

CENTUM

TEAM WORK | TECHNOLOGY | TRUST

CENTUM ELECTRONICS LIMITED
ANNUAL REPORT
2016-17



COMPANY INFORMATION

COMPANY SECRETARY
Ramu Akkili

STATUTORY AUDITORS
BSR & Co. LLP

INTERNAL AUDITORS
Ernst & Young Co. LLP

BANKERS
State Bank of India
Citibank N.A.
Kotak Mahindra 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 Township, Bangalore - 560 106.
CIN - L85110KA1993PLC013869
www.centumelectronics.com

INNOVATION
IMPLEMENTATION
TRANSFORMATION

Centum is the industry leader providing complete range of electronic design and manufactured 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



DEFENCE & AEROSPACE



SPACE



INDUSTRIAL



TRANSPORTATION

OUR FOOTPRINTS

7
GLOBAL DESIGN
LOCATIONS



CENTUM

TEAM WORK | TECHNOLOGY | TRUST



DESIGN & ENGINEERING SERVICES



BUILT TO SPECIFICATION (BTS)

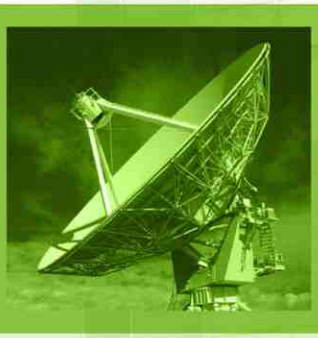


BUILT TO MANUFACTURE (BTM)



BUILT TO PRINT (BTP)





OUR MARKETS

MEDICAL

COMMUNICATION



5

MANUFACTURING LOCATIONS

- REVENUE **INR 7690 MILLIONS**
- EXPORTING TO **> 17 COUNTRIES**
- EMPLOYEES **2142**

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ANNUAL GENERAL MEETING
Tuesday, July 11, 2017

TIME
11.30 a.m.

VENUE
Centum Electronics Limited,
'Avansa', Plot - 58P,
Survey No.8, KIADB,
Bangalore Aerospace Park Industrial Area,
Jala Hobli, Budigere Post,
Bangalore – 562 129.

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
Indepedent Director



PRANAV PATEL
Indepedent Director



DR. SWARNALATHA MALLAVARAPU
Director



P. THIRUVENGADAM
Indepedent Director

MANAGEMENT



APPARAO V MALLAVARAPU
Chairman & Managing Director,
Centum Group

FRANCOIS SEBES
CEO, Centum Adetel





K S DESIKAN
Group CFO & Head of Strategy

VINCENT FRADIN
CFO, Centum Adetel





VINOD CHIPPALKATTI
Vice President Strategic Electronics

PERRY DUFFILL
Vice President
Electronics Manufacturing Solutions





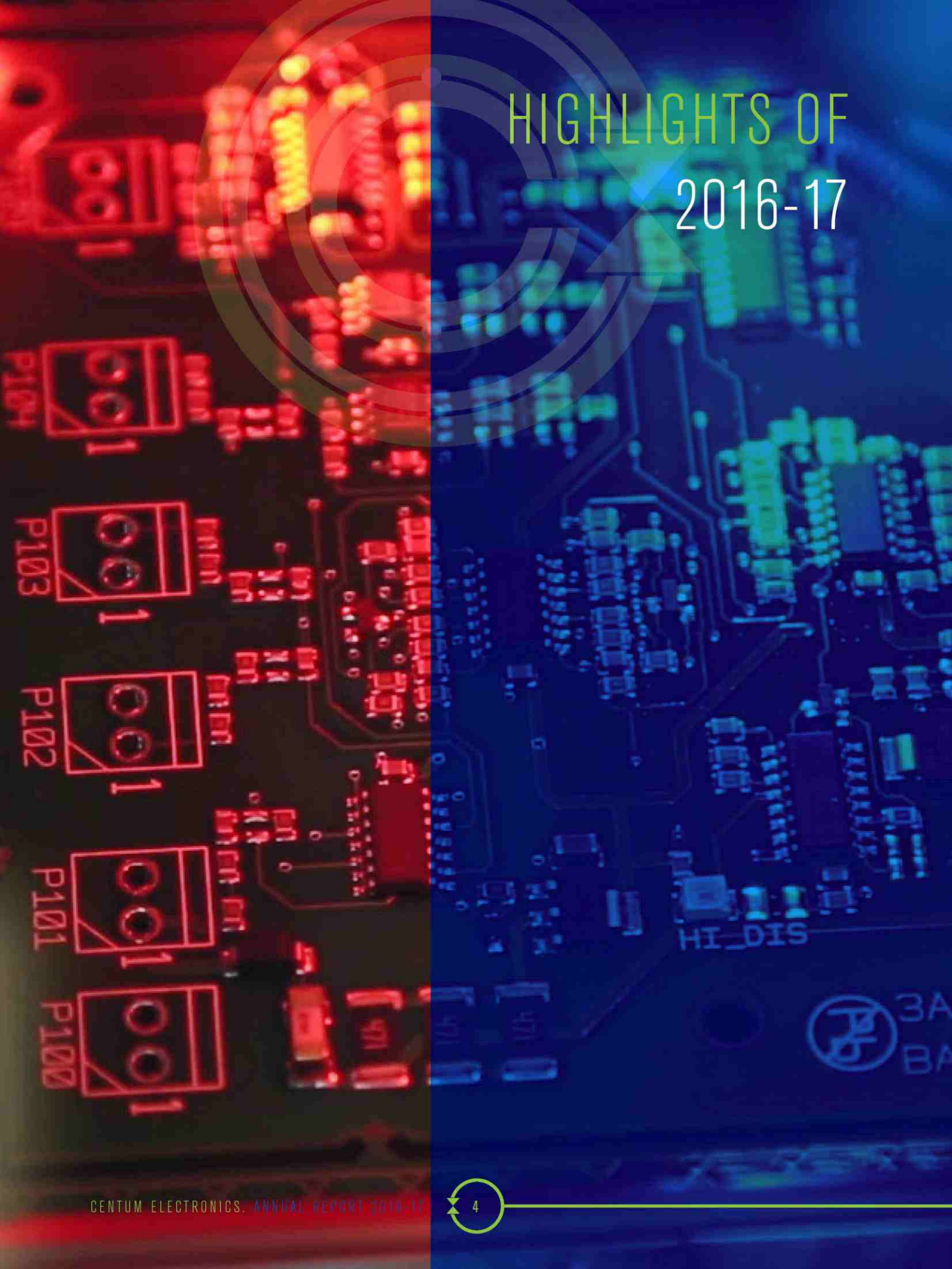
OLIVIER PEQUET
CEO, Centum Adetel
Transportation Solutions

XAVIER BENOIT
Chief Technical Officer,
Centum Adetel





NIKHIL MALLAVARAPU
Vice President
Corporate Development



HIGHLIGHTS OF 2016-17

ACQUISITION OF ADETEL

Centum Electronics announced its acquisition of Adetel Group of France on June 17, 2016. Mr. Apparao Mallavarapu, Chairman and Managing Director, Centum Electronics Ltd, said "This acquisition is a result of perfect synergies between two companies, ensuring greater value creation for our customers. We can now accelerate growth, fill product portfolio gaps, improve our market position, benefit from the use of even more advanced technology and of course, establish a wider, more international presence in operations and sales with facilities in France, Canada and Morocco".





Design & Service Facility, France



Design & Service Facility, Canada

INAUGURATION OF NEW FACILITY

CENTUM ELECTRONICS INAUGURATES STATE-OF-THE-ART DESIGN AND MANUFACTURING FACILITY IN BENGALURU

- This facility was inaugurated by Mr. Manohar Parrikar, Hon'ble Minister of Defence, Government of India in the presence of other dignitaries on February 15, 2017.
- The new plant is located at the Aerospace Park in Devanahalli, spread over six acres the facility is about 150,000 sq.ft.
- This is the fourth manufacturing unit of Centum in Bengaluru.









HIGHLIGHTS OF 2016-17

AWARDS & RECOGNITION



CENTUM ELECTRONICS RECEIVES ACCOLADES IN EXCELLENCE

- 'Champion of Innovation' Award received by Mr. Apparao V Mallavarapu, Chairman and Managing Director, from the Prime Minister of New Zealand at the New Zealand Innovation Showcase 2016 event.
- The Mentor Graphics Silicon India Leadership award for Embedded/VLSI Industry under the category – Established Indian Company.
- Winner of IESA-NASSCOM Deftronics Award 2016 – Best Electronics Manufacturing Company in Aerospace & Defence category.







REPORTS & FINANCIALS 2016-17

NOTICE OF THE 24TH ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty Fourth Annual General Meeting of the Members of Centum Electronics Limited will be held on Tuesday, July 11, 2017 at 11.30 am at its location 'Avansa', Plot -58P, Survey No.8, KIADB, Bangalore Aerospace Park Industrial Area, Jala Hobli, Budigere Post, Bangalore – 562 129 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, 2017 and the reports of the Board of Directors ('the Board') and Auditors thereon.

Item No.2 – Declaration of dividend

To declare a final dividend of ₹ 3 per equity share, and to approve the interim dividend of ₹ 2 per equity share paid during the year, for the financial year 2016-17.

Item No.3 – Appointment of statutory auditors

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

"**RESOLVED THAT** pursuant to Section 139 and 142 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder, as amended from time to time, M/s. S.R. Batliboi & Associates LLP (Firm Registration No.101049W/ E300004), be and is hereby appointed as the Statutory Auditors of the Company in the place of retiring Statutory Auditors, M/s. B.S.R & Co. LLP, Chartered Accountants (Firm Registration No.101248W/W-100022), to hold office for a period of five consecutive years commencing from the financial year 2017-18, on a remuneration that may be determined by the Board in consultation with the said auditors."

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 financial year 2017–18, be and is hereby authorized to pay a remuneration of ₹ 100,000 per annum plus applicable service tax and out-of-pocket expenses that may be incurred."

"**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

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 annexed hereto.
3. The Register of members and Share Transfer books will remain closed from 5th July 2017 to

NOTICE OF THE 24TH ANNUAL GENERAL MEETING

11th July, 2017 (both days inclusive) for the purpose of ascertaining the members eligible to receive the recommended dividend. The final dividend, as recommended by the Board of directors, if approved at the AGM, will be paid on Friday, July 21, 2017.

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 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. The present Statutory Auditors, M/s. B.S.R & Co. LLP, Chartered accountants (Firm Registration No.101248W/W-100022) will hold office up to the ensuing Annual General Meeting. They have been the auditors for the company since 1998.

   Pursuant to Section 139 of the Companies Act, 2013 and the Rules made thereunder, it is mandatory to rotate the statutory auditors on completion of two terms of five consecutive years. The Rules also lay down the transitional period that can be served by the existing auditors depending on the number of consecutive years for which an audit firm has been functioning as auditor in the same company. The incumbent auditors, M/s. B.S.R & Co. LLP, Chartered accountants (Firm Registration No.101248W/W-100022) have served the company for over 10 years before the Act was notified and will be completing the maximum number of transitional period (three years) at the ensuing Annual General Meeting.

   Accordingly, the Board of directors of the company have recommended the appointment of M/s. S. R. Batliboi & Associates LLP, Chartered Accountants (Firm Registration No.101049W/E300004) as statutory auditors, in the place of M/s. B.S.R & Co. LLP, for a period of 5 consecutive years subject to ratification of their appointment at every Annual General Meeting.

   None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested in the said resolution.

8. 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 (2016-17).

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.

9. 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 M/s. Karvy Computershare Private Limited, 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 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.

NOTICE OF THE 24TH ANNUAL GENERAL MEETING

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., 4th July, 2017, may write to the Karvy on the email id: shivakumar.n@karvy.com or to Mr. Shiva Kumar, 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):

   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 Friday, 7th July 2017 (9.00 a.m. IST) and ends on Monday, 10th July 2017 (6.00 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, 4th July, 2017, 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 excise 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,

NOTICE OF THE 24TH ANNUAL GENERAL MEETING

Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032, not later than Monday, 10th July, 2017. Ballot forms received after this date will be treated 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 4th July, 2017 (Cutoff 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 4th July, 2017 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 as 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 the 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.

10. 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, 2017

NOTICE OF THE 24TH ANNUAL GENERAL MEETING

Statement setting out material facts under Section 102 of the Companies Act, 2013

Item No. 4:

The shareholders are 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 financial year 2017–18 at a remuneration of ₹ 100,000 per annum plus applicable service tax and reimbursement of out of-pocket expenses.

The Board of Directors recommend 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, 2017

DIRECTORS' REPORT

Your Directors have pleasure in presenting their Twenty Fourth Annual Report on the business and operations of your Company and the audited Statement of Accounts for the year ended 31st March 2017.

1. FINANCIAL HIGHLIGHTS

₹ in Million

Particulars	Consolidated		Standalone	
	2016-17	2015-16	2016-17	2015-16
Revenue	7,645	4,129	3,979	3,433
Profit before Depreciation and Interest	785	559	544	519
Depreciation	292	167	89	62
Interest	88	33	49	25
Profit before tax	405	359	406	432
Profit after tax	312	263	308	324

2. PERFORMANCE

During the current year of operations, your company has registered the highest consolidated revenue in its history, of ₹ 7645 million, an increase of about 85% compared to the previous financial year. Your company posted Profit after Taxes of ₹ 312 million with an increase of 19% over the previous financial year.

At standalone level, a revenue of ₹ 3979 million, an increase of about 16% compared to the previous financial year. Your company posted Profit after Taxes of ₹ 308 million for the year.

Subsidiary

i. Centum Rakon India Private Limited

During the year, Centum Rakon India Private Limited has registered revenue of ₹ 744 million and incurred a loss of ₹ 0.69 million.

ii. Centum Adetel Group S.A.

During the year, Centum Adetel Group S.A. has registered revenue of ₹ 3052 million and posted a profit of ₹ 7 million.

Statement containing salient features of the financial statements of subsidiary companies is attached herewith as Annexure - I.

3. DIVIDEND

During the year, your company has declared an interim dividend of ₹ 2 per share and proposed a final dividend of ₹ 3 per share totaling to ₹ 5 per share for the year 2016-17. The total dividend payout was ₹ 77 million for the year.

4. CONSOLIDATED FINANCIAL STATEMENTS AND SUBSIDIARY

The Consolidated Financial statements have been prepared by the Company in accordance with the applicable Accounting standards issued by the Institute of Chartered Accountants of India and the same together with the Auditor's Report thereon is provided in the Annual Report.

The annual accounts 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

DIRECTORS' REPORT

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 centumelectronics.com.

5. 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.

6. 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 Ernst and Young LLP., 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 Auditors, process owners undertake corrective action in their respective areas and thereby strengthen the controls. During the year, the internal audit was done on the areas recommended and no material weakness was observed.

7. DIRECTORS AND KEY MANAGERIAL PERSONNEL

No Director or Key Managerial Person has been appointed or has retired or resigned during the year.

Further, all the Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149 (6) of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

b. 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. The Nomination and Remuneration Policy is attached to this report as Annexure - II.

c. Meetings

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

During the year, the company has convened nine meetings of the Board of directors and six meetings of the Audit Committee. The details of which are given in the Corporate Governance Report. The Intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

8. 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, 2017, 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, 2017 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, adequate and operating effectively.

9. 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 34 to financial statement which sets out the related party disclosures.

10. AUDITORS

a. Statutory auditors

The present statutory auditors, M/s. B.S.R & Co. LLP, Chartered accountants (Firm Registration No.101248W/W-100022) will hold office up to the ensuing Annual General Meeting. They have been the auditors for the company since 1998. Pursuant to Section 139 of the Companies Act, 2013 and the Rules made thereunder, it is mandatory to rotate the statutory auditors on completion of two terms of five consecutive years. The Rules also lay down the transitional period that can be served by the existing auditors depending on the number of consecutive years for which an audit firm has been functioning as auditor in the same company. The incumbent auditors, M/s. B.S.R & Co. LLP, Chartered accountants (Firm Registration No.101248W/W-100022) have served the company for over 10 years before the Act was notified and will be completing the maximum number of transitional period (three years) at the ensuing Annual General Meeting.

Accordingly, the Audit committee and the Board of Directors of the company have recommended to the shareholders for the appointment of M/s. S.R. Batliboi & Associates LLP, Chartered Accountants, as statutory auditors for a period of 5 consecutive years.

M/s. S.R. Batliboi & Associates LLP, Chartered Accountants have furnished a certificate of their

eligibility under Sec 139 of the Companies Act, 2013 and the Rules framed thereunder for the appointment as Auditors of the company. Also as required under Regulation 33(1)(d) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the auditors have confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

b. Secretarial audit

The Board has appointed Ms. Aarthi G Krishna, Practicing Company Secretary, to conduct Secretarial Audit for the financial year 2016-17. The Secretarial Audit Report for the financial year ended March 31, 2017 is annexed herewith as Annexure III to this report.

11. AWARDS AND RECOGNITIONS

Your company has received the below awards during the year under review:

i. 'Champion of Innovation Award' received by Mr. Apparao V Mallavarapu, Chairman and Managing Director, from the Prime Minister of New Zealand at the New Zealand Innovation Showcase 2016 event.

ii. Winner of IESA-NASSCOM Deftronics Award 2016 – Best Electronics Manufacturing Company in A & D category.

iii. The Mentor Graphics Silicon India Leadership award for Embedded/VLSI Industry under the category – Established Indian Company."

12. CORPORATE GOVERNANCE

Pursuant to Regulation 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the company has complied with the requirements. The Certificate on compliance of Corporate Governance requirements, issued by the Statutory Auditors is annexed to the Report of Corporate Governance. The Report on Corporate Governance is attached herewith as Annexure IV.

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 given in the annexure - V attached to this report.

14. PARTICULARS OF EMPLOYEES

The information pursuant to Section 197 of the Companies Act, 2013, read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, in respect of employees of the company, 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 the investments made by the Company are in Note 10 of the audited financial statements. The Company has made an investment amounting to ₹ 474.44 Million during the year within the meaning of Section 186.

16. CORPORATE SOCIAL RESPONSIBILITY

As part of its initiatives under "Corporate Social Responsibility (CSR), the Company has funded many 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. These projects are largely in accordance with Schedule VII of the Companies Act, 2013.

The Annual Report on CSR activities is annexed herewith as "Annexure – VI".

17. DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM

The Company has a Vigil mechanism to deal with the instances of fraud and mismanagement, if any. The details of the Policy is explained in the Corporate Governance Report and also posted on the website of the company. 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 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 2016-17.

19. EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith as 'Annexure – VII.

20. MANAGEMENT DISCUSSION AND ANALYSIS

In compliance with the requirements of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, a detailed Management Discussion and Analysis Report giving details of the company's business and operating results is given in Annexure – VIII attached to this report.

21. EMPLOYEE STOCK OPTION PLAN

As a measure of rewarding the employees, your company had introduced an Employee Stock Option Plan (ESOP) during the 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 - IX 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 on these items 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.

DIRECTORS' 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	S. Krishnan
Chairman & Managing Director	Director
DIN : 00286308	DIN : 01807344

Place: Bangalore
Date: May 30, 2017

FORM AOC – I

ANNEXURE – I

Statement containing salient features of the financial statement of subsidiaries, associate companies and joint ventures
[Pursuant to first proviso to sub-section (3) of section 129 of the Companies Act, 2013,
read with rule 5 of the Companies (Accounts) Rules, 2014]

Part "A" : Subsidiaries

(₹ in Million)

Sl. No.	Name of the subsidiary	Reporting currency	Share capital	Reserves	Total Assets	Total Liabilities (excl. capital & reserves)	Investments (excluding in subsidiaries)	Turnover	Profit/(Loss) before taxation	Provision for taxation	Profit/(Loss) after taxation	Proposed dividend	% of Shareholding by the company
1	Centum Rakon India Private Limited, India	INR	56	583	911	272	-	744	(1)	5	4.03	-	51%
2	Centum Electronics UK Limited	GBP	437	(2)	436	1	-	-	(2)	-	(1.58)	-	100%
3	Centum Adetel Group SA (CAG)	EUR	375	933	3,059	1,751	67	115	74	-	73.54	-	54%
4	Centum Adetel Synergies SARL	EUR	1	(7)	51	57	-	10	(10)	-	(10.35)	-	held by CAG 100%
5	Centum Adeneo SAS	EUR	43	346	2,124	1,735	-	1,841	87	-	87.17	-	held by CAG 100%
6	Centum Adeneo CRD SAS	EUR	0	(28)	86	114	-	310	(16)	-	(15.73)	-	held by CAG 100%
7	Centum Adeneo India Private Ltd	INR	1	(4)	10	13	-	-	(4)	0	(3.76)	-	held by CAG 99%
8	Adetel Maroc SA	MAD	22	(48)	87	113	-	6	(17)	0	(16.97)	-	held by CAG 96%
9	Adetel Equipment Maroc SA	MAD	10	(80)	30	101	-	1	(21)	0	(21.41)	-	held by Adetel Maroc 100%
10	Centum Adetel Transportation System ("CATS")	EUR	0	(16)	910	926	-	-	(17)	-	(16.88)	-	held by CAG 100%
11	Centum Adetel Transportation Solution SAS	EUR	192	(212)	725	745	-	192	(80)	-	(79.78)	-	held by CATS 100%
12	9308-4929 Québec Inc (Centum Adetel Solution Canada)	CAD	5	27	366	334	-	458	(2)	-	(2.15)	-	held by CATS 100%
13	9301-3936 Québec Inc (Centum Adetel Equipment Canada)	CAD	2	4	184	178	-	124	(2)	1	(0.27)	-	held by CATS 100%
Part "B" : Associates and Joint VenturesJoint Ventures													
1	Ausar Energy SAS	EUR	45	(1)	44	-	44	(1)	(1)	-	7	-	41%
2	SandHI SAS	EUR	3	(2)	16	14	-	(4)	(0)	-	(0)	-	50%

Balance sheet conversion rate as at March 31, 2017 : EUR-BS 69.35

NOMINATION AND REMUNERATION POLICY

ANNEXURE – II

1. INTRODUCTION:

Centum has formulated the Nomination and Remuneration Policy (the Policy) consisting of Constitution of the Nomination and Remuneration committee (Committee) and its objectives, appointment, remuneration of the Board, and such other matters as may be required under the Companies Act, 2013 and Clause 49 of the Listing agreement from time to time.

2. CONSTITUTION OF THE COMMITTEE:

The Board of Directors has the power to constitute/ reconstitute the Committee from time to time in order to make it consistent with the Company's policy and applicable statutory requirement.

3. OBJECTIVES OF THE COMMITTEE:

The Objectives of the committee are spelt out in Section 178 of the Companies Act, 2013 and Clause 49 (7) of the Listing agreement. Accordingly, the Committee at Centum shall:

a. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of Directors, key managerial personnel (KMP) and other employees.

b. Formulation of criteria for evaluation of Independent Director and the Board.

c. Devising a policy on Board diversity.

d. Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.

e. Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.

4. DEFINITIONS:

- "Board" means Board of Directors of the Company.
- "Director" means Directors of the Company.
- "Independent Director" means a non-executive director, other than nominee director and more particularly as defined under the Companies Act, 2013 and the revised Clause 49 of the Listing agreement.
- "Key Managerial Personnel":- Key Managerial Personnel (KMP) means-
  a. the Chief Executive Officer or the managing director or the manager;
  b. the Whole-Time Director;
  c. the Chief Financial Officer;
  d. the Company Secretary; and
  e. such other officer as may be prescribed under the applicable statutory provisions / regulations
- "Senior Management":- The expression "senior management'' means personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

  Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

5. POLICY ON BOARD DIVERSITY:

The Board of Directors shall have the optimum combination of Directors from the different areas/ fields like Technology, Markets, Operations and

Finance etc., and as may be considered appropriate.

The Board shall have at least one Board member who has accounting or related financial management expertise.

6. APPOINTMENT:

a. General Appointment Criteria:

i. The Committee shall consider the ethical standards of integrity and probity, qualification, expertise and experience of the person for appointment as Director/ Independent Director/ KMP/ Senior Management Personnel and accordingly recommend to the Board his / her appointment.

ii. The Company should ensure that the person so appointed as Director/ Independent Director/ KMP shall not be disqualified under the Companies Act, 2013, rules made thereunder, Listing Agreement or any other enactment for the time being in force.

iii. The Director/ Independent Director/ KMP shall be appointed as per the procedure laid down under the provisions of the Companies Act, 2013, rules made thereunder, Listing Agreement or any other enactment for the time being in force.

b. Additional Criteria for Appointment of Independent Directors:

The Committee shall consider qualifications for Independent Directors as mentioned herein earlier under the head 'Definitions' and also their appointment and cessation shall be governed as per the provisions of clause 49 of the Listing Agreement (as amended from time to time) and the Companies Act, 2013.

7. EVALUATION OF THE BOARD AND INDEPENDENT DIRECTOR:

Following are the Criteria for evaluation of performance of Independent Directors and the Board:

a. Executive Directors:

The Executive Directors shall be evaluated on the basis of targets / Criteria given to executive Directors by the board from time to time.

b. Non-Executive Director:

The Non-Executive Directors shall be evaluated on the basis a criteria mentioned in Section 178 of the Companies Act, 2013 and Clause 49 of the Listing agreement, which inter alia consists that the directors:

i. act objectively and constructively while exercising their duties;

ii. exercise their responsibilities in a bona fide manner in the interest of the company;

iii. devote sufficient time and attention to their professional obligations for informed and balanced decision making;

iv. do not abuse their position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;

v. refrain from any action that would lead to loss of his independence ;

vi. inform the Board immediately when they lose their independence;

vii. assist the company in implementing the best corporate governance practices;

viii. strive to attend all meetings of the Board of Directors and the Committees;

NOMINATION AND REMUNERATION POLICY

ix. participate constructively and actively in the committees of the Board in which they are chairpersons or members;

x. strive to attend the general meetings of the company;

xi. keep themselves well informed about the company and the external environment in which it operates;

xii. do not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;

xiii. moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest;

xiv. abide by Company's Memorandum and Articles of Association, company's policies and procedures including code of conduct, insider trading guidelines etc.,

c. Senior Management

The Senior Management shall be evaluated on the basis of targets / Criteria given to them by the Executive Director from time to time.

8. REMUNERATION:

The Committee will recommend the remuneration to be paid to the Managing Director, Whole-time Director, KMP and Senior Management Personnel to the Board for their approval.

The level and composition of remuneration so determined by the Committee shall be reasonable and sufficient to attract, retain and motivate directors, Key Managerial Personnel and Senior Management of the quality required to run the company successfully. The relationship of remuneration to performance should be clear and meet appropriate performance benchmarks. The remuneration should also involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals:

a. Director/ Managing Director

Besides the above Criteria, the Remuneration/ compensation/ commission, etc., to be paid to Director/ Managing Director, etc., shall be governed as per provisions of the Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force.

b. Non-executive Independent Directors

The Non- Executive Independent Director may receive remuneration by way of sitting fees for attending meetings of Board or Committee thereof and commission as approved by the shareholders. Provided that the amount of such fees/commission shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force.

c. KMPs / Senior Management Personnel, etc .,

The Remuneration to be paid to KMPs/ Senior Management Personnel, shall be based on the experience, qualification and expertise of the related personnel and governed by the limits, if any prescribed under the Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force.

9. DIRECTORS' AND OFFICERS' INSURANCE:

Where any insurance is taken by the Company on behalf of its Directors, KMPs/ Senior Management Personnel etc., for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017

[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, 2017 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, 2017 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;

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017

(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, 2017

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

(i) Notes on items of business which are in the nature of Unpublished Price Sensitive Information are given at a shorter period of time than stated above.

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

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

(i) Allotted 91,778 equity shares of ` 10/- each to employees who exercised their option under the Employee Stock Option Plans.

(ii) Acquired 54.1% stake in Adetel Group AS through its wholly owned subsidiary Centum Electronics UK Limited

(iii) Obtained the approval of the Members through postal ballot for continuing the appointment of Mr. Nikhil Mallavarapu, relative of a Director, to an office or place of profit by deputing to Adetel SA, for enhancement of his remuneration and for fixing the remuneration of Cost Auditors of the Company.

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

Place : Bengaluru
Date : 30th May, 2017

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.

ANNEXURE

To,
The Members,
Centum Electronics Limited
Bangalore

Our 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. Whereever 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. Our 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
FCS No.: 5706
C P No.: 5645

Place : Bengaluru
Date : 30th May, 2017

CORPORATE GOVERNANCE REPORT

ANNEXURE – IV

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 operations. 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, 2017 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	2
Mr. Rajiv C Mody	Non-Executive and Independent	Director	5	2
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 Nine times during the financial year 2016-17 i.e. on May 9, 2016, May 27, 2016, June 17, 2016, August 6, 2016, September 16, 2016, November 14, 2016, November 29, 2016, February 14, 2017 and

March 17, 2017. 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	9	Yes
Mr. S. Krishnan	9	Yes
Mr. Manoj Nagrath	8	Yes
Mr. Rajiv C Mody	7	Yes
Mr. Pranav Kumar Patel	8	Yes
Dr. Swarnalatha Mallavarapu	4	Yes
Mr. Thiruvengadam P	8	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 2016-17. 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.

Periodic presentations are made at the Board and Board Committee meetings, on business and performance updates of the company, its strategy and the risks involved.

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 Boards responsibilities, an Audit Committee was formed as a Sub-committee of the Board. The Committee is in line with the requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. The functions of the Audit Committee include:

Financial Reporting and Related Processes

- Oversight of the Company's financial reporting process and financial information submitted to the Stock Exchanges, regulatory authorities or the public.
- Reviewing with the Management the quarterly unaudited financial statements and the Auditors' Limited Review Report thereon/audited annual financial statements and Auditors' Report thereon before submission to the Board for approval. This would, inter alia, include reviewing changes in the accounting policies and reasons for

the same, major accounting estimates based on exercise of judgment by the Management, significant adjustments made in the financial statements and / or recommendation, if any, made by the Statutory Auditors in this regard.

- Review the Management Discussion & Analysis of financial and operational performance.
- Discuss with the Statutory Auditors its judgment about the quality and appropriateness of the Company's accounting principles with reference to the Generally Accepted Accounting Principles in India (IGAAP).
- 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.

The audit committee has met 6 times during the financial year i.e., May 27, 2016, August 5, 2016, September 16, 2016, November 13, 2016, February 12, 2017 and March 17, 2017. 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	6	6
Mr. Apparao V Mallavarapu	6	6
Mr. S. Krishnan	6	6
Mr. Pranav Kumar N Patel	6	4
Mr. Thiruvengadam P*	5	5

* Appointed as member of Audit committee at the meeting held on 27th May 2016.

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 remuneration (Commission) of Rs. 2,00,000 to each Independent Director and also a sitting fee of Rs.20,000/- per meeting (Board and Audit Committee) attended in person/through Video conference.

Further, the Company has paid the Remuneration to the Chairman & Managing Director of the Company. The details of the same are disclosed in the notes to accounts under the Managerial Remuneration.

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. The same is annexed to the Directors' report.

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".

CORPORATE GOVERNANCE REPORT

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

The composition of the Stakeholders' Relationship committee is as follows:

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

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 01.04.2016 to 31.03.2017

Sl. No.	Nature of Complaints	Opening Balance	Received	Redressed	Pending
1.	Non-receipt of securities	NIL	24	24	NIL
2.	Non receipt of Dividend Warrants	NIL	43	43	NIL
3.	Non receipt of Annual reports	NIL	7	7	NIL
4.	Others	NIL	283	283	NIL
	Total	NIL	357	357	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 comprises 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.

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. The policy is annexed to the Directors' report.

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 Adetel Group S.A., a France 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 web link for the same is www.centumelectronics.com. The Company has material subsidiary companies 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. 34 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.

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 Institute of Chartered Accountants of India.

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 you that your company has complied with all the mandatory requirements of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

5) GENERAL BODY MEETINGS

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

Year	Date	Venue	Time	Number of special resolutions
2013-14	August 1, 2014	No 44,KHB Industrial Area Yelahanka New Township Bangalore-560106.	2.00 P.M	1
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	-

All resolutions moved at the last Annual General Meeting were passed by the requisite majority of shareholders.

\# 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.

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	11th July 2017 at 11.30 a.m.
Venue	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
B. Dates of book closure	5th July 2017 to 11th July 2017 (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-16	619.00	522.25	26,101	24,523	618.00	520.00	7,992	7,517
May-16	589.50	478.00	26,837	25,058	589.10	478.00	8,214	7,678
Jun-16	583.40	478.00	27,105	25,911	584.00	477.00	8,308	7,927
Jul-16	575.00	506.35	28,240	27,034	581.70	505.00	8,675	8,288
Aug-16	542.00	480.00	28,532	27,628	545.00	476.10	8,819	8,518
Sep-16	540.00	463.20	29,077	27,717	532.00	450.00	8,969	8,555
Oct-16	574.50	486.00	28,478	27,488	574.40	485.00	8,807	8,506
Nov-16	548.00	435.00	28,030	25,718	543.00	412.00	8,670	7,916
Dec-16	643.40	523.00	26,804	25,754	644.90	518.80	8,275	7,894
Jan-17	708.00	594.00	27,980	26,447	707.00	593.10	8,673	8,134
Feb-17	672.75	581.00	29,065	27,590	669.00	580.00	8,982	8,538
Mar-17	635.70	577.95	29,825	28,716	624.00	575.20	9,218	8,860

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: 040-67161653, 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.

H. Distribution of shareholding

The distribution of the shareholding as on 31st March 2017 is as follows:

upto 1 - 5000	8,980	92.82	797,462
5001 - 10000	325	3.36	253,429
10001 - 20000	171	1.77	253,993
20001 - 30000	51	0.53	127,357
30001 - 40000	37	0.38	130,811
40001 - 50000	19	0.20	86,566
50001 - 100000	41	0.42	297,609
100001 & ABOVE	51	0.53	10,805,469
Total	9,675	100.00	12,752,696

Shareholding pattern

The shareholding pattern as on March 31, 2017 is as follows:

Particulars	No of shares held	% to total shares
Shareholding of promoter and promoter group	7,577,477	59.42
Public Shareholding		
- Institutions	126,761	0.99
- Non-institutions	5,048,458	39.59
Total	**12,752,696**	**100.00**

I. Dematerialisation of shares and liquidity

The company's shares are covered under the compulsory dematerialisation list and are transferable through depository systems. M/s Karvy Computershare Private Limited act as our RTA agents. Shares received for dematerialisation 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, 2017 is as follows:

Particulars	No.of holders	Total Shares	%
Physical	1,769	210,242	1.65
NSDL	5,063	11,337,040	88.90
CDSL	2,843	210,242	9.45
Total	**9,675**	**12,752,696**	**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 2017-18 is given below:

Sl. No.	Particulars	Tentative dates
1.	Financial reporting for the quarter ending June 30, 2017	First week of September 2017
2.	Financial reporting for the half year ending September 30, 2017	Second week of November 2017
3.	Financial reporting for the quarter ending December 31, 2017	Second week of February 2018
4.	Financial reporting for the year ending March 31, 2018	Last week of May 2018
5.	Annual General Meeting for the year ended March 31, 2018	July/August 2018

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. Other non-mandatory requirements have not been complied by the company.

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

Place: Bangalore
Date: 30 May, 2017

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 2017, 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

ANNEXURE – V

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:

- Installed VFD controlled screw air compressor to reduce power consumption based on volume requirement to production.
- Chemical descaling of Chillers carried out to improve the efficiency. Currently only one chiller is in operation due to the improved efficiency.
- Damaged and rusted chiller Condenser coil changed and improved the chiller efficiency.
- Power factor improvement is achieved by replacing inefficient capacitors with new capacitors.
- Monitored LT voltage & found to be less, discussed with BESCOM and improved the Voltage.
- Regularly monitored the top 10 power guzzlers like Chiller, 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.
- Cooling tower of Chillers are overhauled for improving efficiency of chillers.
- Our new facility at Devanahalli is provided with LED lighting for both indoor & outdoor to conserve power.
- All AHU's in our new facility has VFD for motors to make optimum usage of air conditioning which reduces power consumption.
- Building management system (BMS) is provided at our Devanahalli facility to control entire AHU's, Chillers and circulation pumps to monitor and control efficiency of centralized air conditioning system.
- Energy efficient chillers are installed for air conditioning system in our new facility to conserve power.

2. TECHNOLOGY AND RESEARCH & DEVELOPMENT:

Technology Development:

- With an intention to enhance R&D activities, the company continues to work with Academia.
- The company has developed and qualified new manufacturing processes for different applications.
  - Electronic assembly process for better thermal management.
  - Laser sealing Process for Hermetic Sealing of RF packages.
  - Packaging Techniques to reduce the Circuit Track Resistance in High Power DC-DC Converters.
  - RF (MIC) circuit assembly using 3 layer thin film Alumina substrate and 10 mil thick Alumina Substrate.
  - Use of assembly/packaging techniques/ Processes to reduce the size of Electronic assembly (Like Core stacking, Component stacking).
  - Interconnection Technology (Wire Bonding) for doing the connections in packages with more depth (>0.5").
  - CCGA Manufacturing Technology, First Company in India.
  - Pad on Via (filled via) Assembly.

- UV Curing & Coating – Dymax.
- LGA Assembly.
- SnPb + Process (Lead free BGAs in Leaded Process).
- New Potting Materials – Sylgaurd.
- Pre-balling Complex Connections.

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 navigational and communication satellites.
- Space Grade Power supplies for defense application.
- Configurable DC-DC Converters for various space applications is in progress. This can be used in various satellites.
- Point of Load converters and Pulse Modulators for Hi-Rel applications.
- DC-DC converters for missile applications.
- AC-DC Converters for industrial applications.

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

- Applied 5 patents and published 6 papers.

(iii) Future Plan of Action

- Medium Power converters in the range of 100-400 Watts.
- Miniaturization of Converters using Hybrid Micro Circuit technology.
- Process Developments for RF and Power modules.

(iv) Expenditure on R & D

₹ in Million

For the year ended 31st March	2016-17	2015-16
A. Capital	10.88	12.11
B. Recurring	98.69	63.57
C. Total	109.57	75.68
Total R&D expenditure as a % of total turnover	2.8%	2.2%

3. FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange Earnings and Outgo are reported in Notes to Accounts No. 40 & 41 and forming part of the Balance Sheet and Profit and Loss Account for the year ended 31st March, 2017.

ANNEXURE - VI

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 – ₹ 3755.96 lacs.

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

   The company is required to spend ₹ 75.12 lacs towards CSR.

5. Details of CSR spend for the financial year:

   a. Total amount spent for the financial year - ₹ 20.30 lacs

   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	7.80	23.40	Direct
2	Sparsh Foundation	Health care	Bangalore	2.50	-	Direct
3	Basera Children Village	Orphan	Bangalore	5.00	-	Direct
4	Inspired India Foundation	Old age	Bangalore	5.00	-	Direct

*Details of implementing agencies: N.A.

   c. Amount unspent:

   ₹ 54.82 lacs

   Reason : The company has been exploring the options by considering the sustainability for spending the amount as required.

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2017
[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 Karvy Selenium Tower B, Plot No.31-32, Gachibowli, Financial District,Nanakramguda, Hyderabad–500 032.

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	31%
2	Printed circuit boards Assembly	26104	55%
3	Others		14%

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	N.A.	Subsidiary	54.10	2(46)

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

i) Category-wise Shareholding

Cate-gory Code	Category of Shareholder	No. of shares held at the beginning of the year 31/03/2016				No. of shares held at the end of the year 31/03/2017			
		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	7577477	0	7577477	59.85	7577078	0	7577078	59.42
(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) :	7577477	0	7577477	59.85	7577078	0	7577078	59.42
(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)	7577477	0	7577477	59.85	7577078	0	7577078	59.42
(B)	PUBLIC SHAREHOLDING								
(1)	INSTITUTIONS								
(a)	Mutual Funds /UTI	1589202	83	1589285	12.55	1525767	83	1525850	11.96
(b)	Financial Institutions /Banks	2585	166	2751	0.02	4168	166	4334	0.03
(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	141947	833	142780	1.13	125928	833	126761	0.99

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 31/03/2016				No. of shares held at the end of the year 31/03/2017			
		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	550831	12041	562872	4.45	509611	12041	521652	4.09
(b)	Individuals								
	(i) Individuals holding nominal share capital upto Rs.1 lakh	1628211	201157	1829368	14.45	1641031	197119	1838150	14.41
	(ii) Individuals holding nominal share capital in excess of Rs.2 lakh	867460	0	867460	6.85	884757	0	884757	6.94
(c)	Others								
	CLEARING MEMBERS	7216	0	7216	0.06	180929	0	180929	1.42
	NON RESIDENT INDIANS	81709	0	81709	0.65	82619	0	82619	0.65
	NRI NON-REPATRIATION	0	0	0	0.00	10566	0	10566	0.08
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00
	Sub-Total B(2) :	3135427	213198	3348625	26.45	3309513	209160	3518673	27.59
	Total B=B(1)+B(2) :	4869161	214280	5083441	40.15	4965376	210242	5175618	40.58
	Total (A+B) :	12446638	214280	12660918	100.00	12542454	210242	12752696	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) :	12446638	214280	12660918	100.00	12542454	210242	12752696	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	52.17	0.00	6604715	51.79	0.00	0.00
Nikhil Mallavarapu	589929	4.66	0.00	589929	4.63	0.00	0.00
Swarnalatha Mallavarapu	369150	2.91	0.00	369150	2.89	0.00	0.00
M.S. Swarna kumari	13683	0.11	0.00	13284	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 399 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	7577477	59.85	7577477	59.42
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease(-) (e.g. allotment/transfer/bonus/ sweat equity etc.,)	-	-	-399	0.00
At the end of the year	7577477	59.85	7577078	59.42

Note: the change in % 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.

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

				Shareholding at the beginning of the year		Cumulative Shareholding during the year	
Sl. No.	Folio/Dpid-Clientid	Type	Name of the Share Holder	No.of shares	% of total shares of the company	No.of shares	% of total shares of the company
1	IN30005410023910						
	01/04/2017	Opening Balance	HDFC TRUSTEE COMPANY LIMITED-HDFC INFRASTRUCTURE	518952	4.10	518952	4.10
	22/07/2016	Purchase		5900	0.05	524852	4.13
	31/03/2017	Closing Balance			0.00	524852	4.12
2	IN30005410009134						
	01/04/2017	Opening Balance	HDFC TRUSTEE COMPANY LIMITED-HDFC PRUDENCE FUND	458900	3.62	458900	3.62
	31/03/2017	Closing Balance			0.00	458900	3.60
3	IN30015910517046						
	01/04/2017	Opening Balance	BHARAT JAYANTILAL PATEL	192947	1.52	192947	1.52
	13/01/2017	Sale		192947	1.51	0	0.00
	31/03/2017	Closing Balance			0.00	0	0.00
4	IN30005410064549						
	01/04/2017	Opening Balance	L AND T MUTUAL FUND TRUSTEE LTD-L AND T TAX ADVANT	147096	1.16	147096	1.16
	22/04/2016	Sale		25000	0.20	122096	0.96
	27/05/2016	Purchase		908	0.01	123004	0.97
	03/06/2016	Purchase		10000	0.08	133004	1.05
	08/07/2016	Purchase		2000	0.02	135004	1.06
	15/07/2016	Purchase		2740	0.02	137744	1.08
	22/07/2016	Purchase		4000	0.03	141744	1.12
	25/11/2016	Purchase		2000	0.02	143744	1.13
	23/12/2016	Purchase		3171	0.02	146915	1.15
	13/01/2017	Purchase		5000	0.04	151915	1.19
	27/01/2017	Purchase		2000	0.02	153915	1.21
	03/02/2017	Purchase		2000	0.02	155915	1.22
	17/02/2017	Purchase		2000	0.02	157915	1.24
	31/03/2017	Closing Balance			0.00	157915	1.24
5	IN30152430028427						
	01/04/2017	Opening Balance	EM RESURGENT FUND	125523	0.99	125523	0.99
	12/08/2016	Purchase		895	0.01	126418	0.99
	19/08/2016	Purchase		740	0.01	127158	1.00
	02/09/2016	Purchase		600	0.00	127758	1.01
	23/12/2016	Purchase		310	0.00	128068	1.00
	27/01/2017	Sale		638	0.01	127430	1.00
	31/03/2017	Sale		3002	0.02	124428	0.98
	31/03/2017	Closing Balance			0.00	124428	0.98

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

				Shareholding at the beginning of the year		Cumulative Shareholding during the year	
Sl. No.	Folio/Dpid-Clientid	Type	Name of the Share Holder	No.of shares	% of total shares of the company	No.of shares	% of total shares of the company
6	48000120480000000003210						
	01/04/2017	Opening Balance	TEJAS BHALCHANDRA TRIVEDI	120040	0.95	120040	0.95
	31/03/2017	Sale		108956	0.85	11084	0.09
	31/03/2017	Closing Balance			0.00	11084	0.09
7	IN30005410074069						
	01/04/2017	Opening Balance	L&T MUTUAL FUND TRUSTEE LIMITED-L&T EMERGING BUSINESS	106477	0.84	106477	0.84
	22/04/2016	Sale		15000	0.12	91477	0.72
	13/05/2016	Sale		10000	0.08	81477	0.64
	27/01/2017	Purchase		5000	0.04	86477	0.68
	31/03/2017	Closing Balance			0.00	86477	0.68
8	IN30177410567245						
	01/04/2017	Opening Balance	RELIGARE FINVEST LTD	104701	0.83	104701	0.83
	27/05/2016	Sale		155	0.00	104546	0.83
	03/06/2016	Sale		1273	0.01	103273	0.82
	10/06/2016	Sale		18782	0.15	84491	0.67
	17/06/2016	Sale		81604	0.64	2887	0.02
	22/07/2016	Sale		2887	0.02	0	0.00
	31/03/2017	Closing Balance			0.00	0	0.00
9	IN30012611183570						
	01/04/2017	Opening Balance	HDFC TRUSTEE COMPANY LTD-HDFC CORE AND SATELLITE	97882	0.77	97882	0.77
	29/07/2016	Purchase		50000	0.39	147882	1.16
	31/03/2017	Closing Balance			0.00	147882	1.16
10	IN30005410064151						
	01/04/2017	Opening Balance	L AND T MUTUAL FUND TRUSTEE LTD-L AND T MID CAP FU	91049	0.72	91049	0.72
	22/04/2016	Sale		5000	0.04	86049	0.68
	13/05/2016	Sale		10000	0.08	76049	0.60
	26/08/2016	Sale		2560	0.02	73489	0.58
	02/09/2016	Sale		1262	0.01	72227	0.57
	06/01/2017	Purchase		4149	0.03	76376	0.60
	17/03/2017	Purchase		5483	0.04	81859	0.64
	24/03/2017	Purchase		2428	0.02	84287	0.66
	31/03/2017	Closing Balance			0.00	84287	0.66

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	52.54	6604715	52.17
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment /transfer/bonus/sweat equity etc.,)	-	-	-	-
At the end of the year	6604715	52.54	6604715	52.17
S. Krishnan				
At the beginning of the year	83	0.00	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.,)	-	-	-	-
At the end of the year	83	0.00	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	25447	0.20	25447	0.20
Date wise Increase/Decrease in KMPs Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment /transfer/bonus/sweat equity etc.,)	-	-	23950	0.20
At the end of the year	25447	0.20	49397	0.40
Mr. Ramu Akkili, Company Secretary				
At the beginning of the year	2191	0.02	2191	0.02
Date wise Increase/Decrease in KMPs Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment /transfer/bonus/sweat equity etc.,)	0	0	-845	0.01
At the end of the year	2191	0.02	1346	0.01

- Increase in shares of KMP is due to exercise of options under ESOP

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	69.97	0.00	0.00	69.97
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	0.11	0.00	0.00	0.11
Total (i+ii+iii)	70.07	0.00	0.00	70.07
Change in Indebtedness during the financial year				
Addition	584.75	0.00	0.00	584.75
Reduction	510.19	0.00	0.00	510.19
Net Change	74.56	0.00	0.00	74.56
Indebtedness at the end of the financial year				
i) Principal Amount	144.63	0.00	0.00	144.63
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	0.20	0.00	0.00	0.20
Total (i+ii+iii)	144.83	0.00	0.00	144.83

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	9.43	-	9.43
	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	11.91	-	11.91
	- Others	-	-	-
5	Others			
	i) Deferred bonus (pertaining to the current financial year payable in 2017)	-	-	-
	ii) Retirals	-	-	-
	Total (A)	21.34	-	21.34

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	0.30	0.28	0.14	0.26	0.24	1.22
Commission	0.20	0.20	0.20	0.20	0.20	1.00
Others						
Total (B)(1)	0.50	0.48	0.34	0.46	0.44	2.22

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)	0.50	0.48	0.34	0.46	0.44	2.22

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	6.70	1.49	8.19
	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	-	-	-
	Total (C)	6.70	1.49	8.19

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: NIL

ANNEXURE -VIII

MANAGEMENT DISCUSSION & ANALYSIS

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, besides complex electronic components.

Centum serves customers engaged in mission critical solutions with advanced tailor-made technologies. It serves the Strategic Electronics (Space, Defense and Aerospace), Industrial, Transportation, Communications, 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, Communication, Industrial, Transport and Medical industry segments.

With the renewed focus by Government 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 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. Communications

This market comprises of Terminal equipment such as the mobile phones, PDA, etc., and the infrastructure equipment such as Base Station, Transmission equipment etc., Centum Rakon manufactures Frequency Control Products (FCP) to primarily cater to the infrastructure equipment companies. This market is dominated by companies like Ericsson, Nokia Siemens, Samsung, Alcatel – Lucent, Huawei

etc., Telecom market worldwide is cyclical in nature and in the recent past there has been a slow down with major players like Ericsson, Alcatel etc., showing negative growth, even leading to consolidation like Nokia and Alcatel announcing a merger. So, we anticipate this slowdown to continue in the communication sector.

c. 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.

d. 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, 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

To accelerate the pace of growth, your company has acquired controlling stake in Adetel Group SA, France in July 2016. Adetel offers design services and develops products which are very complimentary offerings to that of your company. Adetel operates in the same market segments as Centum. They have a design group with significant intellectual property in the company. They also have strong operations in Europe and Canada, which gives your company an enhanced operational footprint outside of India. While we have common customers between the two companies, we also bring new customers to the group, thereby widening the customer base and improve the market potential.

- 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, Communication, 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 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 involves 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 market 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 eco system 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 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, Nokia, 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

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 through 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.

Our strategy for the Indian markets is as follows:

- To identify and indigenize complex products that are currently being imported which need advanced design capabilities and complex manufacturing processes to realize these products. The advantage with this, is that once the product is developed and qualified it immediately goes into production quantities. Here again, we are developing such new products continuously.
- Another approach is to continue to co-develop new products with ISRO & DRDO Labs. The advantage of this approach is your company's product will get designed in and will have good potential when the final product goes into production phase. In this initiative, we are already working with ISRO & DRDO labs. However, this process involves long gestation periods and it may take longer time to see results.
- 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.
- 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 Government 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.

Our strategy for markets outside India:

We will continue to pursue our existing strategy for BTS / BTP opportunities, in this sector. Consequent to the acquisition of Adetel, there are new opportunities to synergize and address all the customers with new products & offerings, which hitherto were not being offered. For example, customers who are presently being offered only BTS and BTP can now potentially be customers for Design services and BTM. Likewise, customers of Adetel can be offered additionally the BTP services from India.

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. Communications

Your company's subsidiary, Centum Rakon manufactures Frequency Control Products (FCP) a critical component in the Telecom Infrastructure business segment. The subsidiary has been delivering high quality products at competitive prices, because of which we have seen a significant increase in the market share. The In-house manufacture of the key component, "Crystal", has made the subsidiary more competitive. The company is already one of the top 3 OCXO manufacturers in the world. Telecom markets worldwide are depressed and we do not see any upturn in the immediate future, thereby we may not see any significant improvement in the operations of the subsidiary.

d. Transportation

This market is a new addition due to the acquisition of Adetel Group. 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 expect significant growth in this sector in the coming years.

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. 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

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.

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. We have retained a large international consulting firm to develop & execute our talent strategy to achieve our business goals. As on 31st March 2017, the employee strength of the company was 2142.

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 operational excellence continuously and the company has seen the benefits of this in the form of better customer satisfaction.

7. INFRASTRUCTURE

Your company inaugurated a brand new state-of-art facility at the Aerospace park at Devanahalli in Bangalore. It was inaugurated by the then Hon'ble Defence Minister, Shri. Manohar Parrikar in Feb 2017. This is a world class facility of approximately 150,000 sq ft on a 6 acre plot. This facility has been very well appreciated and approved by our existing and potential customers. The facility has been designed keeping in view of the potential organic growth of the company.

With the acquisition of Adetel Group, we now have integration capabilities both in France and Canada.

8. 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, audited by Ernst &Young.

9. FINANCIAL CONDITION

A. Consolidated

i. Share capital

The share capital of the company stands at ₹ 128 million.

ii. Loans

The Secured Loans have increased by ₹ 1,436 million from ₹ 814 million as on 31st March 2016 to ₹ 2,250 million as on 31st March 2017.

MANAGEMENT DISCUSSION & ANALYSIS

iii. Fixed Assets

The Capital expenditure for 2016-17 is ₹ 1045 million.

iv. Working Capital

Inventories has increased by ₹ 740 million from ₹ 1,573 million as on 31st March 2016 to ₹ 2,313 million as on 31st March 2017.

Receivables has increased by ₹ 360 million from ₹ 1,024 million as on 31st March 2016 to ₹ 1,384 million as on 31st March 2017 .

Current liabilities has increased by ₹ 1783 million from ₹ 1,551 million as on 31st March 2016 to ₹ 3,334 million as on 31st March 2017.

v. Cash flows

₹ in Million

Cash flows from Operating activities	(153)
Cash inflows in Financing activities	1517
Cash outflows in Investing activities	(1,577)

vi. Results of Operations

The business operations for 2016-17 resulted in the Company, achieving sales of ₹ 7,645 million as against ₹ 4,129 million for 2015-16.

The Profit before tax for the year 2016-17 is ₹ 405 million as against ₹ 359 million for the year 2015-16.

B. Standalone

i. Share capital

The share capital of the company stands at ` 128 million.

ii. Loans

The Secured Loans have increased by ₹ 677 million from Rs. 700 million as on 31st March 2016 to ₹ 1,377 million as on 31st March 2017.

iii. Fixed Assets

The Capital expenditure for 2016-17 is ₹ 816 million.

iv. Working Capital

Inventories has increased by ₹ 305 million from ₹ 1,329 million as on 31st March 2016 to ₹ 1,634 million as on 31st March 2017.

Receivables has increased by ₹ 32 million from ₹ 888 million as on 31st March 2016 to ₹ 920 million as on 31st March 2017.

Current liabilities has increased by ₹130 million from ₹ 1,414 million as on 31st March 2016 to ₹ 1,544 million as on 31st March 2017.

v. Cash flows

₹ in Million

Cash flows from Operating activities	(37)
Cash inflows in Financing activities	682
Cash outflows in Investing activities	(932)

vi. Results of Operations

The business operations for 2016-17 resulted in the Company, achieving sales of ₹ 3,979 million as against ₹ 3,433 million for 2015-16.

The Profit before tax for the year 2016-17 is ₹ 406 million as against ₹ 432 million for the year 2015-16.

ANNEXURE -IX

EMPLOYEE STOCK OPTION PLAN

Particulars prescribed under Guideline 12.1 of the SEBI (Employee Stock Option scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and forming part of the 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	185,079
5	Options exercised	308,880	110,481
6	Number of shares arising as a result of exercise of option	308,880	110,481
7	Options lapsed/surrendered/forfeited	78,825	6,291
8	Variation of terms of options	NA	NA
9	Money realized by exercise of options	₹ 16,357,109	₹ 7,871,771
10	Total number of options in force	28,814	135,532
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 G Jagadish Singh 21,467	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 G Jagadish Singh 6,996 Sai Krishna Rao 13,374
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	₹ 23.97	
15	Impact on Net Profit and EPS	Profit after tax reduced by ₹ 2,465,561	Profit after tax reduced by ₹ -82,825
		EPS reduced by ₹ 0.19	
16	Method used to estimate the fair value of options	Black Scholes model	
17	Significant Assumptions used: a. Dividend Yield b. Risk free interest rate c. Expected Life of Option d. Expected Volatility	 10% 5.7-8.6% 1-4 years 51.22%	

For and on behalf of the Board

Place: Bangalore
Date: May 30, 2017

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 2016-17, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2016-17 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 2016-17	Ratio of remuneration of each Director/to median remuneration of employees
1	Apparao V Mallavarapu Chairman and Managing Director		-3	65.09
2	S. Krishnan* Non-Executive Director		32%	1.48
3	Manoj Nagrath* Non-Executive Director		26%	1.42
4	Rajiv C Mody* Non-Executive Director		55%	1.00
5	Pranav Kumar N Patel* Non-Executive Director		35%	1.36
6	Swarnalatha Mallavarapu** Non-Executive Director		-	-
7	Thiruvengadam P* Non-Executive Director		100%	1.3
8	K. S. Desikan Chief Financial Officer		2%	Not applicable
9	Ramu Akkili Company Secretary		11%	Not applicable

* The increase in remuneration of Independent directors is due to sitting fee paid for attending the Board and Audit committee meetings. During the year, the company has convened 9 Board meetings and 6 Audit committee meetings.

** Dr. Swarnalatha Mallavarapu is a Non-Executive and Non-Independent director.

(iii) During the financial year, there was an increase of 9.09% in the median remuneration of employees.

(iii) There were 1269 permanent employees on the rolls of Company as on March 31, 2017.

(iv) Average percentage decrease in the salaries of employees other than the managerial personnel in the last financial year i.e., 2016-17 was 3.93% and the decrease in the managerial personnel for the same financial year was 1.37%.

(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, 2017.

Date : 30th May 2017
Place : Bangalore

Apparao V Mallavarapu
Chairman and Managing Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of Centum Electronics Limited

We have examined the compliance of conditions of Corporate Governance by Centum Electronics Limited ('the Company') for the year ended 31 March 2017, as per regulations 17-27, clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (' Listing Regulations').

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

We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as specified in regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of regulation 46 and paragraphs C, D and E of Schedule V of the Listing Regulations, as applicable.

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

Restrictions on use

This Certificate is issued solely for the purpose of complying with the aforesaid Regulations and may not be suitable for any other purpose.

for **BSR & Co. LLP**
Chartered Accountants
Firm registration number: 101248W/W-100022

Amit Somani
Partner
Membership Number: 060154

Bangalore
Date: 30 May, 2017

INDEPENDENT AUDITOR'S REPORT

To the Members of Centum Electronics Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Centum Electronics Limited ('the Company'), which comprise the Balance sheet as at 31 March 2017, the Statement of profit and loss and the Cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 judgements and estimates that are reasonable and prudent; and 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 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 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 in accordance with the Standards on Auditing 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the 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 the 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 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 financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 31 March 2017 and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure -A" a statement on the matters specified in the

INDEPENDENT AUDITOR'S REPORT

paragraphs 3 and 4 of the Order to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:

   (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) the Balance sheet, the Statement of profit and loss and the Cash flow statement dealt with by this Report are in agreement with the books of account;

   (d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

   (e) on the basis of the written representations received from the Directors as on 31 March 2017 taken on record by the Board of Directors, none of the Directors is disqualified as on 31 March 2017 from being appointed as a Director in terms of Section 164 (2) of the Act; and

   (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 -B" ; and

   (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 financial statements - Refer Note 25 to the standalone 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 ; and

   iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December, 2016. However, as stated in note 44 to the financial statements, amounts aggregating to Rs.18,500, as represented to us by the Management, have been received from transactions which are not permitted.

for **BSR & Co. LLP**
Chartered Accountants
Firm registration number: 101248W/W-100022

Amit Somani
Partner
Membership Number: 060154

Bangalore
Date: 30 May, 2017

"ANNEXURE-A" TO THE INDEPENDENT AUDITOR'S REPORT

The Annexure referred to in the Auditor's Report to the Members of Centum Electronics Limited ('the Company') for the year ended 31 March 2017. We report that:

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

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its fixed assets. No material discrepancies were observed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

(ii) The inventories, except materials-in-transit, have been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were observed on such verification.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms or Limited Liability Partnership and other parties covered in the register maintained under Section 189 of the Companies Act 2013 ('the Act').

(iv) According to the information and explanations given to us, the Company has not granted loans, investments, guarantees, and security to companies, firms or other parties under section 185 and 186 of the Act.

(v) The Company has not accepted any deposits from the public.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government of India for maintenance of cost records under section 148 (1) of the Companies Act, 2013 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales tax, Service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales tax, Service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues that were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of Sales tax, Service tax and duty of customs which have not been deposited with the

"ANNEXURE-A" TO THE INDEPENDENT AUDITOR'S REPORT

appropriate authorities on account of any dispute. According to the information and explanations given to us, the following Income tax, value of added tax and duty of excise dues have not been deposited by the Company on account of disputes:

Name of the statute	Nature of dues	Amount net of paid under protest (₹)	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	52,612,824	Financial year 2009-2010 to 2014-2015	Commissioner Central Excise
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
Karnataka Value Added Tax 2005	Commercial tax	548,809 (164,643)*	Financial year 2009-2010	Joint Commissioner of Commercial Taxes Bangalore
Karnataka Value Added Tax 2005	Commercial tax	6,487,682 (1,946,305)	Financial year 2013-2014	Joint Commissioner of Commercial Taxes Bangalore

* Amount in parenthesis represents the payment made under protest

(viii) In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of its dues to any banks during the year. The Company did not have any outstanding dues to any financial institution or debenture holders or Government during the year.

(ix) According to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and no term loans have been raised. Accordingly, paragraph 3(ix) of the Order is not applicable.

(x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) According to the information and explanations given to us and based on our examination of the records of the Company, the managerial remuneration has been paid/provided for in

"ANNEXURE-A" TO THE INDEPENDENT AUDITOR'S REPORT

accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable

(xiii) According to the information and explanations given to us, all the transactions with the related parties are in compliance with Section 177 and 188 of the Act and the details have been disclosed in the standalone financial Statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures under section 42 of the Act during the year.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3 (xv) of the Order is not applicable.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3 (xvi) of the Order is not applicable.

for **BSR & Co. LLP**
Chartered Accountants
Firm registration number: 101248W/W-100022

Amit Somani
Partner
Membership Number: 060154

Bangalore
Date: 30 May, 2017

"ANNEXURE B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE 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 31 March 2017 in conjunction with our audit of the standalone 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 controls 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 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 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 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, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both 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 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone 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 system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial controls over financial reporting 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 controls over financial reporting includes those policies and procedures that (1) pertain to the

"ANNEXURE B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF CENTUM ELECTRONICS LIMITED.

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 financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 to future periods are subject to the risk that the internal financial controls over financial reporting 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 and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

for **BSR & Co. LLP**
Chartered Accountants
Firm registration number: 101248W/W-100022

Amit Somani
Partner
Membership Number: 060154

Bangalore
Date: 30 May, 2017

BALANCE SHEET

	Note	As at 31 March 2017 (₹)	As at 31 March 2016 (₹)
EQUITY AND LIABILITIES			
Shareholder's funds			
Share capital	2	127,526,960	126,609,180
Reserves and surplus	3	1,763,908,700	1,481,296,867
		1,891,435,660	1,607,906,047
Non-current liabilities			
Long-term borrowings	4	300,787,990	-
Long-term provisions	5	26,699,789	20,297,271
		327,487,779	20,297,271
Current liabilities			
Short-term borrowings	6	1,076,117,688	699,674,213
Trade payables	7		
-total outstanding dues of micro enterprises and small enterprises		11,672,585	5,091,529
-total outstanding dues of creditors other than micro enterprises and small enterprises		770,913,904	698,401,876
Other current liabilities	8	736,684,987	657,087,275
Short-term provisions	9	25,082,741	53,799,861
		2,620,471,905	2,114,054,754
		4,839,395,344	**3,742,258,072**
ASSETS			
Non-current assets			
Fixed assets	10		
Tangible assets		1,075,719,504	334,397,344
Intangible assets		48,743,376	64,847,097
Capital work-in-progress		1,546,487	208,506,408
		1,126,009,367	607,750,849
Non-current investments	11	516,256,731	41,819,700
Deferred tax assets (net)	12	18,580,790	40,102,297
Long-term loans and advances	13	149,497,319	190,067,323
		1,810,344,207	879,740,169
Current assets			
Inventories	14	1,633,849,716	1,328,603,511
Trade receivables	15	919,994,461	887,558,710
Cash and bank balances	16	236,134,184	507,601,238
Short-term loans and advances	17	239,072,776	138,754,444
		3,029,051,137	2,862,517,903
		4,839,395,344	**3,742,258,072**
Significant accounting policies	1		

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached

for **BSR & Co. LLP**
Chartered Accountants
Firm Registration No. 101248W/W-100022

Amit Somani
Partner
Membership No. 060154

Place : Bangalore
Date : 30 May, 2017

for **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

STATEMENT OF PROFIT AND LOSS

	Note	For the year ended 31 March 2017 (₹)	For the year ended 31 March 2016 (₹)
Revenue from operations			
Sale of Product/goods (Gross)	18	3,864,241,065	3,310,681,543
Less: Excise duty		116,440,779	97,020,869
Sale of Product/goods (Net)		3,747,800,286	3,213,660,674
Sale of Services	18	124,725,366	103,028,450
Other income	19	106,319,779	116,477,114
		3,978,845,431	**3,433,166,238**
Expenses:			
Cost of materials consumed	20	2,630,773,314	2,204,144,911
Changes in inventories of work-in-progress	21	(166,152,189)	(90,443,434)
Employee benefit expense	22	521,814,602	438,128,790
Finance costs	23	55,450,697	29,178,602
Depreciation and amortisation	10	89,476,383	62,362,809
Other expenses	24	402,857,232	357,875,761
		3,534,220,039	**3,001,247,439**
Profit before exceptional items and tax		444,625,392	431,918,799
Exceptional items	48	39,119,132	-
Profit before tax		**405,506,260**	**431,918,799**
Tax expenses:			
- Current tax		86,900,000	109,330,000
- Tax relating to earlier years		(7,567,633)	(4,755,520)
- Deferred tax charge / (credit)		21,521,507	3,275,596
- Minimum alternate Tax (MAT) credit entitlement		(3,583,724)	-
Profit after tax		**308,236,110**	**324,068,723**
Earnings per equity share (par value of ₹ 10 each)	28		
Basic		24.24	25.69
Diluted		23.97	25.23
Significant accounting policies	1		

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached

for **BSR & Co. LLP**
Chartered Accountants
Firm Registration No. 101248W/W-100022

Amit Somani
Partner
Membership No. 060154

Place : Bangalore
Date : 30 May, 2017

for **Centum Electronics Limited**
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DIN : 00286308

Ramu Akkili
Company Secretary

S. Krishnan
Director
DIN : 01807344

K.S.Desikan
Chief Financial Officer

CASH FLOW STATEMENT

	For the year ended 31 March 2017 (₹)	For the year ended 31 March 2016 (₹)
Cash flow from operating activities		
Profit before tax	**405,506,260**	**431,918,799**
Adjustments		
Unrealised foreign exchange (gain)/loss	(12,499,367)	7,148,492
Dividend income from subsidiary company	-	(57,120,000)
Bad debts written off	-	1,422,850
Liabilities no longer required written back	(8,594,681)	-
Loss / (profit) on sale of fixed assets	693,339	(1,432,751)
Depreciation and amortisation	89,476,383	62,362,809
Finance costs	55,450,697	29,178,602
Interest income	(31,061,194)	(26,246,013)
Operating cash flows before working capital changes	**498,971,437**	**447,232,788**
Changes in liabilities and provisions	34,345,927	249,261,023
Changes in inventories	(305,246,206)	(193,170,441)
Changes in trade receivables	(80,956,546)	31,176,960
Changes in loans and advances	(65,911,441)	37,374,902
Changes in other bank balances	(12,727,818)	(65,287,119)
Cash generated from operations	**68,475,353**	**506,588,113**
Income tax paid, net	(105,623,059)	(92,945,786)
Net cash (used in) / generated from operating activities	**(37,147,706)**	**413,642,326**
Cash flow from investing activities		
Proceeds from sale of fixed assets	249,287	1,432,752
Investment made	(474,437,031)	(13,259,700)
Purchase of assets on slump sale	-	(57,000,000)
Interest received	34,129,774	23,351,799
Dividend received from subsidiary company	-	57,120,000
Purchase of fixed assets	(491,466,024)	(313,779,428)
Net cash used in investing activities	**(931,523,994)**	**(302,134,576)**
Cash flow from financing activities		
Proceeds from short term borrowings from bank	418,010,708	82,688,779
Proceeds from long term borrowings	370,200,602	-
Proceeds form issue of share capital	5,991,193	5,923,221
Interest paid	(55,450,697)	(29,178,601)
Dividend paid (including dividend distribution tax and amount transferred to Investor Education and Protection Fund)	(55,865,786)	(37,637,291)
Net cash provided by financing activities	**682,886,020**	**21,796,108**
Effect of exchange differences on translation of foreign currency cash and cash equivalents	1,590,808	382,000
Net increase in cash and cash equivalents	(285,785,680)	133,303,858
Cash and cash equivalents at the beginning of the year	392,019,905	251,888,190
Cash and cash equivalents acquired under slump sale	-	6,445,857
Cash and cash equivalents at the end of the year (refer note 16)	**107,825,033**	**392,019,905**

This is the Cash Flow statement referred to in our report attached
As Per our report of even date attached

for **BSR & Co. LLP**
Chartered Accountants
Firm Registration No. 101248W/W-100022

Amit Somani
Partner
Membership No. 060154
Place : Bangalore
Date : 30 May, 2017

for **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 ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

1. Significant accounting policies

a) Background

Centum Electronics Limited ("the Company") was incorporated as a public limited company on 8 January 1993 and commenced commercial production in 1994.

The Company is primarily involved in

- manufacture of Advanced Microelectronics Modules and Resistor Networks catering to the communications, military, aerospace and industrial electronics markets; and
- manufacture of printed circuit board assembly (PCBA) and Repair and Return business catering to the automobile, communications and industrial electronics markets

b) Basis of preparation of financial statements

The financial statements have been prepared and presented in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis of accounting and GAAP comprises mandatory Accounting Standards as prescribed under section 133 of the Companies Act, 2013 ('the Act') read with Rule 7 of The Company (Accounts) Rules 2014, the provision of Act (to the extent notifies and applicable).

c) Cash flow statement

Cash flow statement is reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows arising from operating, investing and financing activities of the Company are segregated.

d) Use of estimates

The preparation of financial statements, in conformity with generally accepted accounting principles (GAAP) in India, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

e) Fixed assets

Fixed assets are carried at cost of acquisition less accumulated depreciation. The cost of fixed assets includes freight, duties, taxes and other incidental expenses related to the acquisition or construction of the respective assets. Intangible assets are recorded at their acquisition cost. Machinery spares which are specific to a particular item of fixed asset are capitalized at the time of their purchase.

The cost of fixed assets not ready for their intended use before such date, are disclosed as capital work-in-progress.

f) Depreciation and amortisation

Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets as prescribed under Part C of Schedule II of the Companies Act 2013 except for Plant and equipment which is estimated by the Company. Depreciation for assets purchased/ sold during a period is proportionately charged. Intangible assets are amortised over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available to the Company for its use.

The Company believes that the useful lives as given below best represent the useful lives of these assets based on internal assessment and supported by technical advice where necessary which is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

The Company estimates the useful lives for fixed assets as follows:

Asset categories	Years
Plant and equipment (including the related intellectual property)	8 years (Lives as estimated by Company)
Electrical installations	10 years
Furniture and fixtures	10 years
Office equipment	5 year
Computers	3 years
Goodwill	4 years

Land is not depreciated. Leasehold improvements are being depreciated over the useful life or lease term whichever is shorter.

For assets acquired/ disposed during the year, depreciation is provided from/upto the date the assets are acquired/ disposed. Assets individually costing Rs 5,000 or less are depreciated at the rate of 100%.

Machinery spares are depreciated on a systematic basis over the period of the remaining useful life of the fixed asset for which they are utilized.

g) Investments

Investments in subsidiary is made to enhance the Company's business interests and therefore classified as trade investments. Investments are either classified as current or long-term based on the Management's intention at the time of purchase. Current investments are carried at the lower of cost and fair value. Long-term investments are carried at cost and provisions recorded to recognize any decline, other than temporary, in the carrying value of each investment.

h) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost of inventories comprises purchase price and all incidental expenses (other than those subsequently recoverable by the Company from the tax authorities) incurred in bringing the inventory to its present location and condition. The basis of determining cost is set out below:

Stores and spares
Weighted average cost method

Raw materials and components
Weighted average cost method

Work-in-progress and finished goods
Weighted average cost including costs of conversion.

Fixed production overheads are allocated on the basis of normal capacity of production facilities.

i) Revenue recognition

Revenue from the sale of products and materials is recognized on transfer of all significant risks and rewards of ownership to the buyer. Sales are accounted inclusive of excise duty and exclude sales tax and trade and quantity discounts and are net of sales returns. Revenue from sale of manufactured goods has been presented both gross and net of excise duty.

Revenue from services is recognized as and when services are rendered as per the terms of the contract.

Rental income from lease of properties under operating lease is recognized in the income statement on a straight line basis over the term of the lease

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.

Interest on deployment of funds is recognized using the time proportionate method, based on the underlying interest rates.

Government grants and subsidies are recognized when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants/subsidy will be received.

j) Foreign currency transactions

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the respective transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the statement of profit and loss for the year.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date, the resultant exchange differences are recognized in the statement of profit and loss.

The Company is exposed to foreign currency transactions including foreign currency revenues and receivables. With a view to minimize the volatility arising from fluctuations in currency rates, the Company enters into foreign exchange forward contracts.

Forward exchange contracts and other similar instruments that are not in respect of forecasted transactions are accounted for using the guidance in Accounting Standard ('AS') 11, 'The effects of changes in foreign exchange rates'. For such forward exchange contracts and other similar instruments covered by AS 11, based on the nature and purpose of the contract, either the contracts are recorded based on the forward rate/ fair value at the reporting date, or based on the spot exchange rate on the reporting date. For contracts recorded at the spot exchange rates, the premium or discount at the inception is amortized as income or expense over the life of the contract.

k) Research and development

Research costs are expensed as incurred. Product development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Company has an intention and ability to complete and use or sell the product and the costs can be measured reliably.

l) Borrowing costs

Borrowing costs directly attributable to the acquisition/ construction of the qualifying asset are capitalized as part of the cost of that asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

m) Employee benefits

Defined benefit plans

The Company's gratuity plan is a defined benefit plan. The present value of gratuity obligation under such defined benefit plans is determined based on actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations. Actuarial gains and losses are recognised immediately in the statement of

profit and loss. Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs.

Other short term benefit

The expected cost of short-term employee benefits in the form of accumulating compensated absences are recognized as the additional amount that the enterprise expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date.

Defined contribution plan

Contributions to the recognized provident fund and employee state insurance which are defined contribution schemes, are charged to the statement of profit and loss.

n) Earnings per share

In determining earnings per share, the Company considers the net profit after tax. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the year. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable, had the shares been actually issued at fair value (i.e. the average market value of the outstanding shares). Dilutive potential equity shares are deemed converted as of the beginning of the year, unless issued at a later date.

o) Provisions and contingent liabilities

The Company recognizes a provision when there is a present obligation as a result of an obligating event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

p) Taxation

Income-tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets / liabilities are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

Assets and liabilities representing current and deferred tax are disclosed on a net basis when there is a legally enforceable right to set off and management intends to settle the asset and liability on a net basis.

q) Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset or a group of assets comprising a cash generating unit may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. For an asset or group of assets that does not generate largely independent cash in flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost. An impairment loss is reversed only to the extent that the carrying amount of asset does not exceed the net book value that would have been determined; if no impairment loss had been recognised.

r) Stock compensation expense

The Company accounts for stock based compensation expense based on the intrinsic value method as prescribed by the Guidance Note on Accounting for Employee Share–based Payments issued by Institute of Chartered Accountants of India.

s) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

t) Leases

Assets acquired under leases, where the Company has substantially all the risks and rewards of ownership, are classified as finance leases. Such leases are capitalised at the inception of the lease at lower of the fair value or the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

Assets acquired as under leases, where a significant portion of the risk and rewards of ownership are retained by the lessor, are classified as operating leases. Lease rentals are charged to the Statement of profit and loss on a straight line basis over the lease term.

Income from operating leases is credited to Statement of profit and loss on a straight line basis over the lease term.

Particulars	As at 31 March 2017 (₹)	As at 31 March 2016 (₹)
2. SHARE CAPITAL		
Authorised		
15,500,000 (previous year: 15,500,000) equity shares of ₹ 10 each	155,000,000	155,000,000
Issued, subscribed and paid-up		
12,752,696 (previous year 12,660,918) equity shares of ₹ 10 each, fully paid	127,526,960	126,609,180
	127,526,960	**126,609,180**

Reconciliation of equity shares outstanding at the beginning and at the end of the reporting year

	As at 31 March 2017		As at 31 March 2016	
	Number	Amount	Number	Amount
Number and value of shares at the beginning of the year	12,660,918	126,609,180	12,569,731	125,697,310
Number of shares issued during the year	91,778	917,780	91,187	911,870
Number and value of shares outstanding at the end of the year	**12,752,696**	**127,526,960**	**12,660,918**	**126,609,180**

Details of shareholders holding more than 5% shares in the company

Name of the shareholder	As at 31 March 2017		As at 31 March 2016	
	Number	% of holding	Number	% of holding
Apparao V Mallavarapu	6,604,715	51.79%	6,604,715	52.17%

Rights, preferences and restrictions attached to equity shares

The Company has only one class of share referred to as equity share having par value of ₹10. Each holder of the equity share, as reflected in the records of the Company as of the date of the shareholder meeting, is entitled to one vote in respect of each share held for all matters submitted to vote in the shareholders' meeting.

The Company declares and pays dividends in Indian rupees. During the year ended 31 March 2017, the amount of per share interim dividend recognised as distributions to equity shareholders was ₹ 2 (previous year: ₹ 3).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the 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 shareholders.

Buy back of shares, issue of bonus share and share allotted as fully paid up pursuant to contract(s) without payments being received in cash.

There have been no buyback of shares, issue of bonus shares and issue of shares pursuant to contract without payment being received in cash for the period of five years immediately preceding the balance sheet date.

Shares reserved for issue under options and contracts / commitments for the sale of shares / divestment, including the terms and amounts - Refer note 30 for disclosure in relation to employee stock option plan.

Particulars	As at 31 March 2017 (₹)	As at 31 March 2016 (₹)
3 RESERVES AND SURPLUS		
Securities premium account		
Balance at the beginning of the year	14,962,006	9,950,655
Add: Addition during the year	5,073,413	5,011,351
Closing balance	**20,035,419**	**14,962,006**
General reserve		
Balance at the beginning of the year	440,261,568	440,261,568
Closing balance	**440,261,568**	**440,261,568**
Surplus in statement of profit and loss		
Opening balance	1,026,073,293	739,987,324
Add: Profit for the year	308,236,110	324,068,723
Less: Appropriations during the year		
Interim dividend	25,505,392	37,982,754
Corporate dividend tax	5,192,298	-
Closing balance	**1,303,611,713**	**1,026,073,293**
	1,763,908,700	**1,481,296,867**
4 LONG-TERM BORROWINGS		
Secured		
Term loans from Bank	300,787,990	-
	300,787,990	**-**

Term loans from bank:

The term loan from bank represents Term loan taken from Citi bank and secured by way of :-

1. First pari-passu charge on current assets including stock and receivables of the borrower.
2. First pari-passu charge on present and future fixed assets of the borrower.
3. First pari-passu charge by way of equitable mortgage on Land and Building.
   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, Bengaore North, Yelahanka Taluk, Bengaluru Urban District.

The term loan carries an interest rate of 4.25 % per annum on the outstanding amount of the loan payable at quarterly rests. The term loan is repayable in sixteen equal quarterly installments commencing from 29 September 2017.

There is no continuing default in the repayment of the principal and interest amounts as on the balance sheet date.

5 LONG-TERM PROVISIONS		
Provision for employee benefit (refer note 29)	26,699,789	20,297,271
	26,699,789	**20,297,271**
6. SHORT-TERM BORROWINGS		
Secured		
- Cash credit from banks	282,299,719	32,971,542
- Packing credit loan from banks	600,424,794	637,256,322
- FCNR loan account	193,393,175	29,446,349
	1,076,117,688	**699,674,213**

Cash credit, Packing credit and Foreign Currency Non-Repatriable (FCNR) loan from SBI, Citi, Kotak bank respectively is secured by way of hypothecation of inventories, book debts and other current assets of the

Particulars	As at 31 March 2017 (₹)	As at 31 March 2016 (₹)

Company. Additionally, it is secured by way of collateral charge on plant and machinery and an equitable mortgage of lands located in Yelahanka and Devanahalli.

Interest rates are linked to respective banks base rates. Cash credit ranges from 11.25% p.a. to 11.30% p.a (previous year: 11.30% p.a. to 11.90% p.a.), Packing credit interest rate is 3.12% p.a. (previous year : 2.36% p.a. to 2.78% p.a.) and FCNR is 5.5 % p.a (previous year : 5.5 % p.a) payable monthly and repayable on demand basis.

There is no continuing default in the repayment of the principal and interest amounts as on the balance sheet date.

7. TRADE PAYABLES*

-Dues to micro and small enterprises (refer note 35)	11,672,585	5,091,529
-Dues to other creditors	770,913,904	698,401,876
	782,586,489	**703,493,405**

*Includes an amount of ₹ 983,440 (previous year ₹ 2,325,570) receivable from companies where directors of the company are also directors / members. (Refer Note 34).

8. OTHER CURRENT LIABILITIES

Current maturities of long-term debt*	69,412,612	-
Advance from customers	453,023,741	528,623,735
Unpaid dividends	1,774,914	26,943,010
[Investor Protection Education Fund shall be credited when due]		
Other payables		
- withholding and other taxes and duties payable	14,120,274	19,434,632
- accrued salaries and benefits	73,941,123	63,181,827
- for capital goods	124,412,323	18,904,071
	736,684,987	**657,087,275**

* refer note no 4 for securities, interest rate and repayment details.

There is no continuing default in the repayment of the principal and interest amounts at the balance sheet date.

9. SHORT-TERM PROVISIONS

Provision for gratuity (refer note 29)	2,828,581	2,526,956
Provision for stamp duty charges (refer note 25)	11,173,888	19,585,888
Provision for compensated absences	9,083,975	8,425,027
Provision for taxation, net of advance tax (₹ 84,903,703, previous year ₹ 86,853,259)	1,996,297	23,261,990
	25,082,741	**53,799,861**

10. FIXED ASSETS

(Amount in ₹)

Particulars	GROSS BLOCK				ACCUMULATED DEPRECIATION AND AMORTISATION				NET BLOCK
	As at 1 April 2016	Additions during the year	Deletions during the year	As at 31 March 2017	As at 1 April 2016	Charge for the year	Deletions during the year	As at 31 March 2017	As at 31 March 2017
Tangible assets, owned									
Freehold land	4,409,383	-	-	4,409,383	-	-	-	-	4,409,383
Leasehold improvements	16,209,110	109,287	-	16,318,397	12,320,473	3,676,983	-	15,997,456	320,941
Building	60,073,773	389,758,577	-	449,832,350	25,606,459	4,126,843	-	29,733,302	420,099,048
Plant and equipment	825,938,260	293,671,492	9,622,625	1,109,987,127	676,117,742	45,211,490	8,680,000	712,649,232	397,337,895
Electrical installations	32,530,822	67,671,926	-	100,202,748	23,743,786	5,078,686	-	28,822,472	71,380,276
Computers	34,578,456	11,866,429	-	46,444,885	32,702,144	4,203,106	-	36,905,250	9,539,635
Office equipment	33,019,407	29,340,227	-	62,359,634	28,053,441	3,573,095	-	31,626,536	30,733,098
Furniture and fixtures	23,049,500	19,924,294	-	42,973,794	17,047,141	2,782,797	-	19,829,938	23,143,856
Vehicles	14,966,042	-	-	14,966,042	9,408,856	1,413,504	-	10,822,360	4,143,682
Tangible assets, leased									
Computer	990,801	-	-	990,801	979,858	10,943	-	990,801	-
Leasehold land (Refer note 1)	114,611,690	-	-	114,611,690	-	-	-	-	114,611,690
Total (A)	**1,160,377,244**	**812,342,232**	**9,622,625**	**1,963,096,851**	**825,979,900**	**70,077,447**	**8,680,000**	**887,377,347**	**1,075,719,504**
Intangible assets, owned									
Computer software	62,781,262	3,295,215	-	66,076,477	43,789,108	7,909,768	-	51,698,876	14,377,601
Intellectual property rights	11,868,954	-	-	11,868,954	2,362,247	1,530,751	-	3,892,998	7,975,956
Goodwill	39,652,622	-	-	39,652,622	3,304,386	9,958,417	-	13,262,803	26,389,819
Total (B)	**114,302,838**	**3,295,215**	**-**	**117,598,053**	**49,455,741**	**19,398,936**	**-**	**68,854,677**	**48,743,376**
Total (A)+(B)	**1,274,680,082**	**815,637,447**	**9,622,625**	**2,080,694,904**	**875,435,641**	**89,476,383**	**8,680,000**	**956,232,024**	**1,124,462,880**

Note:

1. 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 18 December 2013. The aggregate capitalized cost of the land at the end of the year is ₹ 114,611,690. 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.
2. The Company has capitalised the borrowing cost towards Avansa building. Addition to gross block include borrowing cost amounting to ₹ 6,140,645 (previous year: Nil).

10. FIXED ASSETS

(Amount in ₹)

Particulars	GROSS BLOCK				ACCUMULATED DEPRECIATION AND AMORTISATION				NET BLOCK
	As at 1 April 2015	Additions during the year - note 3	Deletions during the year	As at 31 March 2016	As at 1 April 2015	Charge for the year	Deletions during the year	As at 31 March 2016	As at 31 March 2016
Tangible assets, owned									
Freehold land	4,409,383	-	-	4,409,383	-	-	-	-	4,409,383
Leasehold improvements	15,079,404	1,129,706	-	16,209,110	8,118,454	4,202,019	-	12,320,473	3,888,637
Building	60,050,721	23,052	-	60,073,773	23,589,106	2,017,353	-	25,606,459	34,467,314
Plant and equipment	754,068,542	71,869,718	-	825,938,260	647,113,282	29,004,460	-	676,117,742	149,820,518
Electrical installations	31,252,352	1,278,470	-	32,530,822	19,314,695	4,429,091	-	23,743,786	8,787,036
Computers	33,370,774	1,207,682	-	34,578,456	32,392,979	309,165	-	32,702,144	1,876,312
Office equipment	31,858,347	1,161,060	-	33,019,407	25,009,423	3,044,018	-	28,053,441	4,965,966
Furniture and fixtures	21,330,004	1,719,496	-	23,049,500	14,440,268	2,606,873	-	17,047,141	6,002,359
Vehicles	16,237,643	5,628,306	6,899,907	14,966,042	14,290,230	2,018,532	6,899,906	9,408,856	5,557,186
Tangible assets, leased									
Computer	990,801	-	-	990,801	967,007	12,851	-	979,858	10,943
Leasehold land (Refer note 1)	114,611,690	-	-	114,611,690	-	-	-	-	114,611,690
Total (A)	**1,083,259,661**	**84,017,490**	**6,899,907**	**1,160,377,244**	**785,235,444**	**47,644,362**	**6,899,906**	**825,979,900**	**334,397,344**
Intangible assets, owned									
Computer software	44,166,715	18,614,547	-	62,781,262	33,820,944	9,968,164	-	43,789,108	18,992,154
Intellectual property rights	8,623,664	3,245,290	-	11,868,954	916,350	1,445,897	-	2,362,247	9,506,707
Goodwill (Refer note 2)	-	39,652,622	-	39,652,622	-	3,304,386	-	3,304,386	36,348,236
Total (B)	**52,790,379**	**61,512,459**	**-**	**114,302,838**	**34,737,294**	**14,718,447**	**-**	**49,455,741**	**64,847,097**
Total (A)+(B)	**1,136,050,040**	**145,529,949**	**6,899,907**	**1,274,680,082**	**819,972,739**	**62,362,809**	**6,899,906**	**875,435,641**	**399,244,441**

Note:

1. 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 18 December 2013. The aggregate capitalized cost of the land at the end of the year is ₹ 114,611,690. 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.
2. Of the total additions for the year 2015-16 ₹ 12,897,562 (previous year: ₹ Nil) pertains to acquisition of fixed assets from Centum Industries Private Limited, pursuant to slump sale agreement dated 1 December 2015, also refer note 26.

Particulars	As at 31 March 2017 (₹)	As at 31 March 2016 (₹)
11. NON-CURRENT INVESTMENTS		
Trade investment unquoted (At cost less provision for other than temporary diminution)		
Investments in equity instruments		
Aggregate amount of unquoted investment		
- Investments in subsidiaries	502,997,031	28,560,000
- Other	13,259,700	13,259,700
	516,256,731	**41,819,700**
Investment in subsidiaries		
2,856,000 equity shares (previous year: 2,856,000) equity shares of Rs.10 each, fully paid up in Centum Rakon India Private Limited		
5,233,900 equity shares (previous year: Nil) equity shares of GBP 1 each, fully paid up in Centum Electronics UK Limited.		
Other Investment		
74,184 equity share (previous year: 59,347) equity shares of USD 0.01 each, fully paid up in Qulsar Inc. During the year Qulsar Inc. has issued 14,837 (previous year: Nil) bonus shares.		
12. DEFERRED TAX ASSETS, NET		
Deferred tax liabilities		
Fixed assets	(10,490,472)	-
	(10,490,472)	**-**
Deferred tax asset		
Fixed assets	-	13,555,731
Provision for doubtful debts	2,636,893	1,625,072
Provision for doubtful advances	-	471,020
Provision for employee benefits	22,567,309	17,672,190
Current liabilities and provisions	3,867,060	6,778,284
	29,071,262	**40,102,297**
Deferred tax assets, net	**18,580,790**	**40,102,297**
13. LONG-TERM LOANS AND ADVANCES		
Unsecured, considered good		
Capital advances	98,782,639	110,485,895
Balance with government authorities	3,110,948	38,760,883
Advance tax, net of provision for tax (₹ 86,900,000, previous year ₹ 109,330,000)	30,623,628	22,014,905
Prepaid expenses	4,044,063	3,124,520
Deposits	12,936,041	15,681,120
	149,497,319	**190,067,323**
Unsecured, considered doubtful		
Balance with government authorities	-	1,361,015
	-	**1,361,015**
Less: Provision for doubtful deposits and advances	-	1,361,015
	149,497,319	**190,067,323**

Particulars	As at 31 March 2017 (₹)	As at 31 March 2016 (₹)
14. INVENTORIES		
Raw materials*	1,086,981,446	944,854,316
[Includes raw material in transit ₹ 42,422,500 (previous year: ₹ 75,885,065)]		
Work-in-progress*	542,772,523	376,620,334
Stores and spares*	4,095,747	7,128,861
	1,633,849,716	**1,328,603,511**
[*Refer significant accounting policy note 1(h) for mode of valuation]		
15. TRADE RECEIVABLES*		
Unsecured		
Debts due for a period exceeding six months		
- considered good	41,662,950	35,911,092
- considered doubtful	7,619,317	528,825
	49,282,267	**36,439,917**
Other debts		
- Considered good	878,331,511	851,647,617
	878,331,511	851,647,617
Less: Provision for doubtful debts	7,619,317	528,825
	919,994,461	**887,558,710**
* Includes an amount of ₹ 30,628,153 (previous year ₹ 12,319,409) receivable from companies where directors of the company are also directors / members (Refer Note 34).		
16. CASH AND BANK BALANCES		
Cash and cash equivalents		
Cash on hand	542,280	490,825
Balance with banks		
- on current account	15,521,055	15,901,761
- on deposit account with original maturity of less than three months	77,464,859	364,966,134
- on exchange earners foreign currency account	14,296,839	10,661,185
	107,825,033	**392,019,905**
Other bank balances		
Balance with banks		
- on current account*	1,789,436	26,957,531
- on margin money accounts**	126,519,715	88,623,802
	236,134,184	**507,601,238**
* Includes balance in unclaimed dividend account ₹ 1,774,914 (previous year: ₹ 26,943,010).		
**Margin money is against bank guarantees issued in favour of customers and statutory authorities.		
17. SHORT-TERM LOANS AND ADVANCES		
Unsecured considered good		
Deposits	160,989	160,989
Staff advances	1,076,686	587,606
Prepaid expenses	18,590,360	19,215,206
Balances with government authorities	58,108,371	9,813,184
Advance to suppliers	141,720,288	86,201,635
Other advances	19,416,082	22,775,824
	239,072,776	**138,754,444**

Particulars	For the year ended 31 March 2017 (₹)	For the year ended 31 March 2016 (₹)
18. REVENUE FROM OPERATIONS		
Sale of products / goods (gross)	3,864,241,065	3,310,681,543
Less: Excise duty	116,440,779	97,020,869
Sale of products / goods (net)	3,747,800,286	3,213,660,674
Sale of services	124,725,366	103,028,450
	3,872,525,652	**3,316,689,124**
*Refer Note 38 for details related to sale of manufactured products and service income.		
19. OTHER INCOME		
Interest on bank deposits	15,928,035	26,246,013
Interest on income tax and excise refund	15,133,159	-
Rental income	3,032,400	3,032,400
Dividend income from subsidiary company	-	57,120,000
Profit on sale of fixed assets	-	1,432,751
Liabilities no longer required written back	8,594,681	-
Foreign exchange gain, net	44,334,784	-
Miscellaneous Income	19,296,720	28,645,950
	106,319,779	**116,477,114**
20. COST OF MATERIAL CONSUMED		
Inventory of materials at the beginning of the year	951,983,176	833,846,915
Add: Purchases	2,643,232,132	2,322,281,172
Less: Inventory of materials at the end of the year	964,441,994	951,983,176
	2,630,773,314	**2,204,144,911**
Refer note 36 and 37 for details of items of raw materials and components consumed.		
21. CHANGE IN INVENTORIES OF WORK-IN-PROGRESS		
Opening Stock		
Work in progress	376,620,334	286,176,900
Closing Stock		
Work in progress	542,772,523	376,620,334
(Increase) in inventories of work in progress	**(166,152,189)**	**(90,443,434)**
22. EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and allowances	461,504,946	391,023,297
Contribution to provident and other funds	26,378,514	20,763,190
Staff welfare expenses	33,931,142	26,342,303
	521,814,602	**438,128,790**
23. FINANCE COSTS		
Interest expense	49,027,627	24,681,556
Other Borrowing cost	6,423,070	4,497,046
	55,450,697	**29,178,602**

Particulars	For the year ended 31 March 2017 (₹)	For the year ended 31 March 2016 (₹)
24. OTHER EXPENSES		
Rent	29,575,012	24,615,036
Rates and taxes	9,795,741	4,384,653
Power and fuel	49,572,295	41,783,584
Repairs and maintenance		
- Building	16,148,869	11,465,478
- Plant and equipment	20,200,907	15,143,370
Insurance	10,245,863	7,669,264
Professional and consultancy (Refer Note 27)	57,295,018	42,874,187
Selling and marketing expenses	5,966,786	5,666,726
Travelling and conveyance	52,033,085	44,702,476
Purchase of services	61,556,444	40,332,934
Postage, telephones and telegrams	6,112,236	4,966,230
Printing and stationery	4,340,027	4,696,330
Corporate social responsibility expenses	2,030,000	2,946,250
Advertisement and promotion	6,352,036	3,583,332
Security charges	9,616,006	5,243,924
Commission paid to non-executive directors	1,000,000	1,000,000
Recruitment and training	7,918,668	8,104,575
Bad debts written-off	-	1,422,850
Directors sitting fees	1,220,000	540,000
Freight outwards	6,484,704	3,709,504
Foreign exchange loss, net	-	50,931,269
Bank charges	23,295,693	23,519,868
Loss on sale of fixed assets	693,339	-
Miscellaneous expenses	21,404,503	8,573,924
	402,857,232	**357,875,761**

25. Capital commitments and contigent liabilities

(Amount in ₹)

Particulars	As at 31 March 2017	As at 31 March 2016
Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and provided for (net of advances)	42,627,567	146,267,125
Contingent liabilities		
Claims against the Company not acknowledged as debts in respect of:		
Income tax	1,893,642	35,278,144
Sales tax	7,036,491	7,036,491
Cenvat	84,858,546	32,245,722
Stamp duty	5,107,137	5,107,137
Bank guarantee	4,925,543	384,166

Cenvat: On 30 March 2017, the Company has received a demand of ₹ 52,612,824 (previous year: Nil) from department of Central Excise towards non payment of service tax under reverse charge on the expenditure incurred in foreign currency for financial year 2009-10 to 2014-15. The Company is in the process of filing an appeal with the Commissioner of Central Excise.

Sales tax : The Company had received a demand of ₹ 64,87,682 and ₹ 548,809 from Deputy Commissioner of Commercial Tax towards disallowance of input tax credit for the period from April 2013 to March 2014 and from April 2009 to March 2010 respectively. The case is pending with Joint Commissioner of Commercial Tax -Appeal.

Stamp duty : Based on a demand notice dated 12 February 2010 received from District Registrar, Stamps and Registration Department, Karnataka, the Company has estimated and provided ₹ 11,174,165 (previous year ₹ 11,174,165) towards additional stamp duty liability against a claim of ₹ 16,281,302 (previous year ₹ 16,281,302) in the aforementioned demand notice, payable pursuant to the demerger of EMS business from Centum Electronics Limited (formerly known as Solectron Centum Electronics Limited) on 1 October 2006, as per the Scheme of Arrangement approved by the Honourable High Court of Karnataka effective 13 July 2007. The differential amount of ₹ 5,107,137 (previous year ₹ 5,107,137) has been disclosed as a contingent liability.

26.

The Company has entered into a business transfer agreement with Centum Industries Private Limited on 1 December 2015 for the purchase of business on slump sale. As per the terms of agreement, the Company has purchased the net assets pertaining to plastic and defence and space of Centum Industries Private Limited for an aggregate consideration ₹ 57,000,000, 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 ₹ 17,347,378 , resulting in a goodwill of ₹ 39,652,622.

27. Auditors' remuneration excluding service tax (included under professional and consultancy)

(Amount in ₹)

	For the year ended 31 March 2017	For the year ended 31 March 2016
Statutory audit	2,500,000	2,500,000
Out of pocket expenses reimbursed	310,952	221,404
	2,810,952	**2,721,404**

28. Earnings per share

The computation of earnings per share is set out below:

(Amount in ₹)

	For the year ended 31 March 2017	For the year ended 31 March 2016
Profit for the year	308,236,110	324,068,724
Weighted average number of equity shares outstanding at the beginning of the year (in numbers)	12,660,918	12,569,731
Weighted average number of shares issued during the year	55,978	46,963
Weighted average number of equity shares outstanding during the year (in numbers)	12,716,896	12,616,694
Face value of equity shares	10	10
Earnings per share - basic	24.24	25.69

(Amount in ₹)

	For the year ended 31 March 2017	For the year ended 31 March 2016
Weighted average number of equity shares outstanding during the year - basic	12,716,896	12,616,694
Add: Effect of dilutive issues of stock options	143,400	230,228
Weighted average number of equity shares and potential equity shares outstanding during the year (in numbers)	12,860,296	12,846,922
Earnings per share - dilutive	23.97	25.23

29. The following table sets out the status of the gratuity plan as required under AS 15.

(a) Post retirement benefit - Defined contribution plans

The Company has recognised an amount of Rs. 26,378,514 (31 March 2016: Rs. 20,763,190) as expenses under the defined contribution plans in the statement of profit and loss for the year:

(b) Post retirement benefit - Defined benefit plans

Reconciliation of opening and closing balances of the present value of the defined benefit obligation.

(Amount in ₹)

Particulars	As at 31 March 2017	As at 31 March 2016
Change in projected benefit obligations		
Obligations at year beginning	22,824,228	17,247,956
Service cost	5,853,716	4,499,416
Past service cost	-	-
Benefits paid	(1,999,680)	(1,335,676)
Interest cost	1,910,033	1,431,811
Liabilities assumed on acquisition / (settled on divestiture)	-	-
Actuarial loss/ (gain)	940,072	980,720
Obligations at year end	**29,528,369**	**22,824,228**
Change in plan assets		
Plan assets at year beginning, at fair value	-	-
Expected return on plan assets	-	-
Actuarial gain / (loss)	-	-
Contributions	-	-
Benefits paid	-	-
Plan assets at year end, at fair value	**-**	**-**
Reconciliation of present value of the obligation and the fair value of the plan assets:		
Fair value of plan assets at the end of the year	-	-
Present value of the defined benefit obligations at the end of the year	29,528,369	22,824,228
Asset/(liability) recognised in the balance sheet	**(29,528,369)**	**(22,824,228)**
Gratuity cost for the year		
Service cost	5,853,716	4,499,416
Interest cost	1,910,033	1,431,811
Expected return on plan assets	-	-
Actuarial loss/ (gain)	940,072	980,720
Past service cost	-	-
Net gratuity cost	**8,703,821**	**6,911,947**

Amounts for the current and previous four periods are as follows:

Five-year information	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Fair value of plan assets	-	-	-	-	-
Projected benefit obligation	29,528,369	22,824,228	17,247,956	14,323,628	12,563,091
(Surplus) / Deficit in the plan	29,528,369	22,824,228	17,247,956	14,323,628	12,563,091
Experience adjustments on plan assets	-	-	-	-	-
Experience adjustments on obligation	(1,324,833)	1,041,872	(2,962,941)	(149,355)	338,302

Assumptions:		
Discount rate	7.16%	7.80%
Expected rate of return on plan assets	Not applicable	Not applicable
Expected rate of salary increase	7%	7%
Attrition rate	1%-15%	1%-15%
Retirement age	58 years	58 years

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.The Company does not have any planned assets.

30. Employee stock options:

The company has two stock option plans.

Centum employee stock option plan 2007

The Centum ESOP -2007 was approved by the board of directors of the Company in October 2007 and by the shareholders in December 2007. The 2007 plan provides for the issue of 416,666 shares to the employees of the company and one of its subsidiaries. The plan is administered by a compensation committee. Options will be issued to employees of the Company and also its subsidiary 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.

Option activity during the year ended 31 March 2017 and the related weighted average exercise price of stock options under the Centum ESOP plan 2007 is presented below.

Particulars	For the year ended 31 March 2017		For the year ended 31 March 2016	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding at the beginning of the year	85,183	61.97	132,688	61.97
Granted during the year	-	-	-	-
Exercised during the year	56,369	69.14	44,795	58.44
Forfeited / lapsed during the year	-	-	2,710	53.45
Options outstanding at the end of the year	28,814	69.14	85,183	61.97
Exercisable at the end of the year	28,814	69.14	85,183	64.10

The options outstanding as at 31 March 2017 had an exercise price of ₹ 69.14 and the weighted average remaining contractual life of 8.03 years.

Centum employee stock option plan 2013

The Centum ESOP - 2013 was approved by the board of directors of the Company in May 2013 and by the shareholders in August 2013. The 2013 plan provides for the issue of 250,000 shares to the employees of the company and one of its subsidiaries. The plan is administered by a compensation committee. Options will be issued to employees of the Company and also its subsidiary 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.

Option activity during the year ended 31 March 2017 and the related weighted average exercise price of stock options under the Centum ESOP plan 2013 is presented below.

Particulars	For the year ended 31 March 2017		For the year ended 31 March 2016	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding at the beginning of the year	170,941	71.25	221,320	71.25
Granted during the year	-	-	-	-
Exercised during the year	35,409	71.25	46,392	71.25
Forfeited / lapsed during the year	-	-	3,987	71.25
Options outstanding at the end of the year	135,532	71.25	170,941	71.25
Exercisable at the end of the year	76,906	71.25	49,116	71.25

The options outstanding as at 31 March 2017 had an exercise price of ₹ 71.25 and the weighted average remaining contractual life of 9.41 years.

The Company applies the intrinsic value method of accounting for determining compensation cost for its stock based compensation plan. The Company has therefore adopted the pro forma disclosure provisions as required by the Guidance Note on Accounting for Employee Share Based Payments" issued by the Institute of Chartered Accountants of India with effect from 1 April 2005.

Had the compensation been determined using the fair value approach described in the aforesaid Guidance Note, the Company's net profit and basic and diluted earnings per share as reported would have reduced to the pro forma amounts as indicated:

(Amount in ₹)

Particulars	For the Year ended 31 March 2017	For the Year ended 31 March 2016
Profit for the year	308,236,110	324,068,723
Add: Stock based compensation expense determined under the intrinsic value method	-	-
Less: Stock based compensation expense determines under the fair value method	2,382,736	2,139,387
Adjusted net profit	305,853,374	321,929,336
Basic earnings per share as reported	24.24	25.69
Pro forma basic earnings per share	24.05	25.52
Diluted earnings per share as reported	23.97	25.23
Pro forma diluted earnings per share	23.78	25.06

The fair value of each option under both plan is estimated by management on the date of grant using the Black - Scholes model with the following assumptions:

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Dividend yield %	10%	10%
Expected life	1-4 years	1-4 years
Risk free interest rate	5.7-8.6%	5.7-8.6%
Volatility	51.22%	62.89%

31. The Company's foreign currency exposure on account of foreign currency denominated payables not hedged are:

Particulars	As at 31 March 2017		As at 31 March 2016	
	Amount (foreign currency)	Amount (INR)	Amount (foreign currency)	Amount (INR)
USD	28,245,305	1,831,680,323	16,782,833	1,105,596,172
EUR	922,242	63,958,358	713,995	51,960,406
GBP	37,575	3,033,924	12,582	1,213,202
JPY	65,408,478	38,571,379	1,157,562	704,680
SEK	894,102	6,607,417	520,707	4,195,967
CHF	230,935	15,248,612	-	-
		1,959,100,013		**1,163,670,426**

The Company's foreign currency exposure on account of foreign currency denominated receivables not hedged are:

Particulars	As at 31 March 2017		As at 31 March 2016	
	Amount (foreign currency)	Amount (INR)	Amount (foreign currency)	Amount (INR)
USD	8,723,201	564,902,710	8,748,064	580,232,369
EUR	183,899	12,747,733	496,740	30,211,212
GBP	46,239	3,730,238	5,885	901,520
JPY	40,000	23,588	40,000	21,648
SEK	34,574	255,503	12,636	103,836
		581,659,772		**611,470,586**

32. Leases

The Company has taken office facilities, car and computer under cancelable operating lease agreement. The Company intends to renew the agreement in the normal course of its business. Total lease rentals recognised in the profit and loss for the year in respect of the aforementioned lease is ₹ 29,575,012 (previous year: ₹ 24,615,036).

The Company has also given office facilities under cancelable operating lease agreement to its subsidiary. Total lease rental income recognized in the profit and loss for the year with respect to the above is ₹ 3,032,400 (previous year: ₹ 3,032,400).

33. Segment Information

The Companys's primary segment is identified as a business segment based on risk, return and nature of products and secondary segment is defined based on the geographical location of the Customers as per Accounting Standard -17. The Company oprerates in a single reporitng segment called "Electronic System Design and Manufacturing (ESDM)" .

Accordingly, the secondary segment disclosure are as under:

(Amount in ₹)

Geographic segment	For the year ended 31 March 2017	For the year ended 31 March 2016
Revenues		
India	1,529,788,648	1,354,626,875
Europe	848,445,354	707,801,584
USA	442,412,852	407,769,592
Rest of the world	1,051,878,798	846,491,072
	3,872,525,652	**3,316,689,124**
Segment assets		
India	3,655,122,539	3,040,057,258
Europe	710,534,061	197,777,813
USA	188,810,245	230,293,379
Rest of the world	205,100,452	212,012,420
	4,759,567,297	**3,680,140,871**

34. Related party disclosures

A. Parties where control exists:

Apparao V Mallavarapu (directly and indirectly exercises 51.79% voting power in the Company)

Subsidiary of the company

Centum Rakon India Private Limited
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**

Jointly Controlled Entity

Sandhi SAS*"

Associate

Ausar Energy SAS*

B. Other related parties where transactions have taken place during the year:

Parties under common control

Centum Industries Private Limited

C. Key management personnel:

Apparao V Mallavarapu - Chairman and Managing Director

Swarnalatha Mallavarapu - Director

with effect from 18 May 2016
* with effect from 30 June 2016
** with effect from 06 December 2016

D. The following is a summary of transactions with related parties by the Company:

(Amount in ₹)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Sale of goods and services		
Centum Rakon India Private Limited		
- Service income	68,093,164	62,497,221
- Sale of goods	2,401,142	2,522,965
Centum Adetel Group SA		
- Service income	536,651	-
- Sale of goods	8,879,655	-
Other Income		
Centum Rakon India Private Limited		
- Rental income	3,032,400	3,032,400
- Dividend	-	57,120,000
Purchase of goods and services		
Centum Industries Private Limited	-	13,404,983
Centum Rakon India Private Limited	367,156	988,584
Expense incurred on behalf of		
Centum Rakon India Private Limited	7,368,650	11,857,018
Managerial remuneration		
Apparao V Mallavarapu*	21,342,435	22,731,930

* Excludes contributions to employee retirement / post retirement and other employee benefits which are based on actuarial valuation done on an overall Company basis.

E. The balances receivable from and payable to related parties are as follows:

(Amount in ₹)

Particulars	As at 31 March 2017	As at 31 March 2016
Trade recievables		
Centum Industries Private Limited	304,995	-
Centum Rakon India Private Limited	10,154,224	12,319,409
Centum Adetel Group SA	24,905,995	-
Trade payables		
Centum Rakon India Private Limited	326,479	2,309,246
Centum Industries Private Limited	656,961	16,324
Non current investment		
Centum Rakon India Private Limited	28,560,000	28,560,000
Centum Electronics UK Limited	474,437,031	-
Managerial remuneration payable		
Apparao V Mallavarapu	11,910,435	13,299,930

35. The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprises Development Act, 2006 ('the Act'). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2017 has been made in the financial statements based on information received and 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 Act is not expected to be material. The Company has not received any claim for interest from any supplier as at the balance sheet date.

(Amount in ₹)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting period		
– Principal	11,672,585	5,091,529
– Interest	221,816	323
The amount of interest paid by the buyer in terms of Section 16, of the Micro Small and Medium Enterprise Development Act, 2006 (the Act) along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	323	1,628
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 said Act	-	-

(Amount in ₹)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
The amount of interest accrued and remaining unpaid at the end of each year	221,816	-
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	258,786	-

36. Particulars of raw materials and components consumed

(Amount in ₹)

Components	For the year ended 31 March 2017	For the year ended 31 March 2016
Integrated circuits	949,846,072	611,997,354
Others	1,029,040,520	943,277,241
	1,978,886,592	**1,555,274,595**

(Amount in ₹)

Raw materials	For the year ended 31 March 2017	For the year ended 31 March 2016
PCB	384,990,443	399,291,287
Others	266,896,280	249,579,028
	651,886,723	**648,870,315**

Note: No other individual item of raw materials and components consumed account for 10% or more of the total consumption during the year.

37. Value of imported and indigenous raw materials and components consumed

(Amount in ₹)

Particulars	For the year ended 31 March 2017		For the year ended 31 March 2016	
	%	Amount	%	Amount
Components				
Imported	94%	1,859,941,201	94%	1,454,234,008
Indigenous	6%	118,945,391	6%	101,040,587
		1,978,886,592		**1,555,274,595**
Raw materials				
Imported	83%	540,530,877	74%	479,082,450
Indigenous	17%	111,355,846	26%	169,787,865
		651,886,723		**648,870,315**

38. Particulars in respect of sale of manufactured products (including excise duty) and service income

(Amount in ₹)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Sale of products:		
Modules	1,243,528,225	945,978,551
Printed circuit boards assembly	2,394,328,657	2,213,095,797
Others	226,384,183	151,607,195
Sale of services:		
Repair services	68,016,594	48,461,600
Commission	10,508,772	8,366,850
Others	46,200,000	46,200,000
	3,988,966,431	**3,413,709,993**

39. CIF value of imports

(Amount in ₹)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Capital goods	129,864,799	53,373,478
Raw materials and components (including goods in transit)	2,504,965,188	1,948,269,073
	2,634,829,987	**2,001,642,551**

40. Expenditure in foreign currency

(Amount in ₹)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Travelling and conveyance	18,265,379	12,200,141
Selling and marketing expenses	1,224,304	693,421
Professional and consultancy	38,931,456	4,046,359
Salaries, wages and allowances	50,262,752	51,506,709
Other financial charges	15,288,608	1,980,266
Recruitment and training	4,986,256	8,945,229
Postage, telephone and telegram	911,237	906,221
Rent	1,598,797	51,150
Miscellaneous expenses	9,626,291	307,393
	141,095,080	**80,636,889**

41. Earnings in foreign currency

(Amount in ₹)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Sale of manufactured goods	2,342,737,003	1,962,062,249
Total	**2,342,737,003**	**1,962,062,249**

42. Expenditure on research and development

(Amount in ₹)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Capital	10,879,871	12,111,115
Recurring (including depreciation)	98,688,545	63,569,349
	109,568,416	**75,680,463**

43. Disclosure as per Regulation 34 (3) and 53 (f) read with Part A of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of loans and advances, the amount in the nature of loans outstanding at year end:

Subsidiary company	Value of investments held	Loans outstanding as at 31 March 2017	Maximum amount of loans outstanding during the year
i) Amount of Investment, loans and advances in the nature of loans outstanding from subsidiaries			
Centum Rakon India Private Limited	28,560,000	-	-
Centum Electronics UK Limited	474,437,031	-	-
Subsidiary company	**Value of investments held**	**Loans outstanding as at 31 March 2016**	**Maximum amount of loans outstanding during the year**
i) Amount of Investment, loans and advances in the nature of loans outstanding from subsidiaries			
Centum Rakon India Private Limited	28,560,000	-	-
Centum Electronics UK Limited	-	-	-
Also refer note 34			

44. During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated 31 March 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December, 30 2016, the denomination wise SBNs and other notes as per the notification is given below:

Particulars	Specified Bank Notes (SBN)*	Other denomination notes	Total
Closing cash in hand as on 8 November 2016	268,000	8,989	276,989
Add: Withdrawal from bank accounts	-	1,030,000	1,030,000
Add: Receipts for permitted transactions	-	142,309	142,309
Add: Receipts for non-permitted transactions	18,500	-	18,500
Less: Paid for permitted transactions	-	924,964	924,964
Less: Amount paid for non - permitted transactions	-	-	-
Less: Amount deposit in bank accounts	286,500	-	286,500
Closing cash in hand as on 30 December 2016	-	256,334	256,334

* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

45. During the year ended 31 March 2017, no material foreseeable loss was incurred for any long-term contract including derivative contracts.

46. Corporate social responsibility expenses

a) Gross amount required to be spent by the company during the year is ₹ 7,512,000 (previous year ₹ 8,148,000).

b) Amount spent during the year on:

Sl No	Particulars	Spent	Not spent	Total
i)	Construction/acquisition of any assets	-	-	-
ii)	On purposes other than (i) above	2,030,000	5,482,000	7,512,000

47. The Company has recommended and disclosed final dividend of ₹ 3 per share (previous year: ₹ Nil).The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

48. The Board of Directors of the Company has considered and approved the investment of 51% controlling stake in Adetel Group SA, France through Centum Electronics UK Limited on 17 June 2016. The said transaction was completed on 04 July 2016. Consequent to the acquisition, Adetel Group SA, France and its subsidiaries have become subsidiaries of the Company. Further the Board of Directors of the Company has considered and approved a further investment of 3.15% stake in Centum Adetel Group SA (formerly Adetel Group SA), France through Centum Electronics UK Limited on 10 March 2017.

The Company had incurred expenses amounting to ₹ 39,119,132 on account of professional charges, travelling, finance costs etc. in connection with the said investment which is shown under exceptional items.

49. Previous year's figures have been regrouped / reclassified as per the current year's presentation for the purpose of comparability. The following regrouping / reclassifications of the previous year figures have been made.

Particulars	Previous year grouping	Current year grouping	Amount in ₹
In Balance sheet	Other current liabilities-Other Payables-for expenses	Trade Payable- Dues to other creditors	99,205,458

As per our report of even date attached

for **BSR & Co. LLP**
Chartered Accountants
Firm Registration No. 101248W/W-100022

Amit Somani
Partner
Membership No. 060154

Place : Bangalore
Date : 30 May, 2017

for **Centum Electronics Limited**
CIN : L85110KA1993PLC013869

Apparao V. Mallavarapu
Chairman & Managing Director
DIN : 00286308

S. Krishnan
Director
DIN : 01807344

Ramu Akkili
Company Secretary

K.S.Desikan
Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

To the Members of Centum Electronics Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Centum Electronics Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") its associate and its jointly controlled entity, as listed in note 1(b)(2), comprising the Consolidated balance sheet as at 31 March 2017, the Consolidated statement of profit and loss and the Consolidated cash flow statement, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its associate and jointly controlled entity in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the Companies included in the Group and of its associate and jointly controlled entity are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associate and its jointly controlled entity 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 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 financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 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 the 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 controls relevant to the Holding Company's preparation of the consolidated 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 the 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 auditor 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 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 of reports of other auditor on separate financial statements and on the other financial information of the subsidiaries, associate and jointly controlled entity, the aforesaid

INDEPENDENT AUDITOR'S REPORT

consolidated 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 (financial position) of the Group, its associate and jointly controlled entity as at 31 March 2017 and their consolidated profit (financial performance) and their consolidated cash flows for the year ended on that date.

Other Matters

(a) We did not audit the financial statements/ financial information of six subsidiaries and one jointly controlled entity, whose financial statements/ financial information reflect total assets of Rs. 70,690 lakhs (net of inter-company and other transactions of Rs. 21,374 lakhs) and net assets of Rs. (518) lakhs (net of inter-company and other transactions of Rs. (767) lakhs) as at 31 March 2017, total revenue from operations of Rs. 41,834 lakhs (net of inter-company and other transactions of Rs. 24,152 lakhs) and net cash outflows / (inflows) amounting to Rs. (215) lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of Rs. 68.25 lakhs for the year ended 31 March 2017, as considered in the consolidated financial statements, in respect of one associate, whose financial statements / financial information have not been audited by us. These financial statements / financial information have been audited by other auditor whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entity and associate, and our report in terms of sub-section (3) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries, jointly controlled entity and associate, is based solely on the reports of the other auditor.

All of these subsidiaries, jointly controlled entity and associate are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditor under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of such subsidiaries, jointly controlled entity and associate located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries, jointly controlled entity and associate located outside India is based on the report of other auditor and the conversion adjustments prepared by the management of the Company and audited by us.

(b) We did not audit the financial statements / financial information of six subsidiaries whose financial statements/ financial information reflect total assets of Rs. 6,592 lakhs (net of inter-company and other transactions of Rs. 4,584 lakhs) and net assets of Rs. 1,947 lakhs (net of inter-company and other transactions of Rs. 1,947 lakhs) as at 31 March 2017, total revenue from operations of Rs. 6,668 lakhs (net of inter-company and other transactions of Rs. 5,893 lakhs) and net cash outflows / (inflows) amounting to Rs. 544 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements/ financial information are not material to the Group.

Our opinion above on the consolidated 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 auditor and the financial statements/ 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, associate and jointly controlled entity, as noted in the 'other matter' paragraph, we report, to the extent applicable, that

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

(b) in our opinion, proper books of account as required by law relating to preparation of aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

(c) the Consolidated balance sheet, the Consolidated statement of profit and loss and the consolidated cash flow statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

(d) in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) on the basis of the written representations received from the directors of the Holding Company and Subsidiary Companies incorporated in India, as on 31 March 2017 taken on record by the respective Board of Directors, none of the directors of the Holding Company and Subsidiary Companies incorporated in India are disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164(2) of the Act and

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and Subsidiary Companies, incorporated in India, and the operating effectiveness of such controls, refer to our separate report in "Annexure A".

(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 and based on the consideration of the reports of the other auditor on separate financial statements as also the other financial information of the subsidiaries, associate and jointly controlled entity, as noted in the 'Other matter' paragraph:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associate and jointly controlled entity - Refer note 27 to the consolidated financial statements;

i. The Group, its associate and jointly controlled entity did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2017;

ii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company during the year ended 31 March 2017. Further, there were no amounts during the year which were required to be transferred to the Investor Education and Protection Fund by the Subsidiary Companies incorporated in India; and

iv. The Holding Company and Subsidiary Companies incorporated in India, has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December, 2016. However, as stated in note 39 to the financial statements amounts aggregating to Rs.23,500, as represented to us by the Management, have been received from transactions which are not permitted.

for **BSR & Co. LLP**
Chartered Accountants
Firm registration number: 101248W/W-100022

Amit Somani
Partner
Membership Number: 060154

Bangalore
Date: 30 May, 2017

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF CENTUM ELECTRONICS LIMITED ("THE HOLDING COMPANY")

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 the Holding Company as of and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting of the Holding Company and its Subsidiary 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 Subsidiary Companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Group's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both 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 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 Group's internal financial controls system over financial reporting, to the extent applicable.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial controls over financial reporting 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 controls over financial reporting 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 financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 to future periods are subject to the risk that the internal financial control over financial reporting 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 and Subsidiary Companies incorporated in India have in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal controls over financial reporting criteria established by the Group considering the essential components of internal controls stated in the Guidance Note issued by the ICAI.

for **BSR & Co. LLP**
Chartered Accountants
Firm registration number: 101248W/W-100022

Amit Somani
Partner
Membership Number: 060154

Bangalore
Date: 30 May, 2017

CONSOLIDATED BALANCE SHEET

	Note	As at 31 March 2017 (₹)	As at 31 March 2016 (₹)
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	127,526,960	126,609,180
Reserves and surplus	3	2,063,953,774	1,785,460,942
		2,191,480,734	1,912,070,122
Minority interest		346,076,854	302,100,719
Non-current liabilities			
Long-term borrowings	4	817,607,620	-
Other Long Term Liabilities	5	72,216,239	-
Long-term provisions	6	33,092,466	26,999,572
		922,916,325	26,999,572
Current liabilities			
Short-term borrowings	7	1,432,115,944	814,190,979
Trade payables	8		
-total outstanding dues of micro enterprises and small enterprises		11,730,150	5,091,529
-total outstanding dues of creditors other than micro enterprises and small enterprises		1,458,484,391	797,087,117
Other current liabilities	9	1,830,591,782	692,498,300
Short-term provisions	10	33,811,607	56,553,207
		4,766,733,874	2,365,421,132
		8,227,207,787	**4,606,591,545**
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	11	1,462,008,465	655,024,266
Intangible assets	11	339,276,248	64,901,989
Capital work-in-progress		112,970,801	208,506,408
		1,914,255,514	928,432,663
Goodwill on consolidation	29	387,650,105	-
Non-current investments	12	129,605,241	13,259,700
Deferred tax assets-(net)	13	46,652,120	53,460,821
Long-term loans and advances	14	198,842,588	214,047,482
		2,677,005,568	1,209,200,666
Current assets			
Inventories	15	2,312,326,937	1,572,990,376
Trade receivables	16	1,383,697,793	1,023,987,654
Cash and bank balances	17	433,063,428	632,078,517
Short-term loans and advances	18	1,421,114,061	168,334,332
		5,550,202,219	3,397,390,879
		8,227,207,787	**4,606,591,545**
Significant accounting policies	1		

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached

for **BSR & Co. LLP**
Chartered Accountants
Firm Registration No. 101248W/W-100022

Amit Somani
Partner
Membership No. 060154

Place : Bangalore
Date : 30 May, 2017

for **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

	Note	For the year ended 31 March 2017 (₹)	For the year ended 31 March 2016 (₹)
Revenue from operations			
Sale of Product/goods (Gross)	19	5,133,222,430	4,103,575,071
Less: excise duty		118,904,778	99,317,241
Sale of Product/goods (Net)		5,014,317,652	4,004,257,830
Sale of services	19	2,379,584,336	40,556,355
Other income	20	251,542,864	84,113,776
		7,645,444,852	**4,128,927,960**
Expenses:			
Cost of materials consumed	21	3,677,744,192	2,566,122,771
Changes in inventories of work-in-progress	22	(154,685,626)	11,500,607
Employee benefits expense	23	2,379,215,786	538,829,009
Finance costs	24	95,212,991	40,348,623
Depreciation and amortisation	11	292,149,249	166,489,277
Other expenses	25	957,609,416	446,532,426
		7,247,246,008	**3,769,822,713**
Profit before exceptional items and tax		398,198,844	359,105,247
Exceptional items	26	(6,948,329)	-
Profit before tax		**405,147,173**	**359,105,247**
Tax expenses			
Current tax		99,233,216	117,030,000
Tax relating to earlier years		(8,377,875)	(4,028,552)
Deferred tax credit / (credit)		6,808,702	(12,240,196)
Minimum alternate tax credit entitlement		(3,583,724)	-
Profit for the year before share of profits of associates and minority interest		**311,066,854**	**258,343,995**
Share of net profit of associate		6,824,601	-
Share of profit of minority		5,193,559	(4,261,643)
Profit for the year		**312,697,896**	**262,605,638**
Earnings per equity share (Par value of ₹10 each)	31		
Basic		24.59	20.81
Diluted		24.31	20.44
Significant accounting policies	1		

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached

for **BSR & Co. LLP**
Chartered Accountants
Firm Registration No. 101248W/W-100022

Amit Somani
Partner
Membership No. 060154

Place : Bangalore
Date : 30 May, 2017

for **Centum Electronics Limited**
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DIN : 00286308

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Company Secretary

S. Krishnan
Director
DIN : 01807344

K.S.Desikan
Chief Financial Officer

CONSOLIDATED CASH FLOW STATEMENT

	For the year ended 31 March 2017 (₹)	For the year ended 31 March 2016 (₹)
Cash flow from operating activities		
Profit before tax	405,147,173	359,105,247
Adjustments		
Unrealised foreign exchange loss/(gain)	13,143,199	7,148,492
Bad debts written off	-	1,422,850
Liabilities no longer required written back	27,538,183	-
(Profit)/loss on sale of fixed assets/ Investment	693,339	(1,432,751)
Depreciation and amortisation	292,149,249	166,489,277
Finance costs	95,212,991	40,348,623
Interest income	(39,049,206)	(30,423,458)
Operating cash flows before working capital changes	**794,834,928**	**542,658,280**
Change in liabilities and provisions	(331,686,894)	271,412,529
Change in inventories	(443,632,557)	(44,337,043)
Change in trade receivables	50,530,361	66,842,216
Change in loans and advances	10,840,050	32,434,897
Change in other bank balances	(13,557,947)	(66,024,855)
Cash generated from operations	**67,327,939**	**802,986,024**
Income tax expenses	(126,827,863)	(125,895,263)
Net cash generated from operating activities	**(59,499,924)**	**677,090,761**
Cash flow from investing activities		
Proceeds from sale of fixed assets	248,901	1,432,752
Proceeds from sale of Investment	17,400,824	-
Consideration paid on acquisition of shares in a company	-	(13,259,700)
Purchase of assets on slump sale	-	(57,000,000)
Interest received	39,049,206	27,581,191
Purchase of fixed assets	(696,958,054)	(329,713,838)
Net cash used in investing activities	**(640,259,123)**	**(370,959,595)**
Cash flow from financing activities		
Proceeds from long term borrowings	290,320,367	-
Proceeds / (repayment) of short term borrowings	337,751,662	(101,987,919)
Proceeds from issue of share capital	5,991,193	5,923,219
Interest paid	(95,212,991)	(40,572,456)
Dividend paid (including dividend distribution tax and amount transferred to investor education and protection fund)	(55,865,786)	(114,910,705)
Net cash gerenrated from / (used in) by financing activities	**482,984,445**	**(251,547,861)**
Effect of exchange differences on translation of foreign currency cash and cash equivalent	1,590,808	382,000
Net increase in cash and cash equivalents	(216,774,602)	54,583,304
Cash and cash equivalents at the beginning of the year	512,512,666	451,101,505
Cash and cash equivalents on acquisition of shares in a subsidiary	2,610,758	-
Cash and cash equivalents acquired under slump sale	-	6,445,857
Cash and cash equivalents at the end of the year (refer note 17)	**299,939,630**	**512,512,666**

This is the Cash Flow statement referred to in our report attached
As Per our report of even date attached

for **BSR & Co. LLP**
Chartered Accountants
Firm Registration No. 101248W/W-100022

Amit Somani
Partner
Membership No. 060154

Place : Bangalore
Date : 30 May, 2017

for **Centum Electronics Limited**
CIN : L85110KA1993PLC013869

Apparao V. Mallavarapu
Chairman & Managing Director
DIN : 00286308

S. Krishnan
Director
DIN : 01807344

Ramu Akkili
Company Secretary

K.S.Desikan
Chief Financial Officer

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

1. Significant accounting policies

a) Background

Centum Electronics Limited ("the Company") along with its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") its associate and its jointly controlled entity its subsidiaries, are primarily involved in the design and manufacture of Advanced microelectronics modules, Frequency control products, Printed circuit board assembly (PCBA) and Resistor networks catering to the communications, Military, Aerospace, Transportation and Industrial electronics markets. Centum is headquartered in Bangalore, India.

b) Basis of preparation of consolidated financial statements

1. The consolidated financial statements relate to Group, associate and jointly controlled entity The consolidated financial statements are prepared in accordance with Accounting Standard 21 - 'Consolidated Financial Statements', Accounting Standard 23 - 'Accounting for Investments in Associates in Consolidated Financial Statement' and Accounting Standard 27 – 'Financial Reporting of Interests in Joint Ventures' prescribed under section 133 of the Companies Act, 2013 ('the Act'), read with rule 7 of the Companies (Accounts) Rules, 2014 and the Companies Act,1956 to the extent relevant. The consolidated financial statements are prepared by adopting uniform accounting policies between the group companies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements.

2. Subsidiaries, associate and jointly controlled entity considered in the consolidated financial statements:

Sl. No	Entity	Subsidiary / Jointly controlled entity / Associate	Country of incorporation	Proportion of ownership interest (in %)	Proportion of voting power held directly or indirectly (in %)
1	Centum Rakon India Private Limited	Subsidiary	India	51%	51%
2	Centum Electronics UK Limited	Subsidiary	United Kingdom	100%	100%
3	Centum Adetel Group SA	Subsidiary	France	54.15%	54.15%
4	Centum Adeneo SAS	Subsidiary *	France	100%	100%
5	Centum Adeneo CRD SAS	Subsidiary *	France	100%	100%
6	Centum Adetel Transportation System SAS	Subsidiary *	France	100%	100%
7	Centum Adetel Transportation SAS	Subsidiary *	France	100%	100%
8	Centum Adetel Synergies SARL	Subsidiary *	France	100%	100%
9	Centum Adetel Solution	Subsidiary *	Canada	100%	100%
10	Centum Adetel Equipment	Subsidiary *	Canada	100%	100%
11	Adetel Maroc SA	Subsidiary *	Morocco	96.11%	96.11%
12	Adetel Equipment Maroc SA	Subsidiary *	Morocco	99.97%	99.97%
13	Centum Adeneo India Private Limited	Subsidiary *	India	100%	100%
14	Sandhi SAS	Jointly controlled entity**	France	50%	50%
15	Ausar Energy SAS	Associate ***	France	40.82%	40.82%

* Wholly owned subsidiary of Centum Adetel Group SA
** Jointly controlled entity of Centum Adetel Group SA
*** Associate of Centum Adetel Group SA

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

3. Principles of consolidation

   i. These consolidated financial statements have been prepared by consolidation of the financial statements of the Company and its subsidiaries on a line-by-line basis after fully eliminating the inter-company transactions. Minority interests represent that part of the net profit or loss and net assets of the Subsidiary Company that are not, directly or indirectly, owned or controlled by the Company. The excess of cost of the parent company of its investment in the subsidiary over its portion of equity in the subsidiary, on the date of investment is recognised in the consolidated financial statements as goodwill. The parent portion of equity in such subsidiary is determined on the basis of book value of assets and liabilities as per the financial statements of the subsidiary as on the date of the investment.

   ii. Accounting for investments in associate companies has been carried out under the equity method of accounting prescribed under Accounting Standard 23 - "Accounting for Investments in Associates in Consolidated Financial Statements" wherein goodwill / capital reserve arising at the time of acquisition, and the Group's share of profit or loss after the date of acquisition have been adjusted in the investment value

   iii. Accounting for jointly controlled entity has been carried out under the Accounting Standard 27 – 'Financial Reporting of Interests in Joint Ventures' using proportionate consolidation method

4. Basis of accounting and preparation of consolidated financial statements

   The consolidated financial statements are prepared under the historical cost convention, on the accrual basis of accounting to comply in all material aspects with the applicable accounting principles in India, the mandatory Accounting Standards prescribed under Section 133 of the Companies Act, 2013 ('the Act'), read with rule 7 of the Companies (Accounts) Rules, 2014 and the Companies Act, 1956 to the extent relevant and the guidelines issued by the Securities and Exchange Board of India ('SEBI').

   The financial statements of Centum Adeneo India Private Limited, Centum Electronics UK Limited, Centum Adetel Solution, Centum Adetel Equipment, Adetel Maroc SA and Adetel Equipment Maroc SA have been incorporated in the consolidated financial statements of Centum Electronics Limited based on unaudited financial statements.

c) Cash flow statement

Cash flow statement is reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows arising from operating, investing and financing activities of the Group are segregated.

d) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

e) Fixed assets

Fixed assets are carried at cost of acquisition less accumulated depreciation. The cost of fixed assets includes freight, duties, taxes and other incidental expenses related to the acquisition or construction of the respective assets. Intangible assets are recorded at their acquisition cost. Machinery spares which are specific to a particular item of fixed asset are capitalized at the time of their purchase.

The cost of fixed assets not ready for their intended use before such date, are disclosed as capital work-in-progress.

f) Depreciation and amortisation

Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets as prescribed under Part C of Schedule II of the Companies Act 2013 except for Plant and equipment which is estimated by the Company. Depreciation for assets purchased/ sold during a period is proportionately charged. Intangible assets are amortised over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available to the Company for its use.

The Company estimates the useful lives for fixed assets as follows:

Asset categories	Years
Plant and equipment (including the related intellectual property)	8 years (Lives as estimated by Company)
Electrical installations	10 years
Furniture and fixtures	10 years
Office equipment	5 year
Computers	3 years
Goodwill	4 years

Goodwill arising on consolidation is evaluated for impairment periodically (Refer note 1 (o)

Land is not depreciated. Leasehold improvements are being depreciated over the useful life or lease term whichever is shorter.

For assets acquired/ disposed during the year, depreciation is provided for from/upto the date the assets are acquired/ disposed. Assets individually costing Rs 5,000 or less are depreciated at the rate of 100%.

Machinery spares are depreciated on a systematic basis over the period of the remaining useful life of the fixed asset for which they are utilized.

g) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost of inventories comprises purchase price and all incidental expenses (other than those subsequently recoverable by the Group from the tax authorities) incurred in bringing the inventory to its present location and condition. The basis of determining cost is set out below:

Stores and spares
Weighted average cost method

Raw materials and components
Weighted average cost method

Work-in-progress and finished goods
Weighted average cost including costs of conversion

Goods in transit
At actual cost

Fixed production overheads are allocated on the basis of normal capacity of production facilities.

h) Revenue recognition

Revenue from the sale of products and materials is recognized on transfer of all significant risks and rewards of ownership to the buyer. Sales are accounted inclusive of excise duty and exclude sales tax and trade and quantity discounts and are net of sales returns. Revenue from sale of manufactured goods has been presented both gross and net of excise duty.

Revenue from services is recognized as and when services are rendered as per the terms of the contract.

Interest on deployment of funds is recognized using the time proportionate method, based on underlying interest rates.

i) Employee benefits

Defined benefit plans

The Group's (as applicable) gratuity plan is a

defined benefit plan. The present value of gratuity obligation under such defined benefit plans is determined based on actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations. Actuarial gains and losses are recognised immediately in the statement of profit and loss. Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs.

Other short term benefits

The expected cost of short-term employee benefits in the form of accumulating compensated absences are recognized as the additional amount that the enterprise expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date.

Defined contribution plan

Contributions to the recognized provident fund and employee's state insurance which are defined contribution schemes, are charged to the statement of profit and loss.

j) Foreign currency transactions

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the respective transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the consolidated statement of profit and loss of the year.

Exchange differences arising on a monetary item that, in substance, forms part of a Group's net investment in a non-integral foreign operation is accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment. Upon reclassification of such non-integral foreign operations to integral foreign operations, all future exchange differences on the said monetary items are adjusted to consolidated statement of profit and loss. Exchange differences accumulated in foreign currency translation reserve till such reclassification are not adjusted to consolidated statement of profit and loss until the disposal of such foreign operations.Exchange differences arising on a monetary item that, in substance, forms part of a Group's net investment in a non-integral foreign operation is accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment. Upon reclassification of such non-integral foreign operations to integral foreign operations, all future exchange differences on the said monetary items are adjusted to consolidated statement of profit and loss. Exchange differences accumulated in foreign currency translation reserve till such reclassification are not adjusted to consolidated statement of profit and loss until the disposal of such foreign operations.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date, the resultant exchange differences are recognized in the consolidated statement of profit and loss.

The Group is exposed to foreign currency transactions including foreign currency revenues and receivables. With a view to minimize the volatility arising from fluctuations in currency rates, the Group enters into foreign exchange forward contracts.

Forward exchange contracts and other similar instruments that are not in respect of forecasted transactions are accounted for using the guidance in Accounting Standard ('AS') 11, 'The effects of changes in foreign exchange rates'. For such forward exchange contracts and other similar instruments covered by AS 11, based on the nature and purpose of the contract, either the contracts are recorded based on the forward rate/

fair value at the reporting date, or based on the spot exchange rate on the reporting date. For contracts recorded at the spot exchange rates, the premium or discount at the inception is amortized as income or expense over the life of the contract.

k) Earnings per share

In determining earnings per share, the Group considers the net profit after tax. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the year. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable, had the shares been actually issued at fair value (i.e. the average market value of the outstanding shares). Dilutive potential equity shares are deemed converted as of the beginning of the year, unless issued at a later date.

l) Provisions and contingent liabilities

The Group recognizes a provision when there is a present obligation as a result of an obligating event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

m) Taxation

Income-tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets / liabilities are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

Assets and liabilities representing current and deferred tax are disclosed on a net basis when there is a legally enforceable right to set off and management intends to settle the asset and liability on a net basis.

Minimum Alternate Tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the Group will pay normal income-tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in the guidance note issued by Institute of Chartered Accountants of India ('ICAI'), the said asset is created by way of a credit to the statement of profit and loss. The Group reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the Group

will pay normal income-tax during the specified period.

n) Research and development

Research costs are expensed as incurred. Product development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Group has an intention and ability to complete and use or sell the product and the costs can be measured reliably.

o) Impairment of assets

The Group assesses at each balance sheet date whether there is any indication that an asset or a group of assets comprising a cash generating unit may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. For an asset or group of assets that does not generate largely independent cash in flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the consolidated statement of profit and loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost. An impairment loss is reversed only to the extent that the carrying amount of asset does not exceed the net book value that would have been determined; if no impairment loss had been recognised.

p) Borrowing costs

Borrowing costs directly attributable to the acquisition/ construction of the qualifying asset are capitalized as part of the cost of that asset. Other borrowing costs are recognized as an expense in the year in which they are incurred.

q) Stock compensation expense

The Group accounts for stock based compensation expense based on the intrinsic value method as prescribed by the Guidance Note on Accounting for Employee Share–based Payments issued by Institute of Chartered Accountants of India (ICAI).

r) Investments

Long-term investments are stated at cost. A provision for diminution is made to recognise a decline, other than temporary, in the value of long-term investments.

s) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

t) Leases

Assets acquired under leases, where a significant portion of the risk and rewards of ownership are retained by the lessor, are classified as operating leases. Lease rentals are charged to the Statement of profit and loss on a straight line basis over the lease term.

Particulars	As at 31 March 2017 (₹)	As at 31 March 2016 (₹)
2. SHARE CAPITAL		
Authorised		
15,500,000 (previous year: 15,500,000) equity shares of ₹ 10 each	155,000,000	155,000,000
Issued, subscribed and paid-up		
12,752,696(previous year: 12,660,918) equity shares of ₹ 10 each, fully paid	127,526,960	126,609,180
	127,526,960	**126,609,180**

Reconciliation of equity shares outstanding at the beginning and at the end of the reporting year

	As at 31 March 2017		As at 31 March 2016	
	Number	Amount	Number	Amount
Number and value of shares at the beginning of the year	12,660,918	126,609,180	12,569,731	125,697,310
Number of shares issued during the year	91,778	917,780	91,187	911,870
Number and value of shares outstanding at the end of the year	12,752,696	127,526,960	12,660,918	126,609,180

Details of shareholders holding more than 5% shares in the company

Name of the shareholder	As at 31 March 2017		As at 31 March 2016	
	Number	% of holding	Number	% of holding
Apparao V Mallavarapu	6,604,715	51.79%	6,604,715	52.17%

Rights, preferences and restrictions attached to equity shares

The Company has only one class of share referred to as equity share having par value of ₹10. Each holder of the equity share, as reflected in the records of the Company as of the date of the shareholder meeting, is entitled to one vote in respect of each share held for all matters submitted to vote in the shareholders' meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the 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 shareholders.

Buy back of shares, issue of bonus share and share allotted as fully paid up pursuant to contract(s) without payments being received in cash

There have been no buyback of shares, issue of bonus shares and issue of shares pursuant to contract without payment being received in cash for the period of five years immediately preceding the balance sheet date.

Shares reserved for issue under options and contracts / commitments for the sale of shares / divestment, including the terms and amounts - refer note 34 for disclosure in relation to employee stock option plan.

Particulars	As at 31 March 2017 (₹)	As at 31 March 2016 (₹)
3 RESERVES AND SURPLUS		
Securities premium account		
Balance at the beginning of the year	135,058,030	130,046,679
Add: Addition during the year	5,073,413	5,011,351
Closing balance	**140,131,443**	**135,058,030**
General reserve		
Balance at the beginning of the year	475,100,060	475,100,060
Add: Addition during the year	-	-
Closing balance	**475,100,060**	**475,100,060**
Surplus in statement of profit and loss		
Opening balance	1,175,302,852	950,679,967
Add: Profit for the year	312,697,904	262,605,639
Less: Appropriations during the year		
Interim dividend	25,505,392	37,982,754
Corporate dividend tax	5,192,298	-
Closing balance	**1,457,303,066**	**1,175,302,852**
Translation reserve		
Balance at the beginning of the year	-	-
Add: Addition during the year	(8,580,787)	-
Closing balance	**(8,580,787)**	**-**
	2,063,953,782	**1,785,460,942**
4 LONG-TERM BORROWINGS		
Secured		
Term loans from banks	540,195,583	-
Unsecured		
Bonds	277,412,037	-
	817,607,620	**-**

Bonds:

Bonds having coupon rate of 4% p.a. amounting to ₹ 277,412,037 (previous year: Nil).

Term loans from bank:

The term loan from bank represents loan taken from Citi bank and other banks.

The term loan from Citi bank of ₹ 300,787,990 is secured by way of :-

1. First pari-passu charge on current assets including stock and receivables of the borrower.
2. First pari-passu charge on present and future fixed assets of the borrower.
3. First pari-passu charge by way of equitable mortgage on Land and Building.
   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 of ₹ 239,407,593 from other banks carrying interest rates ranging from 2.26% p.a to 4% p.a and is secured by way of exclusive charge on all fixed assets of the Centum Adetel Group SA, Centum Adeneo SAS and Centum Adetel Solution.

The term loan from Citi bank carries an interest rate of 4.25 % per annum on the outstanding amount of the loan payable at quarterly rests. The term loan is repayable in sixteen equal quarterly installments commencing from 29 September 2017.

There is no continuing default in the repayment of the principal and interest amounts at the balance sheet date.

5. OTHER LONG TERM LIABILITIES		
other Long Term Liabilities	72,216,239	-
	72,216,239	**-**

Particulars	As at 31 March 2017 (₹)	As at 31 March 2016 (₹)
6. LONG-TERM PROVISIONS		
Provision for gratuity (refer note 33)	33,092,466	26,999,572
	33,092,466	**26,999,572**
7. SHORT-TERM BORROWINGS		
Secured		
Short term loans from banks		
- Cash credit	517,672,042	32,971,542
- Packing credit	721,050,727	751,773,088
- FCNR account	193,393,175	29,446,349
	1,432,115,944	**814,190,979**

Short term loans pertaining to:
Centum Electronics Limited:
Cash credit of ₹ 282,299,719 (previous year: ₹ 32971542), Packing credit of ₹ 600,424,794 (previous year: ₹ 637,256,322) and Foreign Currency Non-Repatriable (FCNR) loan of ₹ 193,393,175 (previous year: ₹ 29,446,349) from banks and are secured by way of hypothecation of inventories, book debts and other current assets of the Company. Additionally, it is secured by way of collateral charge on plant and machinery and an equitable mortgage of lands located in Yelahanka and Devanahalli.
Interest rates are linked to respective banks base rates. Cash credit ranges from 11.25% p.a. to 11.30% p.a (previous year: 11.30% p.a. to 11.90% p.a.), Packing credit interest rate is 3.12% p.a. (previous year : 2.36% p.a. to 2.78% p.a.) and FCNR interest rate is 5.5% p.a. (previous year: 5.5%) payable monthly and repayable on demand basis.
Centum Rakon India Private Limited:
Cash credit of ₹ 8,764,834 (previous year: Rs. Nil) and Packing credit of ₹ 120,625,933 (previous year: ₹ 114,516,766) from banks are secured by way of hypothecation of inventories and book debts of the Company. Additionally, it is secured by way of collateral charge on plant and machinery. Interest rates are linked to respective banks' base rates. Cash credit ranges from 11.25% p.a to 11.30% p.a (previous year: 11.30% p.a to 11.90% p.a.) and Packing credit interest rate is 3.12% p.a (previous year : 2.36% p.a to 2.78% p.a) payable monthly.
Centum Adetel Group SA- Cash credit of ₹ 226,607,480 (previous year: Nil) carrying interest rates ranging from 2.26 % p.a to 4 % p.a (previous year : Nil) and is secured by way of exclusive charge on all fixed assets of the Centum Adetel Group SA, Centum Adeneo SAS and Centum Adetel Solution.
There is no default in the repayment of the principal and interest amounts.

8. TRADE PAYABLES		
- Dues to micro and small enterprises	11,730,150	5,091,529
- Dues to other creditors	1,458,484,391	797,087,117
	1,470,214,541	**802,178,646**
* Includes an amount of ₹ 5,533,268 (previous year ₹ 21,786,343) payable from companies where directors of the company are also directors / members. (Refer Note 38).		
9. OTHER CURRENT LIABILITIES		
Current maturities of long-term debt*	69,412,612	-
Advance from customers	585,623,994	548,428,641
Unpaid dividends	1,774,914	26,943,010
[Investor Protection Education Fund shall be credited when due]		
Other payables		
- withholding and other taxes and duties payable	600,579,919	22,340,632
- for accrued salaries and benefits	448,243,444	74,939,795
- for capital goods	124,956,899	19,846,222
	1,830,591,782	**692,498,300**
* refer note no 4 for securities, interest rate and repayment details. There is no continuing default in the repayment of the principal and interest amounts at the balance sheet date.		
10. SHORT-TERM PROVISIONS		
Provision for gratuity (refer note 33)	4,374,338	3,029,992
Provision for compensated absences	11,009,865	10,675,337
Provision for stamp duty charges (refer note 27)	11,173,888	19,585,888
Provision for taxation, net of advance tax (₹ 90,446,482, Previous year ₹ 97,744,720)	7,253,516	23,261,990
	33,811,607	**56,553,207**

11. FIXED ASSETS

(Amount in ₹)

Particulars	GROSS BLOCK						ACCUMULATED DEPRECIATION AND AMORTISATION						NET BLOCK
	As at 1 April 2016	Addition on account of Adetel acquisition	Translation adjustment	Additions during the year	Deletions during the year	As at 31 March 2017	As at 1 April 2016	Addition on account of Adetel acquisition	Translation adjustment	Charge for the year	Deletions during the year	As at 31 March 2017	As at 31 March 2017
Tangible assets, owned													
Freehold land	4,409,383	1,163,009	(91,848)	-	-	5,480,544	-	-	-	-	-	-	5,480,543
Leasehold improvements	54,474,930	-	-	109,287	-	54,584,217	39,199,867	-	-	7,502,364	-	46,702,231	7,881,986
Building	60,073,773	32,541,799	(2,569,981)	389,850,817	-	479,896,408	25,606,459	13,835,246	(1,140,426)	5,117,630	-	43,418,909	436,477,500
Plant and equipment	1,676,093,508	97,501,904	(7,700,190)	363,369,566	9,622,625	2,119,642,163	1,253,311,568	75,099,024	(6,099,007)	133,932,520	8,680,379	1,447,563,726	672,078,436
Electrical installation	97,649,558	-	-	67,671,926	-	165,321,484	58,537,138	-	-	10,895,135	-	69,432,273	95,889,211
Computers	44,545,669	-	-	11,866,429	-	56,412,098	41,833,252	-	-	4,749,910	-	46,583,162	9,828,936
Office equipment	37,750,890	-	-	29,443,760	-	67,194,650	31,514,672	-	-	4,191,606	-	35,706,278	31,488,372
Furniture and fixtures	32,296,742	193,086,983	(21,956,077)	19,968,294	-	223,395,942	22,426,106	126,031,794	(12,443,736)	3,621,586	-	139,635,750	83,760,192
Vehicles	14,966,040	900,362	(71,106)	-	-	15,795,296	9,408,856	413,397	(36,732)	1,498,177	-	11,283,698	4,511,599
Tangible assets, leased													
Computer	990,801	-	-	-	-	990,801	979,858	-	-	10,943	-	990,801	-
Leasehold land (Refer note 1 below)	114,611,690	-	-	-	-	114,611,690	-	-	-	-	-	-	114,611,690
Total (A)	**2,137,862,984**	**325,194,057**	**(32,389,202)**	**882,280,079**	**9,622,625**	**3,303,325,293**	**1,482,817,776**	**215,379,461**	**(19,719,901)**	**171,519,871**	**8,680,379**	**1,841,316,828**	**1,462,008,465**
Intangible assets, owned													
Computer software	64,920,922	-	-	3,694,424	-	68,615,346	45,894,818	-	-	8,068,025	-	53,962,843	14,652,503
Intellectual property	11,868,954	1,056,094,837	(83,404,845)	159,584,903	-	1,144,143,849	2,362,247	797,180,920	(56,236,180)	102,602,936	-	845,909,923	298,233,926
Goodwill (Refer note 28)	39,652,622	-	-	-	-	39,652,622	3,304,386	-	-	9,958,417	-	13,262,803	26,389,819
Total (B)	**116,442,498**	**1,056,094,837**	**(83,404,845)**	**163,279,327**	**-**	**1,252,411,817**	**51,561,451**	**797,180,920**	**(56,236,180)**	**120,629,378**	**-**	**913,135,569**	**339,276,248**
Total (A)+(B)	**2,254,305,482**	**1,381,288,894**	**(115,794,047)**	**1,045,559,406**	**9,622,625**	**4,555,737,110**	**1,534,379,227**	**1,012,560,381**	**(75,956,081)**	**292,149,249**	**8,680,379**	**2,754,452,397**	**1,801,284,713**

Note :-

1. 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 18 December 2013. The aggregate capitalized cost of the land at the end of the year is ₹ 114,611,690. 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.
2. The Company has capitalised the borrowing cost towards Avansa building. Addition to gross block include borrowing cost amounting to ₹ 6,140,645 (previous year: Nil).

11. FIXED ASSETS

(Amount in ₹)

Particulars	GROSS BLOCK				ACCUMULATED DEPRECIATION AND AMORTISATION				NET BLOCK
	As at 1 April 2015	Additions during the year	Deletions during the year	As at 31 March 2016	As at 1 April 2015	Charge for the year	Deletions during the year	As at 31 March 2016	As at 31 March 2016
Tangible assets, owned									
Freehold land	4,409,383	-	-	4,409,383	-	-	-	-	4,409,383
Leasehold improvements	50,278,862	4,196,068	-	54,474,930	28,805,596	10,394,271	-	39,199,867	15,275,063
Building	60,050,721	23,052	-	60,073,773	23,589,106	2,017,353	-	25,606,459	34,467,314
Plant and equipment	1,589,620,921	86,472,587	-	1,676,093,508	1,135,476,767	117,834,801	-	1,253,311,568	422,781,939
Electrical installations	96,255,735	1,393,823	-	97,649,558	48,286,916	10,250,222	-	58,537,138	39,112,420
Computers	43,160,610	1,385,059	-	44,545,669	40,235,586	1,618,608	-	41,854,194	2,691,475
Office equipment	36,537,666	1,213,224	-	37,750,890	27,384,257	4,130,415	-	31,514,672	6,236,218
Furniture and fixtures	30,563,243	1,733,499	-	32,296,742	18,982,893	3,443,213	-	22,426,106	9,870,636
Vehicles	16,237,641	5,628,306	6,899,907	14,966,040	14,290,230	2,018,532	6,899,906	9,408,856	5,557,184
Tangible assets, leased									
Computer	990,801	-	-	990,801	967,007	12,851	-	979,858	10,943
Leasehold land (Refer note 1 below)	114,611,690	-	-	114,611,690	-	-	-	-	114,611,690
Total (A)	**2,042,717,273**	**102,045,617**	**6,899,907**	**2,137,862,984**	**1,338,018,358**	**151,720,266**	**6,899,906**	**1,482,838,718**	**655,024,266**
Intangible assets, owned									
Computer software	46,306,381	18,614,541	-	64,920,922	35,855,148	10,018,728	-	45,873,876	19,047,046
Intellectual property	8,623,664	3,245,290	-	11,868,954	916,350	1,445,897	-	2,362,247	9,506,707
Goodwill (Refer note 2 below)	-	39,652,622	-	39,652,622	-	3,304,386	-	3,304,386	36,348,236
Total (B)	**54,930,045**	**61,512,453**	**-**	**116,442,498**	**36,771,498**	**14,769,011**	**-**	**51,540,509**	**64,901,989**
Total (A)+(B)	**2,097,647,318**	**163,558,070**	**6,899,907**	**2,254,305,482**	**1,374,789,856**	**166,489,277**	**6,899,906**	**1,534,379,227**	**719,926,255**

Note:

1. 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 18 December 2013. The aggregate capitalized cost of the land at the end of the year is ₹ 114,611,690. 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.
2. Of the total additions for the year ₹ 12,897,562 pertains to acquisition of fixed assets from Centum Industries Private Limited, pursuant to slump sale agreement dated 1 December 2015, also refer note 28.

Particulars	As at 31 March 2017 (₹)	As at 31 March 2016 (₹)
12. NON-CURRENT INVESTMENTS		
Trade investment unquoted (At cost less provision for other than temporary diminution)		
Investments in equity instruments		
Aggregate amount of unquoted investment		
Investments of subsidiary	11,832,349	-
Investment in associate	49,030,632	-
Others	13,259,700	13,259,700
Investments in bonds		
Aggregate amount of unquoted investment		
Investments in bonds	55,482,560	-
	129,605,241	**13,259,700**
13. DEFERRED TAX ASSETS, NET		
Fixed assets	13,459,380	22,360,590
Provision for doubtful debts	2,986,090	1,984,661
Provision for doubtful advances	-	471,020
Provision for employee benefits	26,339,590	21,866,266
Current liabilities and provisions	3,867,060	6,778,284
	46,652,120	**53,460,822**
14. LONG-TERM LOANS AND ADVANCES		
Unsecured, considered good		
Capital advances	105,717,959	110,557,448
Balance with government authorities	7,469,806	43,382,018
Advance tax, net of provision for tax (₹ 97,700,000, previous year ₹ 117,030,000)	57,614,437	34,066,666
Prepaid expenses	8,518,828	3,799,712
Deposits	19,521,558	22,241,638
	198,842,588	**214,047,482**
Unsecured, considered doubtful		
Balance with government authorities	-	1,361,015
	-	1,361,015
Less: Provision for doubtful deposits and advances	-	1,361,015
	198,842,588	**214,047,482**
15. INVENTORIES		
Raw materials* [includes raw material in transit ₹ 44,771,393 (previous year: ₹ 84,642,052]	1,392,298,928	1,066,711,996
Work-in-progress*	915,932,262	498,521,726
Stores and spares*	4,095,747	7,756,654
	2,312,326,937	**1,572,990,376**
[*Refer significant accounting policy note '1(g)' for mode of valuation]		

Particulars	As at 31 March 2017 (₹)	As at 31 March 2016 (₹)
16. TRADE RECEIVABLES		
Unsecured		
Debts due for a period exceeding six months		
- considered good	59,938,825	36,324,275
- considered doubtful	9,569,002	572,407
	69,507,827	36,896,682
Other debts		
- Considered good	1,323,758,968	987,663,379
	1,323,758,968	987,663,379
Less: Provision for doubtful debts	9,569,002	572,407
	1,383,697,793	**1,023,987,654**
* Includes an amount of ₹ 151,302,915 (previous year ₹ 120,024,459) receivable from companies where directors of the company are also directors / members. (Refer Note 38).		
17. CASH AND BANK BALANCES		
Cash and cash equivalents		
Cash on hand	595,208	562,822
Balance with banks		
- on current account	71,952,740	18,111,504
- on deposit account with original maturity of less than three months	185,533,990	440,064,827
- on exchange earners foreign currency account	41,857,692	53,773,513
	299,939,630	**512,512,666**
Other bank balances		
Balance with banks		
- on current account*	1,789,436	26,957,532
- on margin money accounts**	131,334,362	92,608,319
	433,063,428	**632,078,517**
* Includes balance in unclaimed dividend account ₹ 1,774,914 (previous year: ₹ 26,943,010).		
**Margin money is against bank guarantees issued in favour of customers and statutory authorities.		
18. SHORT-TERM LOANS AND ADVANCES		
Unsecured considered good		
Deposits	20,935,809	160,989
Staff advances	2,586,599	1,265,362
Prepaid expenses	71,662,217	21,812,845
Balances with government authorities	231,744,768	26,867,453
Advance to suppliers	162,784,130	90,233,812
Other advances	931,400,538	24,802,409
Advance tax, net of provision for tax (₹ Nil, previous year ₹ 7,700,000)	-	3,191,462
	1,421,114,061	**168,334,332**

Particulars	For the year ended 31 March 2017 (₹)	For the year ended 31 March 2016 (₹)
19. REVENUE FROM OPERATIONS		
Sale of products / goods (Gross)	5,133,222,430	4,103,575,071
Less: Excise duty	118,904,778	99,317,241
Sale of products / goods (Net)	5,014,317,652	4,004,257,830
Sale of services	2,379,584,336	40,556,355
	7,393,901,988	**4,044,814,184**
20. OTHER INCOME		
Interest on bank deposits	23,916,047	30,423,458
Interest on income tax and excise refund	15,133,159	-
Rental income	7,272,521	-
Profit on sale of fixed assets and investments	-	1,432,751
Liability no longer required written back	27,538,183	-
Foreign exchange gain, net	44,334,784	-
Miscellaneous income	133,348,170	52,257,567
	251,542,864	**84,113,776**
21. COST OF RAW MATERIAL CONSUMED		
Inventory of materials at the beginning of the year	1,073,840,857	1,003,221,744
Add: Purchases	3,873,662,811	2,636,741,883
Less: Inventory of materials at the end of the year	1,269,759,476	1,073,840,856
	3,677,744,192	**2,566,122,771**
22. CHANGE IN INVENTORIES OF WORK-IN-PROGRESS		
Opening Stock		
Work in progress	498,521,726	510,022,333
Add: Addition on account of Adetel Group acquisition (note 29)	262,724,910	-
Closing Stock		
Work in progress	915,932,262	498,521,726
Decrease/(increase) in inventories of work in progress	**(154,685,626)**	**11,500,607**
23. EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and allowances	1,908,131,695	479,103,795
Contribution to provident and other funds	411,151,510	27,529,955
Staff welfare expenses	59,932,581	32,195,259
	2,379,215,786	**538,829,009**
24. FINANCE COSTS		
Interest expense	87,745,600	33,104,445
Other Borrowing cost	7,467,391	7,244,178
	95,212,991	**40,348,623**

Particulars	For the year ended 31 March 2017 (₹)	For the year ended 31 March 2016 (₹)
25. OTHER EXPENSES		
Rent	155,748,465	34,569,707
Rates and taxes	66,464,747	4,825,555
Power and fuel	89,670,305	64,980,499
Repairs and maintenance		
- Building	17,621,859	13,312,879
- Plant and equipment	65,003,512	22,227,819
Insurance	27,430,707	9,296,674
Professional and consultancy (refer note 30)	101,207,447	49,853,100
Selling and marketing expenses	7,649,596	5,691,851
Travelling and conveyance	145,738,555	50,032,674
Purchase of services	72,529,188	50,571,775
Postage, telephones and telegrams	19,214,520	5,104,498
Printing and stationery	5,137,415	5,843,081
Corporate social responsibility expenses	4,778,350	9,632,500
Advertisement and promotion	11,584,398	3,608,332
Security charges	10,458,565	5,744,833
Commission paid to non executive directors	1,000,000	1,000,000
Recruitment and training	43,364,642	8,941,319
Bad debts written-off	-	1,422,850
Directors' sitting fees	1,232,100	556,000
Freight outwards	11,026,523	6,190,653
Foreign exchange loss, net	-	57,835,888
Bank charges	35,251,676	26,360,423
Loss on sale of fixed assets	693,339	-
Miscellaneous expenses	64,803,507	8,929,515
	957,609,417	**446,532,426**

26. Exceptional items

(Amount in ₹)

Particulars	As at 31 March 2017	As at 31 March 2016
Travelling and conveyance	1,348,548	-
Professional and consultancy	35,095,609	-
Staff welfare expenses	964,474	-
Interest expense	1,710,500	-
Total expenses incurred on acquisition of Centum Adetel Group SA	39,119,131	
Profit on sale of investment	(46,067,460)	-
	(6,948,329)	-

27. Capital commitments and contigent liabilities

(Amount in ₹)

Particulars	As at 31 March 2017	As at 31 March 2016
Capital commitment		
Estimated amount of contracts remaining to be executed on capital account	46,338,127	148,602,241
Contingent liabilities		
Claims against the Company not acknowledged as debts in respect of:		
Stamp duty	5,107,137	5,107,137
Income tax	63,111,089	35,278,144
Sales tax	7,036,491	7,036,491
Cenvat	124,425,564	71,812,740
Bank guarantee	4,925,543	384,166
Human resource litigation	4,854,724	-
Supplier litigation	951,873	-
Customer litigation	45,248,405	-

Stamp duty - Centum Electronics Limited:

Based on a demand notice dated 12 February 2010 received from District Registrar, Stamps and Registration Department, Karnataka, the Company has estimated and provided ₹ 11,174,165 (previous year: ₹ 11,174,165) towards additional stamp duty liability against a claim of Rs 16,281,302 (previous year: ₹ 16,281,302) in the aforementioned demand notice, payable pursuant to the demerger of EMS business from Centum Electronics Limited (formerly known as Solectron Centum Electronics Limited) on 1 October 2006, as per the Scheme of Arrangement approved by the Honorable High Court of Karnataka effective 13 July 2007. The differential amount of ₹ 5,107,137 (previous year ₹ 5,107,137) has been disclosed as a contingent liability.

Income tax - Centum Rakon India Private Limited :

The Company has received an order dated 5 April 2013 from the income tax authorities with respect to the assessment year 2009-2010. As per the assessment order, the carried forward loss for the assessment year 2009-2010 has been assessed as ₹ 40,704,558 by the assessing officer as against the carried forward loss of ₹ 87,137,017 claimed by the Company. The decrease in carried forward tax loss represents the transfer pricing adjustment carried out by the Transfer Pricing Officer on the transfer pricing margin under Section 92CA of the Income-tax Act, 1961. The Company has filed an appeal against the transfer pricing adjustment before the Commissioner of Income-tax (Appeal) and management believes that its position is likely to be upheld in the appellate process. Accordingly, no provision has been made in the financial statements with respect to the aforesaid assessment order received .There are no movements in the case during the year .

In the earlier years , the company had received demand of ₹ 45,745,180 against which the company had appealed at Dispute Resolution Panel (DRP). On 15 February 2016, the Company received direction from DRP and in line with the directions of DRP the tax was computed under normal provisions with total tax liability of ₹ 19,852,137 by assessing officer as against the tax liability declared by company amounting to ₹ 9,600,378 under the section 115JB. The incremental tax liability of ₹ 10,251,759 represents the non adjustment of carry forward loss on account of transfer pricing case of assessment year 2009-2010 and 2010-2011. The Company has deposited an amount of ₹ 6,971,759 under protest. However, the assessing officer has gone for an appeal against the appellate order (DRP) with the higher appellate authority i.e. Income Tax Appellate Tribunal with its original demand of ₹ 45,745,180.

The Company received an order dated 15 February 2016 from the income tax authorities with respect to the assessment year 2012-2013. As per the assessment order, the taxable income has been assessed as ₹ 132,954,290 by the assessing officer as against the taxable income declared by company amounting to ₹ 38,296,843. The increase in taxable income represents the transfer pricing adjustment carried out by the Transfer Pricing Officer on the transfer pricing margin under Section 92CA of the Income-tax Act, 1961. The Company has filed an appeal against the transfer pricing adjustment before the Dispute Resolution Panel. During the year, the Dispute Resolution Panel has passed an order dated 5 December 2016 in favour of the Company with no transfer pricing adjustment. The Company has received the revised order from the assessing officer giving effect to the DRP order with an increase in tax liability by ₹ 18,58,884. The increase in tax liability represents the non adjustment of carry forward loss on account of transfer pricing case of assessment year 2009-2010 and 2010-2011. During the year the Company has deposited the amount under protest.

The Company has received an order dated 31 August 2016 from the income tax authorities with respect to the assessment year 2013-2014. As per the assessment order, the taxable income assessed by the assessing officer as against the taxable income declared by company is same. However, there is a demand of ₹ 26,404,736 which has arisen because of the non adjustment of carry forward loss on account of transfer pricing case of assessment year 2009-2010 and 2010-2011. The Company has paid ₹ 3,960,710 under protest and filed an appeal before CIT(A).

Sales tax - Centum Electronics Limited:

The Company had received a demand of ₹ 64,87,682 and ₹ 548,809 from Deputy Commissioner of Commercial Tax towards disallowance of input tax credit for the period from April 2013 to March 2014 and from April 2009 to March 2010 respectively. The case is pending with Joint Commissioner of Commercial Tax -Appeal.

Cenvat - Centum Electronics Limited:

On 30 March 2017, the Company has received a demand of ₹ 52,612,824 (previous year: Nil) from department of Central Excise towards non payment of service tax under reverse charge on the expenditure incurred in foreign currency for financial year 2009-10 to 2014-15. The Company is in the process of filing an appeal with the Commissioner of Central Excise.

Cenvat - Centum Rakon India Private Limited :

During the previous year, the Company has received demand of ₹ 39,567,018 (previous year: ₹ 39,567,018) from Commissioner of Central Excise for the period from December 2010 to August 2012 on account of availment of input tax on ineligible services. The Company has filed an appeal with CESTAT.

Customer litigation - Centum Adetel Transportation:

Customer of the Company has claimed a liquidated damage of ₹ 45,248,405 (previous year: Nil) on account of late delivery, however the Company has contested that the claim is not valid in the absence of terms stated in their agreement.

28. During the previous year, the Company had entered into a business transfer agreement with Centum Industries Private Limited on 1 December 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 of ₹ 57,000,000, arrived at based on the business valuation done by an independent professional firm. The valuation ascribed to assets by an independent professional valuer amounted to ₹ 17,347,378, resulting in a goodwill of ₹ 39,652,622.

29. The Board of Directors of the Company has considered and approved the investment of 51% controlling stake in Adetel Group SA, France through Centum Electronics UK Limited on 17 June 2016. The said transaction was completed on 04 July 2016. Consequent to the acquisition, Adetel Group SA, France and its subsidiaries have become subsidiaries of the Company. Further the Board of Directors of the Company has considered and approved a further investment of 3.15% stake in Centum Adetel Group SA (formerly Adetel Group SA), France through Centum Electronics UK Limited on 10 March 2017. The Company has taken over its share of net asset amounting to ₹ 21,865,214 for a total consideration of ₹ 409,515,319 resulting into a goodwill of ₹ 387,650,105. The profit of Centum Adetel Group SA and its subsidiaries amounting to ₹ 7,302,761 is consolidated in the consolidated statement of proft and loss account.

30. Auditors' remuneration excluding service tax (included under professional and consultancy)

(Amount in ₹)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Audit fees	8,101,552	3,000,000
Out of pocket expenses reimbursed	366,163	268,751
	8,467,715	**3,268,751**

31. Earnings per share

The computation of earnings per share is set out below:

(Amount in ₹)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Profit for the year	312,697,904	262,605,638
Weighted average number of equity shares outstanding at the beginning of the year (in numbers)	12,660,918	12,569,731
Weighted average number of shares issued during the year	55,978	46,963
Weighted average number of equity shares outstanding during the year	12,716,896	12,616,694
Face value of equity shares	10	10
Earnings per share - basic	24.59	20.81
Weighted average number of equity shares outstanding during the year - basic	12,716,896	12,616,694
Add: Effect of dilutive issues of stock options	143,400	230,228
Weighted average number of equity shares and potential equity shares outstanding during the year (in numbers)	12,860,296	12,846,922
Earnings per share - dilutive	24.31	20.44

The Company has no potentially dilutive equity shares other than that included above.

32. Holding of Centum Electronics Limited in its subsidiary:

Name of the subidiary	As at 31 March 2017	As at 31 March 2016
Centum Rakon India Private Limited (incorporated in India)	51.00%	51.00%
Centum Electronics UK Limited	100.00%	-
Centum Adetel Group SA (step down subsidiary) invested through Centum Electronics UK Limited	54.15%	-

33. Gratuity plan

The following table sets out the status of the gratuity plan as required under AS 15.

(a) Post retirement benefit - Defined contribution plans

The Company has recognised an amount of ₹ 411,151,510 (31 March 2016: ₹ 27,529,955) as expenses under the defined contribution plans in the statement of profit and loss for the year:

(b) Post retirement benefit - Defined benefit plans

Reconciliation of opening and closing balances of the present value of the defined benefit obligation.

(Amount in ₹)

Particulars	As at 31 March 2017	As at 31 March 2016
Change in projected benefit obligations		
Obligations at year beginning	30,029,562	24,520,470
Service cost	7,381,349	5,962,271
Past service cost	-	-
Benefits paid	(2,560,163)	(2,544,668)
Interest cost	2,512,009	2,032,533
Liabilities assumed on acquisition / (settled on divestiture)	-	-
Actuarial loss	104,047	58,956
Obligations at year end	**37,466,804**	**30,029,562**
Change in plan assets		
Plan assets at year beginning, at fair value	-	-
Expected return on plan assets	-	-
Actuarial gain / (loss)	-	-
Contributions	-	-
Benefits paid	-	-
Plan assets at year end, at fair value	**-**	**-**
Reconciliation of present value of the obligation and the fair value of the plan assets:		
Fair value of plan assets at the end of the year	-	-
Present value of the defined benefit obligations at the end of the year	37,466,804	30,029,562
Asset/ (liability) recognised in the balance sheet	**(37,466,804)**	**(30,029,562)**
Gratuity cost for the year		
Service cost	7,381,349	5,962,271
Interest cost	2,512,009	2,032,533
Expected return on plan assets	-	-
Actuarial loss/ (gain)	104,043	58,956
Past service cost	-	-
Net gratuity cost	**9,997,401**	**8,053,760**

Amounts for the current and previous four periods are as follows:

Five-year information	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Fair value of plan assets	-	-	-	-	-
Projected benefit obligation	37,466,804	30,029,565	24,520,470	19,926,284	17,668,425
Deficit in the plan	37,466,804	30,029,565	24,520,470	19,926,284	17,668,425
Experience adjustments on plan assets	-	-	-	-	-
Experience adjustments on obligations	(2,538,284)	145,838	(3,359,546)	630,918	841,044
Assumptions:					
Discount rate				7.16%	7.80%
Expected rate of return on plan assets				Not applicable	Not applicable
Expected rate of salary increase				7%	7%
Attrition rate				1%-15%	1%-15%
Retirement age				58 years	58 years

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. The Company does not have any planned assets.

34. Employee stock options:

The company has two stock option plans.

Centum employee stock option plan 2007

The Centum ESOP -2007 was approved by the board of directors of the Company in October 2007 and by the shareholders in December 2007. The 2007 plan provides for the issue of 416,666 shares to the employees of the company and one of its subsidiaries. The plan is administered by a compensation committee. Options will be issued to employees of the Company and also its subsidiary 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.

Option activity during the year ended 31 March 2017 and the related weighted average exercise price of stock options under the Centum ESOP plan 2007 is presented below.

Particulars	For the year ended 31 March 2017		For the year ended 31 March 2016	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding at the beginning	85,183	61.97	132,688	61.97
Granted during the year	-	-	-	-
Exercised during the year	56,369	69.14	44,795	58.44
Forfeited / lapsed during the year	-	-	2,710	53.45
Options outstanding at the end of the year	28,814	69.14	85,183	61.97
Exercisable at the end of the year	28,814	69.14	85,183	64.10

The options outstanding as at 31 March 2017 had an exercise price of ₹ 69.14 and the weighted average remaining contractual life of 8.03 years.

Centum employee stock option plan 2013

The Centum ESOP -2013 was approved by the board of directors of the Company in May 2013 and by the shareholders in August 2013. The 2013 plan provides for the issue of 250,000 shares to the employees of the company and one of its subsidiaries. The plan is administered by a compensation committee. Options will be issued to employees of the Company and also its subsidiary 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.

Option activity during the year ended 31 March 2017 and the related weighted average exercise price of stock options under the Centum ESOP plan 2013 is presented below.

Particulars	For the year ended 31 March 2017		For the year ended 31 March 2016	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding at the beginning	170,941	71.25	221,320	71.25
Granted during the year	-	-	-	-
Exercised during the year	35,409	71.25	46,392	71.25
Forfeited / lapsed during the year	-	-	3,987	71.25
Options outstanding at the end of the year	135,532	71.25	170,941	71.25
Exercisable at the end of the year	76,906	71.25	49,116	71.25

The options outstanding as at 31 March 2017 had an exercise price of ₹ 71.25 and the weighted average remaining contractual life of 9.41 years.

The Company applies the intrinsic value method of accounting for determining compensation cost for its stock based compensation plan. The Company has therefore adopted the pro forma disclosure provisions as required by the Guidance Note on "Accounting for Employee Share Based Payments" issued by the Institute of Chartered Accountants of India with effect from 1 April 2005.

Had the compensation been determined using the fair value approach described in the aforesaid Guidance Note, the Company's net profit and basic and diluted earnings per share as reported would have reduced to the pro forma amounts as indicated:

(Amount in ₹)

Particulars	For the Year ended 31 March 2017	For the Year ended 31 March 2016
Profit / (loss)for the year	312,697,904	262,605,638
Less: Stock based compensation expense determines under the fair value	2,382,736	2,139,387
Adjusted net profit	310,315,169	260,466,252
Basic earnings per share as reported	24.59	20.81
Pro forma basic earnings per share	24.40	20.64
Diluted earnings per share as reported	24.31	20.44
Pro forma diluted earnings per share	24.13	20.27

The fair value of each option under both plan is estimated by management on the date of grant using the Black - Scholes model with the following assumptions

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Dividend yield %	10%	10%
Expected life	1-4 years	1-4 years
Risk free interest rate	5.7-8.6%	5.7-8.6%
Volatility	51.22%	62.89%

35. The Group's foreign currency exposure on account of foreign currency denominated payables not hedged are :

Particulars	As at 31 March 2017		As at 31 March 2016	
	Amount (foreign currency)	Amount (INR)	Amount (foreign currency)	Amount (INR)
USD	31,480,865	2,041,512,942	19,190,785	1,264,849,673
EUR	2,010,368	139,423,401	1,139,749	84,017,108
GBP	37,740	3,047,247	14,507	1,396,566
JPY	65,983,478	38,910,457	5,007,967	3,020,698
CAD	1,001,570	49,627,794	-	-
SEK	894,102	6,607,417	520,707	4,195,967
NZD	6,680	308,482	14,360	668,889
CHF	230,935	15,248,612	-	-
		2,294,686,352		**1,358,148,901**

The Group's foreign currency exposure on account of foreign currency denominated receivables not hedged are :

Particulars	As at 31 March 2017		As at 31 March 2016	
	Amount (foreign currency)	Amount (INR)	Amount (foreign currency)	Amount (INR)
USD	12,134,457	785,762,357	11,218,754	743,285,543
EUR	664,366	45,986,738	564,558	35,306,552
GBP	155,958	12,575,036	20,858	2,324,969
JPY	2,979,457	1,689,084	984,275	567,345
CAD	279,331	13,298,960	-	-
SEK	34,574	255,503	12,636	103,836
		859,567,678		**781,588,244**

36. Leases

The Group has taken office facilities, car and computer equipment under cancelable operating lease agreement. The Company intends to renew the agreement in the normal course of its business. Total lease rentals recognized in the profit and loss for the year in respect of the aforementioned lease is ₹ 155,748,465 (previous year: ₹ 34,569,707).

37. Segment Information

The Group's primary segment is identified as a business segment based on risk, return and nature of products and secondary segment is defined based on the geographical location of the Customers as per Accounting Standard -17. The Group oprerates in a single reporting segment called "Electronic System Design and Manufacturing (ESDM)" .

(Amount in ₹)

Geographic segment	For the year ended 31 March 2017	For the year ended 31 March 2016
Revenues		
India	1,512,825,780	1,338,301,893
Europe	4,057,409,020	1,431,868,516
USA	737,869,649	407,769,592
Rest of the world	1,085,797,539	866,874,183
	7,393,901,988	**4,044,814,184**
Segment assets		
India	4,002,002,241	3,751,053,714
Europe	2,934,669,838	318,501,974
USA	530,074,098	230,293,379
Rest of the world	268,544,959	216,023,530
	7,735,291,135	**4,515,872,597**

38. Related party disclosures

A. Parties where control exists:

Apparao V Mallavarapu (directly and indirectly exercises 51.79% voting power in the Company)

Jointly controlled entity

Sandhi SAS

Associate

Ausar Energy SAS

B. Other related parties where transactions have taken place during the year:

Parties under common control

Centum Industries private limited
Rakon (Mauritius) Limited
Rakon France SAS
Rakon UK Limited
Rakon Limited

C. Key executive management personnel represented on the Board:

Apparao V Mallavarapu - Chairman and Managing Director

D. Key management personnel:

Apparao V Mallavarapu - Chairman and Managing Director

Swarnalatha Mallavarapu - Director

E. The following is a summary of transactions with related parties by the Company:

(Amount in ₹)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Sale of goods and services		
Rakon France SAS	623,273,419	715,493,412
Rakon Limited	11,685,234	20,411,683
Ausar Energy SAS	30,725,139	-
Purchase of services		
Rakon France SAS	202,168	6,020,742
Rakon Limited	1,626,520	5,200,216
Purchase of goods		
Centum Industries Private Limited	-	14,662,451
Reimbursement of expenses		
Rakon France SAS		
Travelling expenses	3,182,113	4,097,724
Professional consultancy	-	4,238,670
Rakon Limited		
Travelling expenses	164,315	-
IT Services	780,892	727,826
Rakon UK Limited		
Travelling expenses	556	-
Purchase of fixed assets		
Rakon France SAS	424,798	3,237,444
Rakon Limited	66,391	1,379,479
Interest income		
Ausar Energy SAS	1,020,390	-
Managerial remuneration		
Apparao V Mallavarapu*	21,342,435	22,731,930

* Excludes contributions to employee retirement / post retirement and other employee benefits which are based on actuarial valuation done on an overall Company basis.

F. The balances receivable from and payable to related parties are as follows:

(Amount in ₹)

Particulars	As at 31 March 2017	As at 31 March 2016
Long-term borrowings (including current maturities of long-term debt)		
Ausar Energy SAS	55,482,560	-
Interest accrued but not due		
Ausar Energy SAS	2,175,957	-
Trade receivables		
Rakon France SAS	149,651,461	117,897,176
Rakon UK Limited	519	-
Rakon Limited	1,345,940	2,127,283
Centum Industries Private Limited	304,995	-
Ausar Energy SAS	49,299,425	-
Trade payables		
Rakon France SAS	4,762,390	20,573,242
Rakon Limited	113,917	1,196,777
Centum Industries Private Limited	656,961	16,324
Managerial remuneration payable		
Apparao V Mallavarapu	11,910,435	13,299,930

39. During the year, the Holding Company and Subsidiary Comapanies incorporated in Inda had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated 31 March 2017 on the details of Specified Bank Notes (SBN) **held and transacted during the period from November 8 2016 to December 30 2016, the denomination wise SBNs and other notes as per the notification is given below:

Particulars	Specified Bank Notes (SBN)*	Other denomination notes	Total
Closing cash in hand as on 8 November 2016	353,000	9,713	362,713
Add: Withdrawal from bank accounts	-	1,220,000	1,220,000
Add: Receipts for permitted transactions	-	240,413	240,413
Add: Receipts for non-permitted transaction	23,500	-	23,500
Less: Paid for permitted transactions	-	1,095,430	1,095,430
Less: Amount paid for non - permitted transactions	-	-	-
Less: Amount deposit in bank accounts	376,500	-	376,500
Closing cash in hand as on 30 December 2016	-	374,696	374,696

* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016."
** Centum Adeno India Private Limited has been newly incorporated on 06 Dec 2016 and there were no cash transactions from 06 December 2016 to 30 December 2016. Hence , SBN reporting is not applicable.

40. During the year ended 31 March 2017, no material foreseeable loss was incurred for any long-term contract including derivative contracts.

41. Additional information pursuant to para 2 of general instructions for the preparation of Consolidated financial statements

Name of the Entity	Net Assets, i.e., Total Assets minus total liabilities		Share in profit or loss	
	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount
Parent				
Centum Electronics Limited	62%	1,891,436,042	101.36%	308,236,110
Indian Subsidiaries				
Centum Rakon India Private Limited	20.87%	638,958,591	1.33%	4,030,936
Centum Adeneo India Private Limited	-0.09%	(2,755,269)	-1.23%	(3,755,275)
Foreign Subsidiaries				
Centum Electronics UK Limited	14.22%	435,424,821	-0.52%	(1,576,376)
Centum Adetel Group SA	1.26%	38,589,369	24.18%	73,535,647
Centum Adeneo SAS	-17.70%	(541,822,222)	28.66%	87,168,891
Centum Adeneo CRD SAS	0.72%	22,009,793	-5.17%	(15,727,471)
Centum Adetel Transportation System SAS	0.00%	(101,256)	-5.55%	(16,881,264)
Centum Adetel Transportation SAS	13.19%	403,902,703	-26.23%	(7,978,029)
Centum Adetel Synergies SARL	-0.72%	(22,057,785)	-3.40%	(10,348,062)
Centum Adetel Solution	4.24%	129,833,282	-0.71%	(2,152,449)
Centum Adetel Equipment	1.34%	41,135,464	-0.09%	(267,717)
Adetel Maroc SA	0.40%	12,224,195	-5.58%	(16,969,288)
Adetel Equipment Maroc SA	0.47%	14,263,248	-7.04%	(21,413,145)
Total	**100%**	**3,061,040,976**	**100%**	**304,100,244**
Adjustment arising out of Consolidation Minority Interests in all Subsidiaries / Associates (Investment as per the Equity method)		(1,263,362,561)		(3,262,595)
Minority interest in Subsidiaries		346,076,854		5,193,559
Associates				
Ausar Energy SAS		49,030,632		6,824,593
Joint Ventures				
Sandhi SAS		(1,305,158)		(157,905)
Total		2,191,480,743		312,697,896

42. The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprises Development Act, 2006 ('the Act'). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2017 has been made in the financial statements based on information received and 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 Act is not expected to be material.

The Holding Company and Subsidiary Companies incorported in India has not received any claim for interest from any supplier as at the balance sheet date. *

(Amount in ₹)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting period		
– Principal	11,730,150	5,091,529
– Interest	222,066	323
The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, (the Act) along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	323	1,628
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 said Act	-	-
The amount of interest accrued and remaining unpaid at the end of each year	222,066	-
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.	259,058	-

* The above disclosure is applicable to Holding Company and Subsidiary Companies incorporated in India.

43. Corporate social responsibility expenses

a) Gross amount required to be spent by the company during the year is ₹ 7,512,000 (previous year ₹ 8,148,000).

b) Amount spent during the year on:

Sl No	Particulars	Spent	Not spent	Total
i)	Construction/acquisition of any assets	-	-	-
ii)	On purposes other than (i) above	2,030,000	5,482,000	7,512,000

* The CSR requirements are applicable only to the holding company.

During the year , however, one of the subsidiary company has spent ₹ 2,748,350 (previous year ₹ 6,686,250) towards the corporate social responsibility activities.

44. Previous year's figures have been regrouped / reclassified as per the current year's presentation for the purpose of comparability. The following regrouping / reclassifications of the previous year figures have been made.

Particulars	Previous year grouping	Current year grouping	Amount in ₹
In Balance sheet	Other current liabilities- Other Payables-for expenses	Trade Payable- Dues to other creditors	120,819,172

As per our report of even date attached

for **BSR & Co. LLP**
Chartered Accountants
Firm Registration No. 101248W/W-100022

Amit Somani
Partner
Membership No. 060154

Place : Bangalore
Date : 30 May, 2017

for **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 Township, 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) of .....Shares 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 24th Annual General Meeting of the Company, to be held on Tuesday, the 11th July, 2017 at 11.30 A.M. at 'Avansa', Plot -58P, Survey No.8, KIADB, Bangalore Aerospace Park Industrial Area, Jala Hobli, Budigere Post, Bangalore – 562 129 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, 2017.		
2	Declaration of a final dividend of ₹ 3 per equity share, and to approve the interim dividend of ₹ 2 per equity share paid during the year, for the financial year 2016-17.		
3	Appointment of Statutory Auditors and fixation of their remuneration.		
SPECIAL BUSINESS			
4	Remuneration payable to the Cost Auditor.		

Signed this .....Day of ..... 2017.

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 colomn 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 Township, Bangalore- 560 106

CIN - L85110KA1993PLC013869

ATTENDANCE SLIP

Twenty Fourth Annual General Meeting Tuesday, 11th July 2017 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 Fourth Annual General Meeting of the Company held at 'Avansa', Plot -58P, Survey No.8, KIADB, Bangalore Aerospace Park Industrial Area, Jala Hobli, Budigere Post, Bangalore – 562 129.

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 Township, 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) of .....Shares 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, 2017.		
2	Declaration of a final dividend of ₹ 3 per equity share, and to approve the interim dividend of ₹ 2 per equity share paid during the year, for the financial year 2016-17.		
3	Appointment of Statutory Auditors and fixation of their remuneration.		
SPECIAL BUSINESS			
4	Remuneration payable to the cost auditor.		

Signed this .....Day of ..... 2017.

Signature of shareholder : _____

NOTES

CENTUM
TEAM WORK | TECHNOLOGY | TRUST

GLOBAL FOOTPRINT



Established 1994

Employees 2200 Design 630

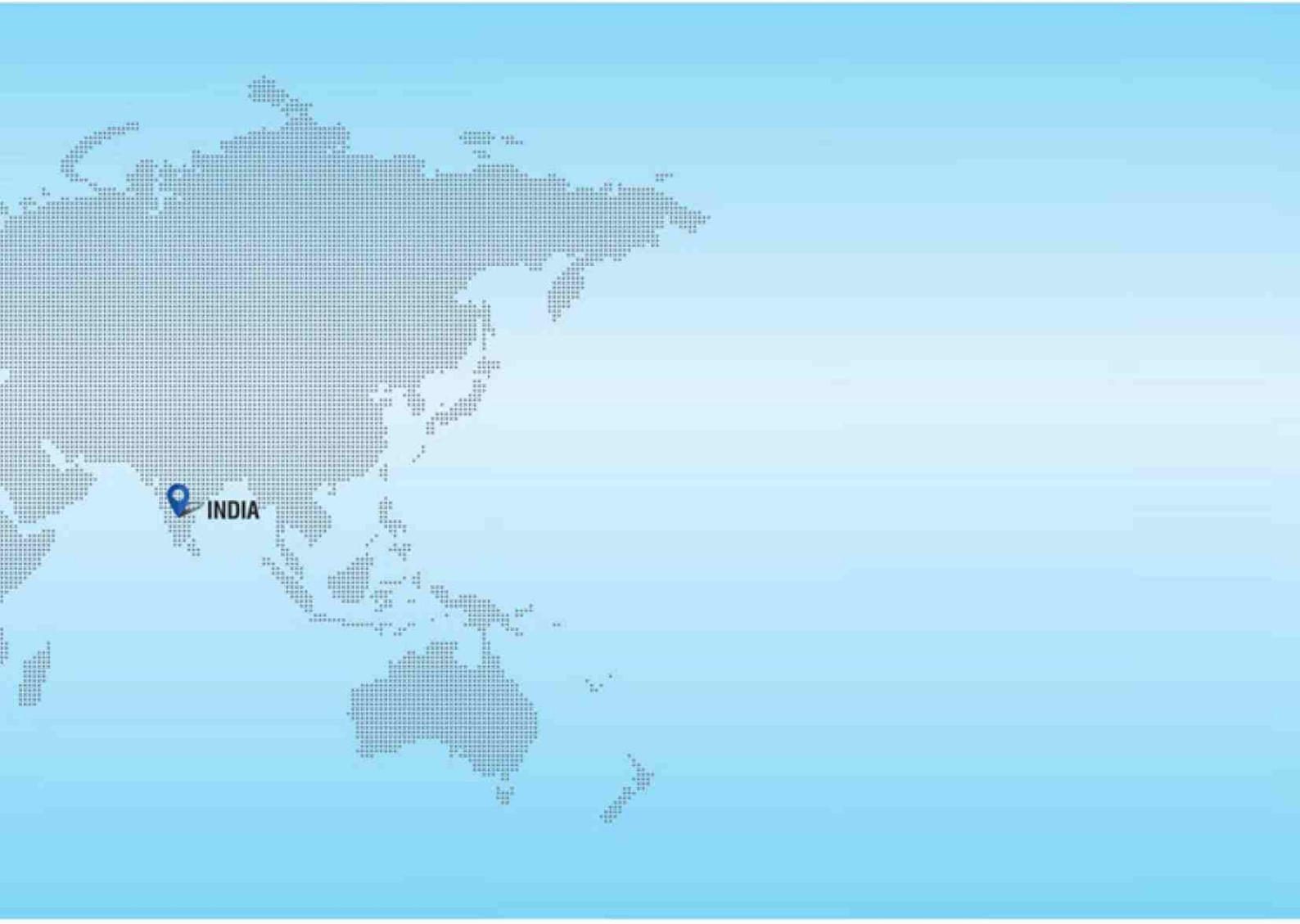
Manufacturing area 350,000 SFT 32.500 m²

Public Listed Company (BSE, NSE)

World Economic Forum: Global Growth Company

Forbes Asia: 200 Best Under A Billion 2015

ISO 9001 2008



CERTIFICATIONS

Aerospace	Medical	Railways	Environment	Health & Safety	French R&D	Indian R&D
AS/EN9100 Rev C	ISO13485 2003	IRIS - Rev 2	ISO14001 2004	OHSAS 18001	Certification	Certification



CENTUM

TEAM WORK | TECHNOLOGY | TRUST

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Yelahanka New Town, Bangalore - 560 106.
Tel: +91 80 41436000. Fax: +91 80 41436005

INDIA
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Survey No.8, KIADB,
Bangalore Aerospace Park
Industrial Area, Jala Hobli,
Budigere Post,
Bangalore - 562 129.
Tel: +91 80 71214000

No. 23, KHB Industrial Area
Yelahanka New Town
Bangalore - 560 106.
Tel: +91 80 4143 6000

No. 12, KHB Industrial Area,
1st Phase, Yelahanka Newtown,
Bangalore - 560 106.
Tel: +91 80 4143 6000

NCC Urban Windsor
76/2, 8th Floor
New Airport Road,
Opp. Jakkur Aerodrome
Allalasandra, Yelahanka,
Bangalore - 560 064.
Tel: +91 80 4679 8800

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