX

The domestic subsidiaries of the Group are subject to income tax in India on the basis of standalone financial statements. As per the Income Tax Act, these entities are liable to pay income tax which is the higher of regular income tax payable or the amount payable based on the provisions applicable for Minimum Alternate Tax (MAT).

MAT paid in excess of regular income tax during a year can be carried forward for a period of 15 years and can be offset against future tax liabilities.

	(₹ in million)	
	March 31, 2018	March 31, 2017
Income tax expenses in the consolidated statement of profit and loss consist of the following:		
Tax expenses of continuing operations		
(a) Current tax	5.59	88.77
(b) Adjustment of tax relating to earlier period	0.42	(7.57)
(c) Deferred tax expense / (credit)	2.98	8.49
(d) MAT credit entitlement	0.93	(3.58)
Tax expenses of discontinued operations		
(a) Current tax	-	-
(b) Deferred tax expense / (credit)	-	-
Total taxes	9.92	86.11
Reconciliation of estimated income tax to income tax expense is as below:		
Profit/(loss) before tax from continuing and discontinued operations	(135.38)	458.45
Income tax expense at applicable tax rates applicable to individual entities	(53.95)	162.19
Tax effect on permanent non-deductible expenses	2.44	0.81
Allowances of expenditure in accordance with section 35(2AB) of the Income Tax Act	(11.07)	(36.59)
Deferred tax assets not recognised because realisation is not probable (including taxable losses)	93.51	(5.24)
Adjustments in respect of current income tax of previous years	0.42	(7.57)
Others	(21.43)	(27.49)
Total tax expenses	9.92	86.11
Income tax reported in the consolidated statement of profit and loss	9.92	86.11
	-	-

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

38 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.

(₹ in million)

	March 31, 2018	March 31, 2017
The following reflects the income and share data used in the basic and diluted EPS computations:		
Profit attributable to equity holders of the parent:		
Continuing operations (₹ in million)	(163.25)	344.62
Discontinued operations (₹ in million)	(26.40)	(1.26)
Profit attributable to equity holders of the parent for basic / diluted earnings per share (Rs. in million)	(189.65)	343.36
Weighted average number of equity shares used for computing EPS (basic)	12,814,148	12,716,896
Add: Effect of dilutive issues of stock options	-	143,400
Weighted average number of equity shares used for computing EPS (diluted)	12,814,148	12,860,296

39 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. Estimates and underlying assumptions are reviewed on an ongoing basis. 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 investments, impairment of goodwill, fair value measurement of financial assets / liabilities, treatment of certain investments as joint ventures / associates, provision for employee benefits and other provisions, recoverability of deferred tax assets, commitments and contingencies.

(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 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 DCF model. Further, the cash

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

flow projections are based on estimates and assumptions which are considered as reasonable by the management (refer note 4a and 5).

Taxes

Deferred tax assets are recognised for MAT credit entitlement and 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 37 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 Discounted Cash Flow ('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 46(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.

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.

Further details about gratuity obligations are given in Note 41.

ii) Significant judgements

In the process of applying the Group's accounting policies, the management has made the following judgements, which have the most significant effect on the amounts recognized in these consolidated financial statements.

Determination of control and accounting thereof

As detailed in the accounting policy, consolidation principles under Ind AS are different from the previous GAAP, especially with respect to assessment of control of the subsidiaries. Accordingly, in case of certain entities like CRIPL where though the Group have majority shareholding, they have been accounted as joint ventures entities on account of certain participative rights granted to other partners / investors under the shareholding agreements. Under Ind AS, joint ventures are accounted under the equity method as per the Ind AS 28 against the proportionate line by line consolidation under previous GAAP.

Refer note 5 for further disclosure.

Determination of acquisition of business versus acquisition of assets / liabilities

At the time of acquisition of subsidiaries, the Group considers whether the acquisition represents acquisition of a business. The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the assets.

When the acquisition of subsidiaries does not represent a business, it is accounted for as an acquisition of group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair value, and no goodwill or deferred tax is recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

40 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* Centum Adetel Transportation SAS* Centum Adetel Synergies SARL* Centum Adetel Solution* Centum Adetel Equipment* Adetel Maroc SA* Adetel Equipment Maroc SA*
Associates/ Joint Venture Companies	Centum Rakon India Private Limited Sandhi 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 - Relative 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 Mr. Ramu Akkili - Company Secretary

with effect from May 18, 2016

* with effect from June 30, 2016

** with effect from December 06, 2016

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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

Particulars	March 31, 2018	March 31, 2017
i) Sale of products		
Associates/ Joint Venture Companies		
- Centum Rakon India Private Limited	18.41	2.40
- Ausar Energy SAS	5.85	30.73
ii) Sale of services		
Associates/ Joint Venture Companies		
- Centum Rakon India Private Limited	10.02	21.94
iii) Other operating income		
Associates/ Joint Venture Companies		
- Centum Rakon India Private Limited	54.22	46.15
- Ausar Energy SAS	0.45	-
iv) Other income - rental income		
Associates/ Joint Venture Companies		
- Centum Rakon India Private Limited	3.03	3.03
v) Other non operating income		
Associates/ Joint Venture Companies		
- Ausar Energy SAS	1.34	1.02
vi) Purchase of goods		
Associates/ Joint Venture Companies		
- Centum Rakon India Private Limited	14.19	0.37
Enterprises where key managerial personnel or their relatives exercise significant influence		
- Centum Industries Private Limited	0.01	-
vii) Purchase of services		
Associates/ Joint Venture Companies		
- Centum Rakon India Private Limited	0.35	-
viii) Other expenses - Rent		
Enterprises where key managerial personnel or their relatives exercise significant influence		
- Centum Industries Private Limited	7.79	7.27
ix) Expense incurred by the Company on behalf of:		
Associates/ Joint Venture Companies		
- Centum Rakon India Private Limited	12.70	7.37
x) Corporate guarantees given on behalf of:		
Subsidiary companies		
- Centum Adetel Group SA	36.28	-
xi) Security deposits refunded/ adjusted		
Enterprises where key managerial personnel or their relatives exercise significant influence		
- Centum Industries Private Limited	0.16	-
xii) Remuneration to key managerial personnel and their relatives		
Employee benefit expenses (including employee share based payments)		
- Mr. Apparao V Mallavarapu	9.18	21.34
- Mr. Nikhil Mallavarapu	10.05	1.94
- Mr. K S Desikan	6.33	6.72
- Mr. Ramu Akkili	2.15	1.50

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in million)

Particulars		March 31, 2018	March 31, 2017
xiii) Directors' sitting fees (including commission paid to non-executive directors)			
- Mr. S Krishnan		0.18	0.50
- Mr. Rajiv C Modi		0.04	0.34
- Mr. Pranav Kumar Patel		0.18	0.46
- Mr. Manoj Nagrath		0.18	0.48
- Mr. Thiruvengadam P		0.14	0.44
Particulars	March 31, 2018	March 31, 2017	April 1, 2016
xiv) Outstanding balances as at the year ended:			
a) Trade receivables - Current			
Associates/ Joint Venture Companies			
- Centum Rakon India Private Limited	19.88	10.15	12.32
- Ausar Energy SAS	24.21	35.01	-
Enterprises where key managerial personnel or their relatives exercise significant influence			
- Centum Industries Private Limited	0.95	0.30	-
b) Trade payables - Current			
Associates/ Joint Venture Companies			
- Centum Rakon India Private Limited	12.33	0.32	2.31
Enterprises where key managerial personnel or their relatives exercise significant influence			
- Centum Industries Private Limited	1.47	0.66	0.02
c) Other current financial assets - Staff advances			
- Mr. Apparao V Mallavarapu	0.39	-	-
- Ms. Swarnalatha Mallavarapu	-	0.15	-
- Mr. K S Desikan	0.26	-	-
- Mr. Nikhil Mallavarapu	-	0.24	-
d) Other current assets - Advance to suppliers and other advances			
Associates/ Joint Venture Companies			
- Centum Rakon India Private Limited	0.92	1.71	-
e) Other non-current financial asset - Security deposit			
Enterprises where key managerial personnel or their relatives exercise significant influence			
- Centum Industries Private Limited	-	0.45	-
f) Other current financial asset - Security deposit			
Enterprises where key managerial personnel or their relatives exercise significant influence			
- Centum Industries Private Limited	0.45	0.16	0.16
g) Other current assets - Other advances			
Associates/ Joint Venture Companies			
- Ausar Energy SAS	20.57	16.47	-
h) Corporate guarantees given on behalf of:			
Subsidiary companies			
- Centum Adetel Group SA	36.28	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
i) Other current financial liabilities - Accrued salaries and benefits-payable/(recoverable)			
- Mr. Apparao V Mallavarapu	0.46	12.37	13.60
- Mr. Nikhil Mallavarapu	0.24	0.20	-
- Mr. K S Desikan	0.41	0.14	(0.91)
- Mr. Ramu Akkili	0.10	0.14	(0.12)

c) Key Managerial Personnel's interests in the share based payments plan:

Share options held by key managerial personnel under the share based payments plan to purchase equity shares are as follows:

Share based payments plan	March 31, 2018	March 31, 2017	April 1, 2016
Centum ESOP - 2007	-	-	12,994
Centum ESOP - 2013	3,654	4,790	16,882

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 44 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 included.

(ii) Refer note 5 as regards investments in joint venture / associates.

41 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 (note 32) are as under:

(₹ in million)

Particulars	March 31, 2018	March 31, 2017
Contribution to provident fund	25.23	21.50
Contribution to employees' state insurance	7.23	4.88
	32.46	26.38

b) Defined benefits plan

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (based on last drawn basic) 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, 2018	March 31, 2017
Current service cost	8.27	5.85
Net interest cost on defined benefit obligation	2.31	1.91
Past service cost	7.67	-
Net benefit expenses	18.24	7.76

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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

(₹ in million)

Particulars	March 31, 2018	March 31, 2017
Actuarial (gain)/ loss on obligations arising from changes in experience adjustments	(1.33)	(1.32)
Actuarial (gain)/ loss on obligations arising from changes in financial assumptions	(1.53)	2.26
Actuarial (gain)/ loss recognised in OCI	(2.86)	0.94

iii. Net defined benefit asset/ (liability) - Consolidated Balance Sheet

(₹ in million)

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Defined benefit obligation	(36.88)	(29.53)	(22.82)
Fair value of plan assets -	-	-	-
Asset / (liability) recognised in the balance sheet	(36.88)	(29.53)	(22.82)

iv. Changes in the present value of the defined benefit obligation are as follows:

(₹ in million)

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Opening defined benefit obligation	29.53	22.82	17.25
Current service cost	8.27	5.85	4.50
Past service cost	7.67	-	-
Benefits paid	(8.03)	(2.00)	(1.34)
Interest cost on the defined benefit obligation	2.31	1.91	1.43
Actuarial (gain)/ loss on obligations arising from changes in experience adjustments	(1.32)	(1.32)	1.04
Actuarial (gain)/ loss on obligations arising from changes in financial assumptions	(1.53)	2.26	(0.06)
Closing defined benefit obligation	36.88	29.53	22.82

v. The following pay-outs are expected in future years:

(₹ in million)

Particulars	March 31, 2018
March 31, 2019	4.08
March 31, 2020	3.85
March 31, 2021	1.98
March 31, 2022	2.05
March 31, 2023	2.55
March 31, 2024 to March 31, 2028	16.63

The average duration of the defined benefit plan obligation at the end of the reporting period is 10 years (March 31, 2017: 10 years; April 1, 2016: 10 years).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in million)

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

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Discount rate (in %)	7.69%	7.16%	7.80%
Salary escalation (in %)		7%	
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 - 57 Yrs : 1%	
Retirement age		58 years	
Mortality Rate		Indian Assured Lives Mortality (2006-08) (Modified) Ultimate	

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.

vii. A quantitative sensitivity analysis for significant assumption as at March 31, 2018 is as shown below:

(₹ in million)

Particulars	March 31, 2018	March 31, 2017
Discount rate		
Impact on defined benefit obligation due to 1% increase in discount rate	(3.10)	(2.48)
Impact on defined benefit obligation due to 1% decrease in discount rate	3.29	2.64
Salary escalation rate		
Impact on defined benefit obligation due to 1% increase in salary escalation rate	1.89	1.51
Impact on defined benefit obligation due to 1% decrease in salary escalation rate	(1.77)	(1.42)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

42 Commitments and contingencies

(a) Operating leases: Company as lessee

The Group has entered into operating leases for office facilities and equipments (like car and computers) under cancellable operating leases. The total rental expense towards the aforementioned leases charged to the consolidated statement of profit and loss is ₹ 196.17 million (March 31, 2017: ₹ 145.03 million).

Group as lessor

The Company has entered into operating lease for giving office facilities under cancellable operating lease arrangement to its joint venture company. The total rental income recognised by the Group in the consolidated statement of profit and loss amounted to ₹ 3.03 million (March 31, 2017: ₹ 3.03 million)

(b) Commitments

(₹ in million)

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	45.85	44.67	146.27

(c) Contingencies

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)

Particulars of guarantees	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Corporate guarantees given on behalf of subsidiary	36.28	-	-
Bank guarantees	5.58	4.93	0.38

(d) Litigations

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*	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Matters relating to direct taxes under dispute			
- Income tax	1.89	1.89	35.28
Matters relating to indirect taxes under dispute			
- Sales tax	7.04	7.04	7.04
- Excise, cenvat credit availment and customs duty	85.77	84.86	32.25
Others			
- Stamp duty levy	16.28	5.11	5.11
- Other claims against the Group not acknowledged as debts	18.11	51.05	-

* 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

43 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:

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)

	Segment revenue*		Non-current assets**		
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	April 1, 2016
India	1,058.97	1,646.23	1,164.93	1,239.33	760.57
Europe	5,091.72	3,647.63	1,419.17	1,356.61	-
USA	1,302.97	735.12	132.26	124.53	-
Rest of the world	1,014.74	1,003.41	-	-	-
Total	8,468.40	7,032.40	2,716.37	2,720.47	760.57

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

**Non-current assets exclude financial assets and tax assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

44a 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 sponsors two share option plans - the Centum Employee Stock Option Plan ('ESOP') - 2007 plan and the Centum ESOP - 2013 plan. The details of the aforementioned plans are as follows:

- The Centum ESOP - 2007 plan was approved by the directors of the Company in October 2007 and by the shareholders in December 2007. Centum ESOP - 2007 plan provides for the issue of 416,666 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 its subsidiaries / joint venture.
- 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 its subsidiaries / joint venture.

The plan is administered by a Compensation committee. Options will be issued to employees of the Company / 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, 2018		Year ended March 31, 2017	
	Centum ESOP - 2007	Centum ESOP - 2013	Centum ESOP - 2007	Centum ESOP - 2013
Fair value at grant date	₹ 6.54 - ₹ 47.20	₹ 11.65 - ₹ 277.30	₹ 6.54 - ₹ 47.20	₹ 11.65 - ₹ 14.82
Share price at grant date	₹ 31.60 - ₹ 118.50	₹ 71.25 & ₹ 637.05	₹ 31.60 - ₹ 118.50	₹ 71.25
Weighted average exercise price on options outstanding	₹ 53.45	₹ 283.03	₹ 69.14	₹ 71.25
Dividend yield (%)	10%	10%	10%	10%
Expected life of share options (years)	1- 4 years	1- 4 years	1- 4 years	1- 4 years
Risk free interest rate (%)	5.70 - 8.60%	5.70 - 8.60%	5.70 - 8.60%	5.70 - 8.60%
Expected volatility (%)	48.31%	48.31%	51.22%	51.22%

C Movements during the year

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, Centum ESOP - 2007 plan during the year:

Particulars	For the year ended March 31, 2018		For the year ended March 31, 2017	
	Number of options	WAEP	Number of options	WAEP
Options outstanding at April 1	28,814	69.14	85,183	61.97
Granted during the period	-	-	-	-
Forfeited / lapsed during the period	-	-	-	-
Exercised during the period	25,833	70.95	56,369	69.14
Expired during the period	-	-	-	-
Options outstanding at March 31	2,981	53.45	28,814	69.14
Exercisable at March 31	2,981	53.45	28,814	69.14

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

The options outstanding as at March 31, 2018 had a weighted average exercise price of ₹ 53.45 (March 31, 2017: ₹ 69.14) and the weighted average remaining contractual life of 7.64 years (March 31, 2017: 8.03 years).

The following table illustrates the number and WAEP of, and movements in, Centum ESOP - 2013 plan during the year:

Particulars	March 31, 2018		March 31, 2017	
	Number of options	WAEP	Number of options	WAEP
Options outstanding at April 1	135,532	71.25	170,941	71.25
Granted during the period	18,000	637.05	-	-
Forfeited / lapsed during the period	14,287	-	-	-
Exercised during the period	91,155	71.25	35,409	71.25
Expired during the period	-	-	-	-
Options outstanding at March 31	48,090	283.03	135,532	71.25
Exercisable at March 31	30,090	71.25	76,906	71.25

The options outstanding as at March 31, 2018 had an exercise price of ₹ 283.03 (March 31, 2017: ₹ 71.25) and the weighted average remaining contractual life of 10.61 years (March 31, 2017: 9.41 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 :

Particulars	March 31, 2018	March 31, 2017
Expense arising from equity settled share based payment transaction	0.06	0.27

E Stock options granted to other employees of the Group

The Group has granted stock options to the employees of Centum Rakon India Private Limited, a joint venture of the Group, under the aforementioned Centum ESOP - 2007 plan and Centum ESOP - 2013 plan.

44b Share-based payments in a subsidiary of the Company

The Group along with its subsidiary has agreed that the Management Shareholders of Centum Adetel Group S.A. shall be issued 58,425 maximum number in aggregate of additional free shares in the Centum Adetel Group S.A. The issuance of these shares is contingent on the achievement of certain revenue and EBIT targets by the Centum Adetel Group S.A. on a consolidated basis, which have been detailed in the Shareholders Agreement dated July 5, 2016.

The fair value of the aforementioned share options has 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 are 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%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Movements during the year

	For the year ended March 31, 2018	For the year ended March 31, 2017
	Number of options	
Options outstanding at April 1	58,425	-
Granted during the period	-	58,425
Exercised during the period	-	-
Expired during the period	-	-
Options outstanding at March 31	58,425	58,425
Exercisable at March 31	-	-

The options outstanding as at March 31, 2018 had a weighted average exercise price of ₹ Nil (March 31, 2017: ₹ Nil) and the weighted average remaining contractual life of 1.75 years (March 31, 2017: 2.75 years), contingent on the achievement of certain revenue and EBIT targets by the Centum Adetel Group S.A. on a consolidated basis, which have been detailed in the Shareholders Agreement dated July 5, 2016.

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, 2018	March 31, 2017
Expense arising from equity settled share based payment transaction (under Employee benefits expenses)	18.56	13.41

45 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, 2018	March 31, 2017	April 1, 2016
Borrowings (refer note 18, 21 and 23)	3,747.26	2,785.66	818.33
Less: Cash and cash equivalents (refer note 12)	217.29	136.59	392.02
Total debts (A)	3,529.97	2,649.07	426.31
Capital components			
Equity share capital (refer note 15)	128.70	127.53	126.61
Other equity (refer note 16)	1,733.01	1,972.07	1,748.07
Total Capital (B)	1,861.71	2,099.60	1,874.68
Capital and borrowings (C = (A+B))	5,391.68	4,748.67	2,300.99
Gearing ratio (D=(A/C))	65%	56%	19%

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 years ended March 31, 2018 and March 31, 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

46 Disclosures on Financial instruments

This section gives an overview of the significance of financial instruments for 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 2.2(b) and 2.2(n), 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, 2018, March 31, 2017 and April 1, 2016.

As at March 31, 2018

(₹ 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, associates and joint ventures)	26.78	-	64.50	91.28	91.28
(ii) Trade receivables	-	-	3,271.05	3,271.05	3,271.05
(iii) Cash and cash equivalents	-	-	217.29	217.29	217.29
(iv) Bank balances other than cash and cash equivalents	-	-	158.68	158.68	158.68
(v) Other financial assets	-	-	57.36	57.36	57.36
Total	26.78	-	3,768.88	3,795.66	3,795.66
Financial liabilities					
(i) Borrowings	-	-	3,747.26	3,747.26	3,747.26
(ii) Trade payables	-	-	1,840.79	1,840.79	1,840.79
(iii) Derivative instrument - Interest rate swap	-	6.34	-	6.34	6.34
(iv) Put option liability	-	283.24	-	283.24	283.24
(v) Other financial liabilities	-	-	240.46	240.46	240.46
Total	-	289.58	5,828.51	6,118.09	6,118.09

As at March 31, 2017

(₹ 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, associates and joint ventures)	25.09	-	55.48	80.57	80.57
(ii) Trade receivables	-	-	1,876.92	1,876.92	1,876.92
(iii) Cash and cash equivalents	-	-	136.59	136.59	136.59
(iv) Bank balances other than cash and cash equivalents	-	-	153.31	153.31	153.31
(v) Other financial assets	-	-	265.17	265.17	265.17
Total	25.09	-	2,487.47	2,512.56	2,512.56
Financial liabilities					
(i) Borrowings	-	-	2,785.66	2,785.66	2,785.66
(ii) Trade payables	-	-	1,228.15	1,228.15	1,228.15
(iii) Foreign exchange forward contract	-	0.80	-	0.80	0.80
(iv) Derivative instrument - Interest rate swap	-	6.26	-	6.26	6.26
(v) Put option liability	-	243.64	-	243.64	243.64
(vi) Other financial liabilities	-	-	272.88	272.88	272.88
Total	-	250.70	4,286.69	4,537.39	4,537.39

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

As at March 31, 2016

(₹ 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, associates and joint ventures)	13.26	-	-	13.26	13.26
(ii) Trade receivables	-	-	857.64	857.64	857.64
(iii) Cash and cash equivalents	-	-	392.02	392.02	392.02
(iv) Bank balances other than cash and cash equivalents	-	-	115.58	115.58	115.58
(v) Other financial assets	-	-	19.43	19.43	19.43
Total	13.26	-	1,384.67	1,397.93	1,397.93
Financial liabilities					
(i) Borrowings	-	-	818.33	818.33	818.33
(ii) Trade payables	-	-	592.32	592.32	592.32
(iii) Foreign exchange forward contract	-	0.38	-	0.38	0.38
(iv) Other financial liabilities	-	-	109.69	109.69	109.69
Total	-	0.38	1,520.34	1,520.72	1,520.72

(b) Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3, as described below:

Quoted prices in an active market (Level 1): This level of hierarchy includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists of investment in quoted equity shares, and mutual fund investments.

Valuation techniques with observable inputs (Level 2): This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Valuation techniques with significant unobservable inputs (Level 3): This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in million)

Particulars	Fair value measurements at reporting date using			
	Total	Level 1	Level 2	Level 3
March 31, 2018				
Financial assets				
Investments (other than investments in subsidiaries, associates and joint ventures)	91.28	-	-	91.28
Financial liabilities				
Derivative instrument - Interest rate swap	6.34	-	6.34	-
Put option liability	283.24	-	-	283.24
March 31, 2017				
Financial assets				
Investments (other than investments in subsidiaries, associates and joint ventures)	80.57	-	-	80.57
Financial liabilities				
Foreign exchange forward contracts	0.80	-	0.80	-
Derivative instrument - Interest rate swap	6.26	-	6.26	-
Put option liability	243.64	-	-	243.64
April 1, 2016				
Financial assets				
Investments (other than investments in subsidiaries, associates and joint ventures)	13.26	-	-	13.26
Financial liabilities				
Foreign exchange forward contracts	0.38	-	0.38	-

- (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, 2018, March 31, 2017 and April 1, 2016.

(c) Financial risk management objectives and policies

In the course of its business, the Group is exposed primarily to fluctuations in foreign currency exchange rates, interest rates, equity prices, liquidity and credit risk, which may adversely impact the fair value of its financial instruments. The Group has a risk management policy which not only covers the foreign exchange risks but also other risks associated with the financial assets and liabilities such as interest rate risks and credit risks. The risk management policy is approved by the Board of Directors. The risk management framework aims to:

- (i) create a stable business planning environment by reducing the impact of currency and interest rate fluctuations on the Group's business plan.
- (ii) achieve greater predictability to earnings by determining the financial value of the expected earnings in advance.

Market risk

Market risk is the risk of any loss in future earnings, in realisable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates, equity price fluctuations, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(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, 2018		
USD	+50	(5.62)
EURO	+50	(2.27)
INR	+50	(3.27)
USD	-50	5.62
EURO	-50	2.27
INR	-50	3.27
March 31, 2017		
USD	+50	(4.94)
EURO	+50	(1.20)
INR	+50	(0.72)
USD	-50	4.94
EURO	-50	1.20
INR	-50	0.72

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, 2018, March 31, 2017 and April 1, 2016. The Group's exposure to foreign currency changes for all other currencies is not material.

(₹ in million)

Particulars	Currency	March 31, 2018	March 31, 2017	April 1, 2016
Trade payables and Borrowings (including short term borrowing and long term borrowing)	USD	(31.20)	(27.77)	(15.49)
Trade receivables and Cash and cash equivalents	USD	11.10	8.07	8.17
Net assets / (liabilities) in USD in million		(20.10)	(19.70)	(7.32)
Net assets / (liabilities) in Rs. in million		(1,308.09)	(1,278.45)	(485.09)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in million)

Particulars	Currency	March 31, 2018	March 31, 2017	April 1, 2016
Trade payables and Borrowings (including short term borrowing and long term borrowing)	EUR	(1.36)	(0.91)	(0.70)
Trade receivables and Cash and cash equivalents	EUR	0.05	0.04	0.34
Net assets / (liabilities) in EUR in million		(1.31)	(0.87)	(0.36)
Net assets / (liabilities) in ₹ in million		(105.63)	(60.61)	(27.27)

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		Effect on equity, net of tax	
		Strengthening	Weakening	Strengthening	Weakening
March 31, 2018					
USD	5%	(65.40)	65.40	(42.77)	42.77
EURO	5%	(5.28)	5.28	(3.45)	3.45
March 31, 2017					
USD	5%	(63.92)	63.92	(41.80)	41.80
EURO	5%	(3.03)	3.03	(1.98)	1.98

The sensitivity analysis has been based on the composition of the Group's financial assets and liabilities at March 31, 2018 and March 31, 2017 excluding cash and cash equivalents which does not present a material exposure. 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 ₹ 3,795.66 million, ₹ 2,512.56 million and ₹ 1,397.93 million, as at March 31, 2018, March 31, 2017 and April 1, 2016, 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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

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 low.

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, 2018				
Borrowings	2,953.53	793.73	-	3,747.26
Trade payables	1,840.79	-	-	1,840.79
Other financial liabilities	82.12	447.92	-	530.04
	4,876.44	1,241.65	-	6,118.09
March 31, 2017				
Borrowings	2,207.46	578.20	-	2,785.66
Trade payables	1,228.15	-	-	1,228.15
Other financial liabilities	201.46	322.12	-	523.58
	3,637.07	900.32	-	4,537.39
April 1, 2016				
Borrowings	818.33	-	-	818.33
Trade payables	592.32	-	-	592.32
Other financial liabilities	110.07	-	-	110.07
	1,520.72	-	-	1,520.72

47 First time adoption of Ind AS

These consolidated financial statements, for the year ended March 31, 2018, are the first financial statements, the Group has prepared in accordance with Ind AS. For the periods upto March 31, 2017, the Group has prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and Amendment thereof ("Indian GAAP" or "previous GAAP")

Accordingly, the Group has prepared these consolidated financial statements which comply with Ind AS applicable for year ended March 31, 2018, together with the comparative period data as at and for the year ended March 31, 2017, as described in the summary of significant accounting policies. In preparing these financial statements, the Group opening balance sheet was prepared as at April 1, 2016, the Group's date of transition to Ind AS. This note explains the principal adjustments made by the Group in restating its Indian GAAP consolidated financial statements, including the balance sheet as at April 1, 2016 and the financial statements as at and for the year ended March 31, 2017.

(A) Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Group has applied the following material exemptions:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Exemptions

Estimates:

The estimates as at April 1, 2016 and as at March 31, 2017 are consistent with those made for the same dates in accordance with Indian GAAP apart from the Impairment of financial assets based on Expected Credit Loss (ECL) model where application of Indian GAAP did not require estimation.

The estimates used by the Group to present these amounts in accordance with Ind AS reflect conditions as at April 1, 2016, the date of transition to Ind AS and as of March 31, 2017.

De-recognition of financial assets and liabilities:

The Group has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

Classification and measurement of financial assets:

The Group has classified the financial assets in accordance with Ind AS 109 on the basis of facts and circumstances that exists at the date of transition to Ind AS.

Impairment of financial assets: (Trade receivables and other financial assets)

As at the date of transition to Ind AS, the Group has determined that there will be significant increase in credit risk since the initial recognition of a financial instrument which would require undue cost or effort. The Group has recognised a loss allowance at an amount equal to lifetime expected credit losses at each reporting date until that financial instrument is derecognised (unless that financial instrument is low credit risk at a reporting date).

Deemed cost - Previous GAAP carrying amount: (PPE and Intangible Assets)

The Group has elected to avail exemption under Ind AS 101 to use Indian GAAP carrying value as deemed cost at the date of transition for all items of property, plant and equipment, capital work in progress and intangible assets as per the balance sheet prepared in accordance with previous GAAP.

Equity accounting of joint ventures and changes in scope of consolidation

In accordance with Ind AS 28, 'Investments in Associates and Joint Ventures', the Group has accounted for its joint ventures using the equity method unlike proportionate line by line method under the previous GAAP. In addition, one of the entity consolidated as subsidiary under the previous GAAP has been consolidated as joint venture and accounted for using the equity method under Ind AS.

Share - based payment transactions:

Ind AS 101 permits a first time adopter to not apply Ind AS 102 share based payments to equity instruments that settled before date of transition to Ind AS. Accordingly, the Group has elected to measure only those employee stock options that have not been settled as on the date of transition.

Fair value measurement of financial assets or financial liabilities:

In accordance with paragraph D20 of Ind AS 101, the Group has applied day one gain or loss provisions prospectively to transactions occurring on or after the date of transition to Ind AS.

Cumulative translation differences

Ind AS 21 'The effects of changes in Foreign Exchange Rates' requires an entity to recognize the translation differences relating to foreign operations in other comprehensive income (and accumulate them in a separate component of equity) and on disposal of such foreign operation, to reclassify the cumulative translation difference for that foreign operation from equity to profit or loss as part of the gain or loss on disposal. Ind AS 101 allows an entity to elect not to apply the requirements of Ind AS 21 retrospectively and to deem the cumulative translation differences for all foreign operations to be zero as at the date of transition. The Group has elected to avail the above exemption.

Business combinations

Ind AS 101 provides the option to apply Ind AS 103 prospectively. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date.

The Group has elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date have not been restated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(B) Reconciliation of total equity between previous GAAP and Ind AS

(₹ in million)

Particulars	Notes	March 31, 2017	April 1, 2016
Equity as reported under previous GAAP		2,191.48	1,912.07
Accounting of business combination on acquisition of Centum Adetel Group S.A.	47(9)	(148.64)	-
Recognition of research and development expenditure as intangibles	47(10)	90.16	-
Expected credit loss on financial assets	47(2)	(29.92)	(29.92)
Loss on fair valuation of derivative instrument	47(5)	(6.26)	-
Reversal of amortisation of goodwill	47(7)	9.96	-
Others (including Impact of deferred tax on above adjustments)		(7.18)	(7.47)
Equity as per Ind AS		2,099.60	1,874.68

(C) Total Comprehensive Income / (Loss) reconciliation for the year ended March 31, 2017

(₹ in million)

Particulars	Notes	March 31, 2017
Profit / (loss) after tax, minority interest and share of loss from associates under previous GAAP		312.70
Add/(less): Ind AS adjustments -		
Accounting of business combination on acquisition of Centum Adetel Group S.A.	47(9)	(30.75)
Recognition of research and development expenditure as intangibles	47(10)	90.16
Reversal of amortisation of goodwill	47(7)	9.96
Loss on fair valuation of derivative instrument	47(5)	(6.26)
Others		(3.47)
Profit/ (loss) after tax for the year as per Ind AS		372.34
Other comprehensive income/ (loss) (net of tax)	47(8)	2.85
Total Comprehensive Income / (Loss) for the year under Ind AS		375.19

Notes to the reconciliation between previous GAAP and Ind AS

1. Unconsolidated joint ventures

In accordance with Ind AS 28, 'Investments in Associates and Joint Ventures', the Group has accounted for its joint ventures using the equity method unlike proportionate line by line method under the previous GAAP. In addition, one of the entity consolidated as subsidiary under the previous GAAP has been consolidated as joint venture and accounted for using the equity method under Ind AS.

2. Expected credit loss

The provision is made against trade receivables based on "expected credit loss" model as per Ind AS 109. Under previous GAAP the provision was made when the receivable turned doubtful based on the assessment on case to case basis.

3. Statement of cash flows

Under the previous GAAP, joint ventures were consolidated using line by line proportionate method whereas under Ind AS joint ventures have been accounted for using the equity method. As a result, proportionate cash flows for operating, investing and financing activities including cash and cash equivalents of joint ventures included in the consolidated cash flow under the previous GAAP do not form part of consolidated cash flow under Ind AS.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

4. Deferred tax

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

Accordingly, under Ind AS, there are transitional adjustments leading to temporary differences. According to the accounting policies, the Group has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings on transition or a separate component of equity depending on the recognition of the instrument.

5. Interest rate swap not designated as hedging instrument

Under the previous GAAP, the Group had considered both the critical terms of the Interest rate swap and those of the repayment of interest on foreign currency term loan as same. Based on the internal assessment carried out by the management, the net impact of the marked to market valuation of the foreign currency swap, net of gain/loss on the underlying loan, was not expected to be material and accordingly no adjustments were made in the consolidated financial statements.

In accordance with Ind AS 109 "Financial Instruments", all derivative financial instruments are recognised at fair value as at each reporting date through the statement of profit and loss.

6. Non-controlling interests

Under the previous GAAP, non-controlling interest was not considered as part of total equity and was presented separately. In the consolidated statement of profit and loss, share of non-controlling interest for the year was shown as a deduction from Group's profit or loss.

Under Ind AS, non-controlling interests are considered as a part of total equity and its share in profit or loss for the year and total comprehensive income is shown as an allocation instead of as a deduction from profit or loss for the year.

Further, under Ind AS, profit or loss and each component of other comprehensive income is attributed to the owners of the Company and to noncontrolling interests even if this results in the non-controlling interests having a deficit balance. Under the previous GAAP, the excess of such losses attributable to non-controlling interests over its interest in the equity of subsidiary was attributed to the owners of the Company.

7. Amortisation of goodwill

The goodwill recognised on transactions in earlier years was amortised under previous GAAP, however the same has been recognised at previous GAAP carrying value on transition date in accordance with Ind AS 101 transition provisions. Amortisation of goodwill amount has been reversed for the year ended March 31, 2017 and has been reinstated.

8. Other comprehensive income

Under Ind AS, all items of income and expense recognised during the year are included in the profit or loss for the year, unless Ind AS requires or permits otherwise. Items that are not recognised in profit or loss but are shown in the consolidated statement of profit and loss and other comprehensive income include re-measurements gains or losses on defined benefit plans and foreign currency translation differences of foreign subsidiaries.

The concept of other comprehensive income did not exist under the previous GAAP.

9. Accounting of business combination on acquisition of Centum Adetel Group S.A.

The Group has elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date (i.e. April 1, 2016). This has resulted in the Group recognising put option liability towards non controlling interest shareholders, recognising certain items of intangibles (Customer relationship and Intellectual property) and related amortisation, in accordance with the Purchase Price Allocation model.

10. Recognition of research and development expenditure as intangibles

The Group has elected to capitalise research and development expenditure which met the recognition criteria as per Ind AS 38 (Intangible Assets) which have been capitalised as Intangible assets.

11. Previous year figures have been regrouped

The figures of the previous periods have been regrouped/reclassified, where necessary, to conform with the current year's classification.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

48 Business combination

The Group acquired 51% controlling stake in Adetel Group SA, France through Centum Electronics UK Limited on June 17, 2016 and acquired additional 3.15% stake in Centum Adetel Group SA (formerly Adetel Group SA), France through Centum Electronics UK Limited on March 10, 2017. Post acquisition, Centum Adetel Group S.A. along with its subsidiaries / associates / joint ventures became the subsidiaries / associates / joint ventures of the Group.

Refer note 36(a) and 49 for details.

Assets acquired and liabilities assumed

The Fair values of the identified assets and liabilities of Centum Adetel Group S.A. as at the date of acquisition (i.e. June 30, 2016) were:

		(₹ in million)
Particulars		Fair value recognised on acquisition
Assets		
Property, plant and equipment, Capital work-in-progress and Other Intangible assets		1,013.20
Cash and cash equivalents		477.05
Non-current/current financial and other assets		2,083.21
		3,573.45
Liabilities		
Non-controlling interest measured at fair value		94.39
Trade payables, provisions and other liabilities		2,053.88
Borrowings		876.87
Deferred tax liability		173.60
		3,198.75
Total identifiable net assets at fair value		374.70
Non-controlling interest measured at fair value		(191.39)
Put option liability (refer note 2 below)		(167.63)
Purchase consideration transferred		391.92
Goodwill arising on acquisition (note 4a)		376.23
Analysis of cash flows on acquisition		
Purchase consideration paid		(391.92)
Net cash acquired with the subsidiary		477.05
Transaction costs of the acquisition (refer note 36(a))		(39.12)
Net cash flow on acquisition		46.01

- Other Intangible assets includes certain assets (Customer relationship and Intellectual property), which have been recognised at fair values in accordance with the Multi Period Excess Earnings model amounting to ₹ 760.53 million as at the date of acquisition. The aforementioned projections are based on estimates and assumptions which are considered reasonable by the management including estimating revenues generated from existing customer contracts / relationships, attrition rates, tax rates, etc.
- Put option liability pertains to liabilities arising from options given to non controlling interest shareholders by one of the subsidiary of the Group amounting to ₹ 167.63 million as at the date of acquisition.

The management of the Group recognised these liabilities at fair values in accordance with the binomial lattice model, which amounted to ₹ 243.64 million as at March 31, 2017 and Rs. 283.24 million as at March 31, 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(after restatement for the respective years). The aforementioned projections are 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 assessment, the management of the Group is of the view that there are no significant change in the fair value of the aforementioned assets / liabilities as compared to its fair values as on the date of acquisition as at March 31, 2018 and as at March 31, 2017.

- 3 (a) From the acquisition date till the year ended March 31, 2017, Centum Adetel Group S.A. along with its subsidiaries / associates / joint ventures had revenue from operations of ₹ 2,840.06 million and profit after tax of ₹ 7.30 million, which has been included in the consolidated statement of profit and loss for the year ended March 31, 2017.
- (b) The Group has not presented revenue from operations and profit / loss details in connection with the consolidated financial statements for the year ended March 31, 2017 for business combinations that occurred during the said period due to impracticability, considering that the Centum Adetel Group S.A. had not prepared the financial statements for the said period.

49 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, 2018	March 31, 2017	April 1, 2016
Fair value of foreign exchange forward contract not designated as hedging instrument (refer note 23)	-	0.80	0.38
Derivative instrument - Interest rate swap (refer note 19)	6.34	6.26	-

50 Standards issued but not yet effective

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standard:

Ind AS 115 - Revenue from Contracts with Customers

Ind AS 115 was issued on March 28, 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under Ind AS. This new standard requires revenue to be recognized when promised goods or services are transferred to customers in amounts that reflect the consideration to which the Group expects to be entitled in exchange for those goods or services. Adoption of the new rules could affect the timing of revenue recognition for certain transactions of the Group. Ind AS 115 is effective for the Group in the first quarter of fiscal 2019 using either one of two methods:

- (i) retrospectively to each prior reporting period presented in accordance with Ind AS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", with the option to elect certain practical expedients as defined within Ind AS 115 (the full retrospective method); or

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

- (ii) retrospectively with the cumulative effect of initially applying Ind AS 115 recognized at the date of initial application (April 1, 2018) and providing certain additional disclosures as defined in Ind AS 115 (the modified retrospective method).

The Group continues to evaluate the available transition methods and its contractual arrangements. The ultimate impact on revenue resulting from the application of Ind AS 115 will be subject to assessments that are dependent on many variables, including, but not limited to, the terms of the contractual arrangements and the mix of business. The Group's considerations also include, but are not limited to, the comparability of its financial statements and the comparability within its industry from application of the new standard to its contractual arrangements. The Group has established an implementation team to implement Ind AS 115 related to the recognition of revenue from contracts with customers and it continues to evaluate the changes to accounting system and processes, and additional disclosure requirements that may be necessary. A reliable estimate of the quantitative impact of Ind AS 115 on the consolidated financial statements will only be possible once the implementation project has been completed.

Amendments to Ind 112 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in Ind AS 112

The amendments clarify that the disclosure requirements in Ind AS 112, other than those in paragraphs B10–B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale. As at March 31, 2018, the Group has classified its interest in Centum Rakon India Private Limited, a joint-venture Company, as held for sale (see note 53), but these amendments are unlikely to affect the Group's financial statements.

Amendments to Ind AS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after April 1, 2018. These amendments are not expected to have any impact on the Group as the Group has no deductible temporary differences or assets that are in the scope of the amendments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

51 Events after the reporting period

Subsequent to the year ended March 31, 2018, as detailed in note 5(d), the Group has entered into a Share Purchase Agreement with Rakon Limited for the sale of entire 51% stake held by the Group in Centum Rakon India Private Limited, a joint venture of the Group.

52 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.

53 The comparatives given in the consolidated financial statements have been compiled after making necessary Ind AS adjustments to the respective audited financial statements under previous GAAP to give a true and fair view in accordance with Ind AS.

54 The audit of consolidated financial statements of the Group under previous GAAP for the period ended March 31, 2017 and April 1, 2016 was carried out by firm of Chartered Accountants other than S.R. Batliboi & Associates LLP.

As per our report of even date attached

for **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

per **Sandeep Karnani**

Partner

Membership No. 061207

Place : Bengaluru

Date : 30 May, 2018

For and on behalf of Board of Directors of

Centum Electronics Limited

CIN : L85110KA1993PLC013869

Apparao V. Mallavarapu

Chairman & Managing Director

DIN : 00286308

Ramu Akkili

Company Secretary

S. Krishnan

Director

DIN : 01807344

K.S.Desikan

Chief Financial Officer

Centum Electronics Ltd

Regd. Office: No. 44 KHB Industrial Area, Yelahanka New Town, Bangalore- 560 106.
CIN – L85110KA1993PLC013869

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member (s):			
Registered address:			
E- Mail Id:			
Folio No/ Client Id:		DP ID	

I/ We, being the member (s) ofShares of Centum Electronics Limited,
hereby appoint:

1.	NAME		
	Address		
	E- Mail Id	Signature	
	or failing him		
2.	NAME		
	Address		
	E- Mail Id	Signature	
	or failing him		
3.	NAME		
	Address		
	E- Mail Id	Signature	

as my/ our proxy to attend and vote (on a poll) for me/us and our behalf at the 25th Annual General Meeting of the Company, to be held on Friday, the 14th September, 2018 at 11.30 A.M. at No. 44 KHB Industrial Area, Yelahanka New Town, Bangalore- 560 106 and on adjournment thereof in respect of such resolutions as are indicated below:

Sl. No.	Resolutions	Optional	
		For	Against
ORDINARY BUSINESS			
1	Adoption of Financial Statements for the year ended 31st March, 2018.		
2	Confirmation of payment of Interim dividend.		
3	Retirement of Directors by rotation		
SPECIAL BUSINESS			
4	Remuneration payable to the cost auditor.		

Signed thisDay of 2018.

Signature of shareholder : _____

Signature of Proxy holder (s) : _____

Affix a
15 paise
Revenue
Stamp

- Note:
1. This form of proxy in order to be effective should be duly completed and deposited at the Registered office of the Company, not less than 48 hours before the commencement of the Meeting.
 2. It is optional to put a 'x' in the appropriate column against the resolutions indicated in the box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.
 3. Please complete all details including details of member (s) in above before submission.

Centum Electronics Ltd

Regd. Office: No. 44 KHB Industrial Area, Yelahanka New Town, Bangalore- 560 106

CIN - L85110KA1993PLC013869

ATTENDANCE SLIP

Twenty Fifth Annual General Meeting Friday, 14th September 2018 at 11.30 a.m.



Name of Member (IN BLOCK LETTERS)

Name of Proxy (IN BLOCK LETTERS)

(Name of the Proxy to be filled in if the proxy attends instead of the Member)

No. of shares held

I /We hereby record my/our presence at the Twenty Fifth Annual General Meeting of the Company held at No. 44 KHB Industrial Area, Yelahanka New Town, Bangalore- 560 106.

Member's/Proxy's Signature

Note:

1. Shareholder/Proxy holder wishing to attend the meeting must bring the Attendance Slip to the meeting and handover at the entrance duly signed.
2. Transportation facilities will be provided to the shareholders for attending the AGM as per details given below:
Pick up at 10.00 a.m. Near Shantala Silks in Majestic, Koshy's Hotel at St.Marks Road, Druvadesh Honda in Mekhri Circle.



Centum Electronics Ltd

Regd. Office: No. 44 KHB Industrial Area, Yelahanka New Town, Bangalore- 560 106.
CIN – L85110KA1993PLC013869

BALLOT FORM (MGT-12)

[pursuant to section 109(5) of the Companies Act, 2013 and rule 21(1)(C) of the Companies (Management and Administration) Rules, 2014]

Name of the member (s):			
Registered address:			
E- Mail Id:			
Folio No/ Client Id:		DP ID	

I/ We, being the member (s) ofShares of Centum Electronics Limited, hereby exercise my/our vote in respect of Ordinary/Special Resolution enumerated below by recording any assent/dissent to the said resolution given below:

Sl. No.	Resolutions	Optional	
		For	Against
ORDINARY BUSINESS			
1	Adoption of Financial Statements for the year ended 31st March, 2018.		
2	Confirmation of payment of Interim dividend.		
3	Retirement of Directors by rotation		
SPECIAL BUSINESS			
4	Remuneration payable to the cost auditor.		

Signed thisDay of 2018.

Signature of shareholder : _____

[illegible]



Established
1994



Employees
2200
Design 630



Manufacturing area
350,000 SFT
32,500 m²



Public Listed
Company
(BSE, NSE)



World Economic
Forum:
Global Growth
Company



Forbes Asia:
200 Best Under
A Billion
2015



ISO 9001 2008



AEN
AS/ENF



CERTIFICATIONS



Aerospace
9100 Rev C



Medical
ISO13485 2003



Railways
IRIS - Rev 2



Environment
ISO14001 2004



Health & Safety
OHSAS 18001



French R&D
Certification



Indian R&D
Certification



TEAM WORK | TECHNOLOGY | TRUST

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