Ref: CEL/AR/26082020

26th August, 2020

To,

Listing Department National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051	Department of Corporate Services - Listing BSE Limited P. J. Towers, Dalal Street, Mumbai – 400 001

Re: Scrip Symbol: CENTUM/ Scrip Code: 517544

Dear Sir/ Madam,

Sub: Annual Report 2019-20

We are enclosing herewith the Twenty Seventh Annual Report of the Company for the financial year ended 31st March, 2020. The Annual Report is also being dispatched to the Shareholders of the Company through electronic mode whose e-mail addresses are registered with the Company / Depository Participants / Registrar and Transfer Agent.

The Annual Report is also available on the website of the Company at www.centumelectronics.com

This is pursuant to Regulation 34 and other applicable Regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

Kindly take the above information on your records.

Yours faithfully,
For **Centum Electronics Limited**

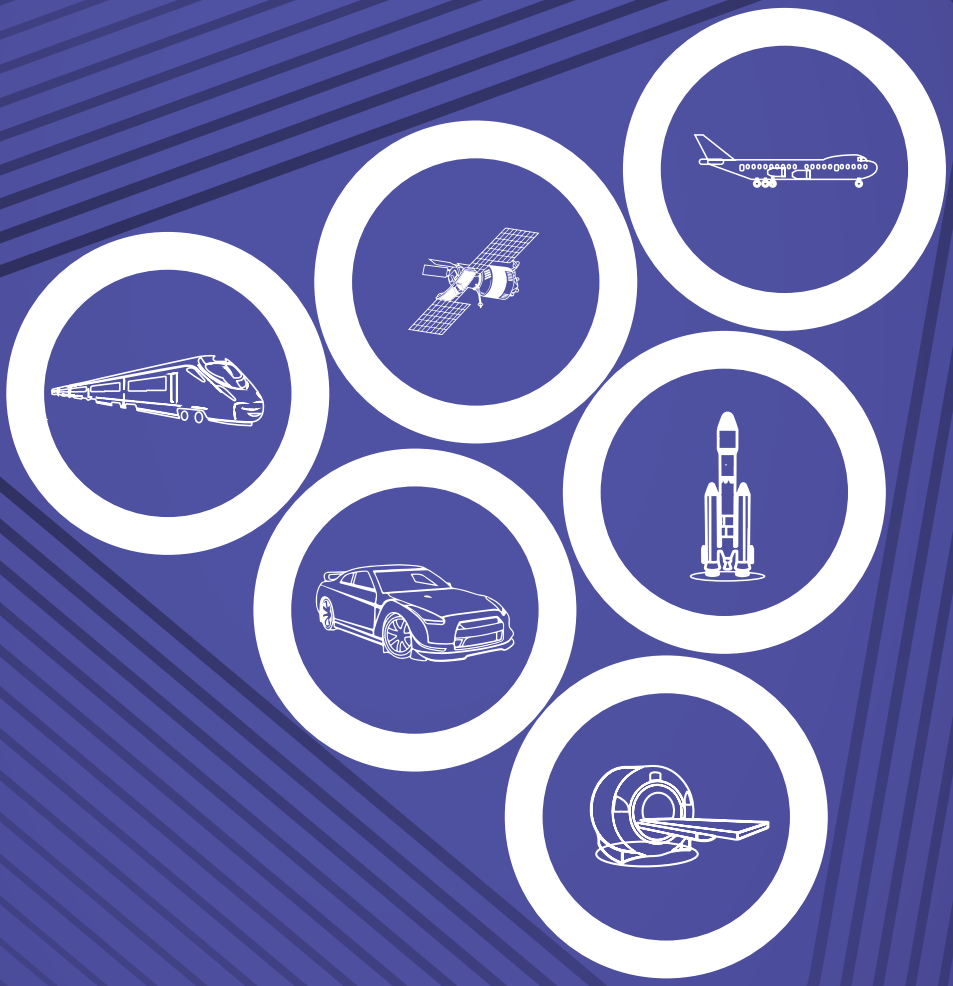
NAGARAJ K V

Digitally signed by NAGARAJ K V
Date: 2020.08.26 13:29:26 +05'30'

Nagaraj K V
Company Secretary & Compliance Officer

Encl: as above

CENTUM



Centum Electronics Limited
Annual Report 2019-20

What's Where!

Corporate Overview

We are Centum Electronics Limited	1
Financial Highlights	4
Letter to Shareholders	6
Board of Directors	8
Leadership Team	10
Corporate Information	11



Management Reports

Management Discussion & Analysis	12
Board's Report	18
Corporate Governance Report	42
Business Responsibility Report	56



Financial Statements

Auditor's Report on Standalone Financials	64
Standalone Financial Statements	72
Auditor's Report on Consolidated Financials	131
Consolidated Financial Statements	138
Notice to AGM	216

Forward-Looking Statements

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

We are Centum Electronics Limited

Established in 1994, Centum Electronics Limited has progressed into a diversified electronics company, with operations spanning across the continents. We offer a broad range of products and services across different industry segments in India and globally. Having completed our silver jubilee last year, we believe in further strengthening and enhancing our design and product development capabilities. With four world-class manufacturing facilities in Bangalore, we maintain a customer-focused approach that provides maximum value, while serving multiple domains like Analog, Power, RF, Digital, and mixed signals.

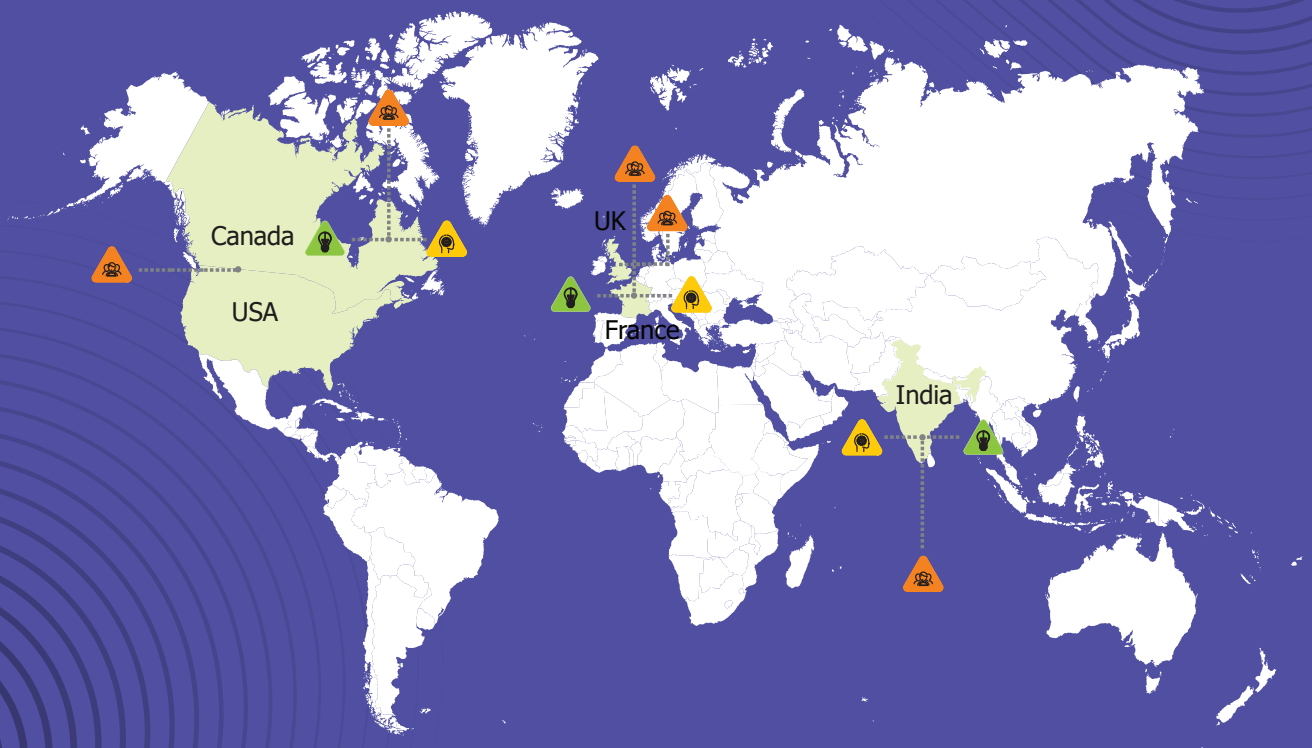
Listed on both prominent stock exchanges of India, BSE and NSE, we closed fiscal year 2019-20 with annual consolidated revenues of ₹ 8,986 Millions and market capitalization of ₹ 3,258 Millions as on March 31, 2020.



Our Mission

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

Our Global Footprints



Team Presence

Design Team

Manufacturing

Sales and support

Our Offerings

- Defence & Aurospace
- Space
- Industrial
- Transport
- Medical

Our Values

- Teamwork
- Openness and Trust
- Integrity
- Customer Relationship
- Excellence
- Social Responsibility

Key Events during FY 19-20



Inauguration of New Facility

Inscribed in the golden letters, the 24th September 2019 is a historical day for Centum Electronics Limited. It witnessed the grand inauguration of our state-of-the-art new space facility in Yelahanka, Bangalore by none other than Dr. K. Sivan, Chairman of the Indian Space Research Organization (ISRO). Centum is a leading Electronics industry partner for ISRO and is involved in the Design, Development, Qualification and production of electronic modules, subsystems, and systems for multiple applications in Satellite and Launch Vehicles.

The new space facility has created Employment for more than 100 people. The total investment for this brownfield project is ₹ 50 crores.

Chandrayan 2

The journey with ISRO started 20 years back. It started from delivering components to modules, subsystems and now systems. This has been demanding and technically rewarding to enable Centum to grow as an international player. Keeping in mind, the growing number of missions of ISRO, Centum has made significant investments to ensure products with the right quality, technology and in required quantities.

Centum feels proud that it has been associated with Chandrayan 2.





Financial Highlights

Financial Highlights – Consolidated					(₹ in million)
Statement of Profit & Loss Account	**2019-20**	**2018-19**	**2017-18**	**2016-17**	**2015-16**
Total Income	8,986	9,375	7,941	7,337	4,228
Earnings Before Interest Tax Depreciation and Amortization (EBITDA)*	845	900	341	463	689
Earnings Before Interest and Tax (EBIT)	585	692	190	535	392
Earnings Before Tax (EBT)@	352	481	29	446	359
Earnings After Tax (EAT)@	278	484	20	360	258
Earnings per Share - Basic	15.8	30.5	(7.3)	27.0	20.8
Dividend per Share	2.5	5	1	5	3
Book Value per Share	178	189	168	182	175

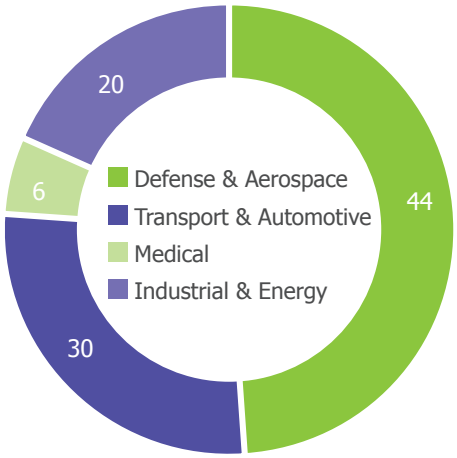
Balance Sheet	**2019-20**	**2018-19**	**2017-18**	**2016-17**	**2015-16**
Property, Plant and Equipment and Intangible Assets	2,222	2,186	2,652	2,617	928
Investments	401	120	144	449	13
Net Assets (Current and Non-Current)	3,028	3,263	3,060	2,195	2033
Net assets (held for disposal)	0	603	296	0	0
	5,651	**6,173**	**6,153**	**5,262**	**2,975**
Share Capital	129	129	129	128	127
Reserves & Surplus	2,171	2,309	2,032	2,188	2,088
Debts	3,246	3,565	3,896	2,786	814
Tax Balances	105	171	96	160	(53)
	5,651	**6,173**	**6,153**	**5,262**	**2,975**

Key Ratios	**2019-20**	**2018-19**	**2017-18**	**2016-17**	**2015-16**
EBITDA Margin (% to Revenue for operations)	10%	10%	4%	7%	17%
Fixed Assets Turnover (No of times)	4.0	4.3	3.0	2.8	4.5
EAT / Total Income	3%	5%	0%	5%	6%
Return on Capital Employed (%)	10%	11%	3%	10%	13%
Return on Networth (%)	12%	20%	1%	16%	12%

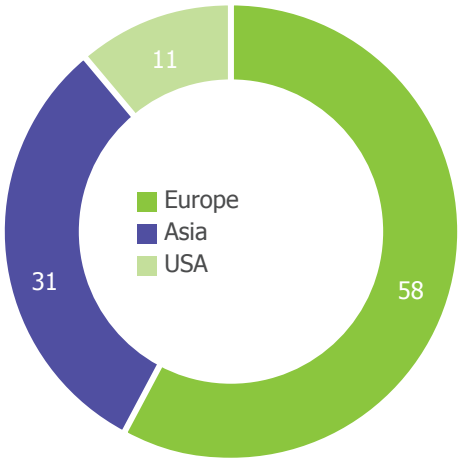
@ Before exceptional item & share of profit / loss from associate / discontinuing operations

* Exclude other income

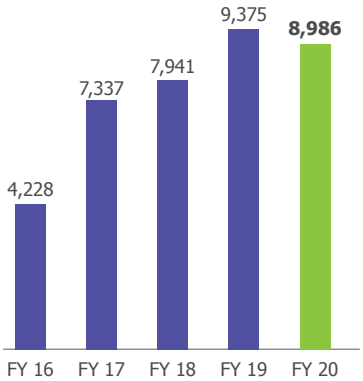
Revenue Mix by Industry
(%, FY20)



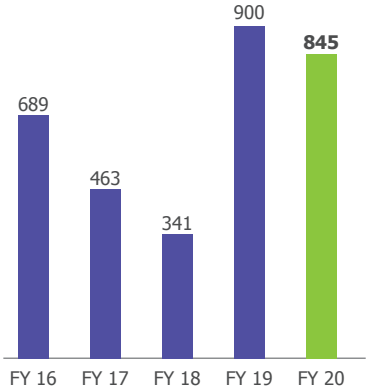
Revenue Mix by Geography
(%, FY20)



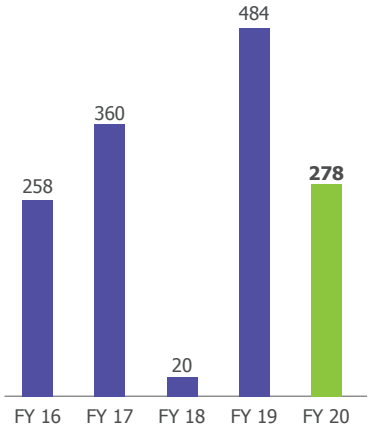
Revenue
₹ in million



EBITDA
₹ in million



Earnings After Tax
₹ in million





We had experienced increasing share of the business from the existing customers and new business from even those customers who had no existing supply chain network in India in the past. These anecdotal past experiences have now turned into a clear trend of business moving towards India.

Letter to Shareholders

Dear Stakeholders,

The human race is facing possibly the most severe global health crisis of the last 100 years. The Covid-19 pandemic has also ravaged the global economic activities to an unimaginable extent. Over 20 million people have reportedly been infected and nearly 0.75 million precious human lives stand lost, at the time of me penning down this letter. Please join me to offer prayers for the speedy recovery of the affected brethren and peace for the departed souls. Let's also pray for a fast and holistic eradication of this deadly scourge, by way of vaccines or any other means.

The human spirit of resilience, ingenuity and collective response has defeated many a colossal calamities. This too shall pass, paving the path for the return of normalcy. A new normal is what expert opinions are converging at. What is wrongly termed as social distancing is actually a reference to physical distancing. The social animal that the man is would pounce upon socializing, given the first opportunity. And automation has a big, real big role to play in the new normal.

Like we witnessed the software embed deep in human life, in the post-Covid world, electronics would get embedded in our living to an extent that could not have been imagined five-six months ago. Human interactions would increasingly shift to touch-less or less touch mode. Robotics would be fast embraced across physical retail; accelerated automation would be noticed across all modes of public transport, vending kiosks would increasingly replace man managed counters. Factories would rush to deploy IoT and logistics would get increasingly automated. With stakes going so high, the spotlight would shift on electronics and deservedly so.

The fallacy of the global supply chains, which has for way too long remained concentrated on supply monopolies of a region / country, has aptly been exposed by Covid-19. The Government of India's visionary clarion call of 'Atmanirbhar Bharat', a self reliant India, couldn't have been better timed. On behalf of the entire Indian ESDM industry and also the Centum Group, I sincerely urge the Indian governments - federal and states', regulators and the private sector including the startups to collaboratively create an enabling electronics ecosystem. One that thrives on intensified research and development, innovation and a globally competitive electronics manufacturing in the country, both in terms of quality and costs.

At Centum electronics, we have played a pioneering role in the emergence of a globally competitive Indian electronics sector. We relied on our own strength as well as collaborative exploration of technological advances with several overseas partners for well over two and a half decades. Consequently, Centum Electronics has become an Indian electronics MNC with manufacturing and research operations in five countries across three continents. Nearly thirty percent of our workforce comes from non-Indian nationalities and seventy five percent of our revenues occur in foreign currency.

The impact of slowdown and Covid-19 induced disruptions in the last quarter was visible in consolidated total income dropping to ₹ 8,986 million from ₹ 9,375 million recorded in the previous year. Your Company earned a net profit after tax of ₹ 278 million for the financial year 2019-20. The Board of Directors has recommended a final dividend of 25% (₹ 2.50 per equity share of face value of ₹ 10/-each), which is subject to Shareholders' approval in our ensuing Annual General Meeting. In my previous letter, I had indicated that we would be divesting one division of our French Subsidiary. I am happy to inform you that the divestiture is now complete as planned.

While Covid-19 may have some effect in terms of demand in the current year, it has, on a positive note, also triggered a structural re-orientation on supply chains across the globe. What started as a trade war last year (between US & China) has snowballed into a global phenomenon because of Covid-19. This has necessitated the global electronics ecosystem to rebalance the supply chains and mitigate risks from over dependence on a country or region.

We had experienced increasing share of the business from the existing customers and new business from even those customers who had no existing supply chain network in India in the past. These anecdotal past experiences have now turned into a clear trend of business moving towards India. The opportunities we are witnessing now are like never before and surprisingly; the speed of making decisions has accelerated to a few months from a couple of years noticed earlier. These positive changes have really energized us, and plans are afoot to ensure we scale to meet the demand.

On the flip side, immediate slowdown in demand on account of the pandemic and associated factors is leading to intense competition in the ER&D sector. Since we have the backend design centre set up in India, we have the ability to present an optimum solution to the customer to drive the ER&D business.

With the Government of India (GOI) pushing for Make in India and recently even banning imports of 101 defence products, the opportunities in this sector of our strength and interest will only increase going forward. Recently GOI has also opened up the space sector for private participation. While we are waiting for more clarity to emerge, we believe the government will only increase the focus on products to be designed and manufactured in India.

Keeping the future and the potential of your Company, we recently inducted Nikhil Mallavarapu as an Executive Director on the Board of the Company. I clearly remember some of our esteemed and long-term shareholders suggesting he be appointed on the Board for the last 2 years. The Board believed it was the right time to induct him to bring youth, new energy and thought process into the Company. I am sure it meets your consent, and I hope you will give him all the support, encouragement, and guidance you have given me over all these years.

I conclude with placing my sincere appreciation to our employees for their continued pursuit of excellence and thanks to our customers for believing in our quest for excellence. Our journey of excellence remains fuelled by your unstinting support and confidence, dear shareholders, and on behalf of the Board, I thank you for that.

Shifting global supply chains and our unique value proposition and positioning is connecting us to an ever promising future and I beckon all our stakeholders in our journey towards a stronger Centum and a better world.

Please be well and stay safe.

Warm regards,
Apparao V Mallavarapu

Board of Directors



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

Mr. Apparao V Mallavarapu (Rao) founded Centum Electronics in the year 1993. Under his able leadership Centum has grown to become one of the largest electronics companies in India. He has initiated and successfully managed joint ventures with several MULTI-NATIONAL COMPANIES. Prior to founding Centum, he served at Wipro and Rao Insulating Company (RIC). Mr. Mallavarapu received his Bachelor's degree in Mechanical Engineering from Bangalore University and a Master's Degree in Mechanical Engineering from Daltech University in Canada. He was a recipient of the Ford Foundation scholarship and Engineering research Scholarship toward his academic pursuits in Canada.



Mr. Nikhil Mallavarapu
Executive Director

Mr. Nikhil has been associated with the Company since August 2012. He has served in different leadership positions including Manager- New Projects at SEBU, Vice President - Corporate Development at Centum Adetel and most recently as President- EMS BU. Prior to joining Centum, Nikhil worked at the multinational semiconductor company- Analog Devices, as a product engineer in the MEMS sensors division. Further, Mr. Nikhil completed his Masters and Bachelors Degrees in Electrical and Computer Engineering from Carnegie Mellon University, USA. He also holds an MBA from the INSEAD Business School in France. Mr. Nikhil is the son of Mr. Apparao V Mallavarapu and Dr. Swarnalatha Mallavarapu.



Mr. S Krishnan
Independent Director

Mr. S. Krishnan has rich experience in the areas of Design, Manufacturing Process Technology and Quality Assurance. He served as the head of Design and Engineering at Centum since its inception till his retirement in 2004. Mr. Krishnan served in the microelectronics group of Bharat Electronics Limited (BEL) prior to joining Centum. He received his B. Tech from IIT, Madras and M.E. from IISC, Bangalore.



Mr. Pranav Kumar N Patel
Independent Director

Mr. Pranav is a well-accomplished business leader, a thought leader and an early innovator. He is a founder and CEO of MediTechSafe. Mr. Pranav held various executive leadership roles across multiple industries including Healthcare, Aviation, Energy, Batteries, Manufacturing & Automation Systems, and Wireless/ Semiconductor with fortune 500 companies like GE and Siemens. Pranav has co-authored six patents.

Mr. Pranav holds a bachelor's degree with honors in electrical engineering from the University of Illinois @ Urbana – Champaign, a master's degree in electrical and computer engineering and a second master's degree in industrial engineering from the Georgia Institute of Technology. He obtained his MBA degree from the Georgia State University.



Mr. P. Thiruvengadam
Independent Director

Mr. Thiruvengadam was a Senior Director of the Deloitte Touche Tohmatsu India Pvt. Ltd (DTTIPL) providing leadership to the HR Transformation practice and has retired from the position in 2015. He has over 40 years of experience in management consultancy with a breadth of experience in India, the Middle and Far East Asia and other Countries. His main areas of expertise in Management Consulting include Business Process Improvement, Team Leadership, Strategic Planning, Business Strategy, HR Strategy, Talent Management, Change Management, HR Transformation and related Advisory Services. Mr. P. Thiruvengadam is a B. Tech from IIT Madras and a Post Graduate Diploma in Industrial Engineering from T.I.P.I.E. NPC and a fellow member of the Institute of Cost Accountants of India. His social interest includes working with Voluntary Organisations.



Mr. Rajiv C Mody

Independent Director

Mr. Rajiv C Mody is the Founder, Chairman, Managing Director & CEO, of Sasken Technologies Ltd. (Sasken). Under his able leadership, over the last three decades, Sasken has grown to be a powerhouse in providing Product Engineering and Digital Transformation services in areas such as Automotive, Industrials, Communication & Devices, Semiconductors, and Digital Enterprise segments. Mr. Mody, a seasoned technocrat and an industry veteran, has worked with corporations like AMD, Seattle Tech Inc., and VLSI Technology Inc., prior to founding Sasken. He served as an Executive Council Member of NASSCOM (2001-2008) and is currently part of the Harvard Business School South Asia Advisory Board. Mr. Mody holds a Bachelor's degree in Electrical Engineering from M.S. University, Baroda, India and Master's degree in Computer Science from Polytechnic School of Engineering, NYU, New York, USA. He has attended the Advanced Management Program (AMP 161) at Harvard Business School.



Mr. Manoj Nagrath

Independent Director

Manoj Nagrath is the Managing Partner of the firm S.P. Nagrath & Co. LLP, Chartered Accountants, having its offices in New Delhi and Bangalore, and was enrolled as a member of the Institute of Chartered Accountants of India in 1983.



Dr. Swarnalatha Mallavarapu

Non-Executive Director

Dr. Swarnalatha Mallavarapu (Latha) received her Ph. D in Physics and worked in some of the premier research institutes in India and the US. The major research Labs she worked at are, The US Air Force Weapons Labs in Albuquerque, the Indian Institute of Science in Bangalore and the R&D division of Bharat Electronics Limited. She is an Alumnus of the Indian Institute of Science. Her research in thin films and devices for applications such as optical coatings, super conducting coatings, magnetic memory devices, have been well recognized. Her work has been published in several reputed international and national scientific journals and conferences. Dr. Latha also spent time as a Consultant to Industries in the US such as Coretek in Boston and X-Media Corporation and Wyrnet in California, before she established Centum Industries in the year 2004.



Ms. Kavitha Dutt Chitturi

Independent Director

Ms. Kavitha Dutt Chitturi is a Business Management Graduate from Cedar Crest College, Allentown, Pennsylvania, USA and hails from a well-known industrial house in South India – The KCP Limited. She is currently the Joint Managing Director. As Joint Managing Director of The KCP Limited, Kavitha, among other responsibilities, also holds full charge of Human Resource functions of the Group.

She is Chairperson of FICCI (Federation of Indian Chambers of Commerce & Industry), Tamil Nadu State Council. Kavitha, was Vice Chairperson of SCWEC, India. SCWEC is a Sub Sector Council of the SAARC Chamber of Commerce and Industry. She is a member of the General Council of National Institute for the Mentally Handicapped, Hyderabad. She is also the Vice President of World Telugu Federation (WTF) was established with the chief objective of promoting and perpetuating not only the language, culture, art, heritage, traditions but also business of the Telugu people.

Leadership Team



APPARAO V MALLAVARAPU
Chairman & Managing Director, Centum Group



FRANCOIS SEBES
CEO, Centum Adetel Group



NIKHIL MALLAVARAPU
Executive Director, Centum Electronics Limited



K S DESIKAN
Group CFO, Head of Strategy & IT



VINOD CHIPPALKATTI
President, Strategic Electronics Business Unit



SATHYA DORAISAMY
President, Electronics Manufacturing Service (EMS)



NANDA KISHORE VEMPATI
Head HR



SANDHYA THYAGARAJAN
Vice President, Strategic Electronics Business Unit

Corporate Information

BOARD OF DIRECTORS

Mr. Apparao V Mallavarapu
Chairman & Managing Director

Mr. Nikhil Mallavarapu
Executive Director

Mr. S Krishnan
Independent Director

Mr. Pranav Patel
Independent Director

Mr. P Thiruvengadam
Independent Director

Mr. Rajiv C Mody
Independent Director

Mr. Manoj Nagrath
Independent Director

Dr. Swarnalatha Mallavarapu
Non-Executive Director

Ms. Kavitha Dutt Chitturi
Independent Director

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Nagaraj K V

INTERNAL AUDITORS

KPMG

AUDIT COMMITTEE

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

NOMINATION & REMUNERATION COMMITTEE

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

STAKEHOLDERS' RELATIONSHIP COMMITTEE

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

CSR COMMITTEE

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

STATUTORY AUDITORS

Messrs. S.R. Batliboi & Associates LLP
Chartered Accountants
UB City, Canberra Block, 12th & 13th Floor
No.24, Vittal Mallya Road
Bangalore – 560001

REGISTERED & CORPORATE OFFICE

No.44 KHB Industrial Area,
Yelahanka New Town,
Bangalore – 560106.

EQUITY SHARES LISTED AT

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

REGISTRAR & SHARE TRANSFER AGENTS

KFin Technologies Private Limited
Selenium Tower B, Plot 31-32,
Gachibowli, Financial District,
Nanakramguda, Hyderabad – 500 032
Telephone No: 040-67161500
Fax No. : 040-23420814
Email Id.: einward.ris@kfintech.com

BANKERS

State Bank of India
Citi Bank N.A.
Kotak Mahindra Bank Limited
YES Bank Limited
HDFC Bank Limited

MANAGEMENT DISCUSSION & ANALYSIS

1. Company Overview

Centum Electronics is a leading Electronics System Design & Manufacturing Company that provides mission critical services and solutions to customers engaged in the high reliability products of Defence, Aerospace, Space, Medical, Transportation and Industrial segments. With deep domain expertise to design, develop and manufacture complex products, Centum is a strategic supplier and partner to large global OEMS engaged in these segments as well as Indian DPSUs, Ordnance Factories, DRDO and ISRO. Your Company has established a global footprint with multiple design & manufacturing locations in Europe, North America and India. More than 75% of revenue for the Company is generated from international customers and markets.

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

Centum has steadily expanded its geographical presence in Europe, North America and India to be close to its customers and better serve them as they look to convert innovative and cutting-edge ideas into reliable and performing products and solutions.

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.

2. Industry Overview

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

Due to the Covid-19 pandemic, in the short term, we can expect turbulence in some of the sectors like Aerospace & Automotive, whereas other sectors are less affected or may even see some upside particularly in medical.

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

- The clarion call of Atmanirbhar Bharath by the Honorable Prime Minister of India to make the nation "Self-Reliant". Towards this Government of India has announced specific policies to promote manufacturing in India. This includes;
  - o Reduction of corporate taxes,
  - o Announcement of schemes to incentivize manufacturing including capital investment
  - o Disincentivizing imports



- The US-China Trade war which triggered many US companies to revisit their supply chains in light of the tariffs levied on import of electronic items from China.
- The Covid-19 pandemic which has accelerated industries world over to derisk their manufacturing and supply chain footprint and to ensure business continuity plans are put in place. This has resulted in many companies moving to a "China plus One" strategy with India being a strong contender for several companies.

The outlook for each of the major segments we operate in is as follows:

a. Defence:

The Global defence industry is expected to remain stable. In India, the defence capital outlay stood at around ₹ 1.1 lakh crore for FY20 and has grown at a 7% CAGR over in the past 5 years. This trend is expected to continue given the geopolitical scenario and recent border tensions. According to estimates about 40% of the capital outlay was allocated toward domestic production while the remainder was toward imports. With the Government prioritizing Self-Reliance through new guidelines in the DPP, the balance is expected to shift in favor of domestic defence companies. The private sector also contributes only 20-25% of domestic defence production which is expected to increase with the opening up of the sector. In the recent policy announcement, Ministry of Defence, has set a target of ₹ 35000 crores for defence exports in the next five years.

b. Aerospace:

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

c. Space:

The number of satellites and launches have steadily increased over the past 5 years for applications ranging from communications, defence, earth observation and other scientific missions. The demand for more satellites remains strong as transponder capacities need to be augmented to support increasing data/broadband and DTH requirement. ISRO's Human Space flight program, other scientific and earth observation missions as well as MoDs objective to strengthen India's space warfare capabilities provide further impetus to the sector over the medium term. The announcement of privatization in the space sector will undoubtedly increase the size of the space market in India. However, in the short term, until the policy announcements are clear and the implementation is in the spirit of self-reliance, certain missions may be delayed or put on hold.



d. Transportation:

The Transportation sector is projected to remain relatively stable despite lower ridership in the short term. Governments are expected to continue major infrastructure projects across geographies to support longer term objectives of managing mobility more efficiently in cities and towns. Smart and Green mobility technologies will remain a focus in the years to come.

e. Industrial:

The Industrial Sector address a wide range of application including Oil & Gas, Industrial Automation for process industries, Electrification, Utilities etc. The sharp decline in oil price combined with the temporary reduction in capex budgets for many industrial companies is expected to have a short-term adverse impact in this segment. On the other hand, electrification and power grid infrastructure projects are expected to remain relatively stable. However, due to the US-China trade war and large multinationals moving to a "China plus One" strategy, India should benefit by bigger share of manufacturing than in the past.

f. Medical:

The Medical devices industry is a growing segment and has attracted all the more attention in the wake of the Covid-19 pandemic. Product categories that cater to the diagnosis and treatment of COVID will clearly see a surge in demand in the short term as healthcare providers and governments setup more infrastructure to meet demand. There is also expected to be more investment and demand for remote monitoring and devices that enable telemedicine and predictive diagnostics. Regulation and a growing share of healthcare spend in emerging economies are also key focus themes in this segment in the near to medium term.

3. Strategy

Your Company has a clear strategy to focus on the high reliability segments of Strategic Electronics, Medical, Industrial and

Transportation where product complexity, long product life cycles and stringent customer requirements result in high entry barriers.

In continuation of Management Discussion that was presented in the last annual report, we would like to update the progress as under:

- We had planned to divest the Centum Adetel Transportation (Energy division) of our subsidiary Centum Adetel Group and we are happy to inform that this has been done.
- The plan was to synergize the strength of our design center in Canada and manufacture in India to be more competitive to grow the Passenger Information System (PIS). This has happened and the orderbook is much stronger than a year ago.
- The design center that was established in Bengaluru, has matured and also scaled to make Centum Adeneo France more competitive.



The Company's strategies remain consistent in focusing on Strategic Electronics, Industrial, Transport and Medical while operating in high technology areas and catering to the global markets.

Your Company's strategy is be a one-stop-shop solution provider and has therefore developed strong end-to-end capabilities in house to work with customers from concept to commissioning. Furthermore, a range of engagement models from Engineering Services, Manufacturing Services, or turn-key Build-to-Specification solutions, allow customers the flexibility to choose what is right for them on a particular project.

As the delivery of these services is quite distinct, the Company is organized into 3 operating business units.

Electronic Manufacturing Services:

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

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

Due to US-China trade war and Covid-19, we are experiencing an increasing number of opportunities from US and Europe for our EMS business. Since we see a potential for growth in this division and to ensure that we convert these opportunities, we have strengthened our presence in US by hiring a Chief Growth Officer.

Engineering R&D services:

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

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

Strategic Electronics:

The Strategic Electronics Division provides Built to Specification services which includes taking a project from conceptualization to mass production quickly and efficiently. Centum's unique positioning with a full range of integrated capabilities make it the ideal product realization partner. Customers choose turn-key build to spec offering due to convenience of a single Point of contact for Design/Engineering, Industrialization and Manufacturing which reduces the need for multiple interfaces at each stage of the project and also hastens the products time-to-market

facilitating a Design-To-Cost approach and reducing the Total Cost of Ownership. This engagement model involves higher IP and value creation opportunities for both the customer and for Centum. The Company is also able to better the product Lifecycle management by proactively and effectively managing issues such as obsolescence, performance upgrades, market-specific localization and cost reduction.

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

4. Business Outlook

The past financial year FY 19-20 revenue was approximately flat on a standalone basis and down by 5% on a consolidated basis compared to the previous year. The impact of the COVID pandemic was felt in the last quarter of the financial year due to the global lockdown which began in March as well as certain supply chain delays experienced earlier in the quarter due to materials sourced from China. EBITDA margins also remained flat compared with the previous year.

Looking forward to the new year, the uncertainties associated with the pandemic pose a real challenge. But your Company's strategy to be diversified by segment, geography and service offering makes it resilient through this challenging period. Several actions to optimize costs and conserve cash have been put in place by each of the operating divisions.

a. Strategic Electronics Business Unit:

Your Company has established itself as a key player in the Indian Defence & Space industry by working closely with customers and partners to design, develop and manufacture critical sub systems and systems in Missiles, Satellites, Electronic Warfare, Optronics, Radar, Communications among others. In the past year, the critical projects delivered to customers include EO receivers and signal processing modules for laser guided missiles, critical RF/ Microwave and Power subsystems for satellites and Electronics for Thermal Imaging sights among others.

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

b. Electronic Manufacturing Solutions:

Centum's EMS division is well recognized as a leading supplier of high complexity products for international companies. Having established a strong track record of execution, your Company has been integrated into the global supply chain of large OEMs as a strategic supplier. Over the past year Centum has worked on New Product Introductions for defence and industrial customers which are expected to start production in the following year.

With the COVID related impacts expected to be seen over the course of FY 20-21, productivity improvement will be a key focus area. This includes identifying and capturing material cost reductions and operational productivity. Beyond this, your Company has a strong pipeline of opportunities from existing and new customers which have been created after focused sales efforts, improved customer satisfaction and also favorable macro-economic factors.

c. Engineering Services:

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

In the short term, there has been an impact on Aerospace and Automotive segments due to Covid-19. However, we are redeploying the resources to other sectors which are stable or have potential for growth. We will also focus on aggressively leveraging the India Design Centre for competitiveness and increase in the market share.

5. Risk Factor

The Covid-19 pandemic has created an unprecedented health and economic crisis. The effect has been on people, markets, supply chain etc. This is still an evolving crisis with concerns of a second wave and there remains a lot of uncertainty as to when this would be behind us. It is difficult to predict the risks associated with Covid-19. However, we have taken several actions to minimize the risks to the extent possible.

The geopolitical tension between India and China and actions by Government of India to curb imports from China (e.g. Apps) can have an effect on the supply chain.

The new Space Policy announced by Government of India, is not yet clear. While it may bring opportunities, it may also bring some inherent risks.

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

Also, some of the products are very complex with only a handful of companies in the world that are capable of developing them and so the risk of product development 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.

While we see significant growth opportunities for manufacturing in India, the increased demand for skilled manpower poses the risk of talent retention to your Company.

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, benchmark with other large companies while rewarding the employees. As on March 31, 2020, the employee strength of the Company at the group level was 2049.

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

7. Internal control systems and their adequacy

Your Company has placed strong emphasis and effort on the internal control systems. The internal checks and balances are augmented by a formal system of Internal Audit by KPMG.

8. Financial condition

A. Consolidated

i. Share capital

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



ii. Borrowings

The Loans have reduced by ₹ 319 million from ₹ 3,565 million as on March 31, 2019 to ₹ 3,246 million as on March 31, 2020.

iii. Fixed Assets

The Capital expenditure in relation to Property, Plant & Equipment for 2019-20 is ₹ 286 million.

iv. Working Capital

Inventories has reduced by ₹ 11 million from ₹ 2,369 million as on March 31, 2019 to ₹ 2,358 million as on March 31, 2020.

Receivables have decreased by ₹ 254 million from ₹ 2,743 million as on March 31, 2019 to ₹ 2,489 million as on March 31, 2020.

Current liabilities have increased by ₹ 463 million from ₹ 6,728 million as on March 31, 2019 to ₹ 7,191 million as on March 31, 2020.

v. Cash flows

	₹ in Million
Cash flows from Operating activities	1093
Cash inflows in Financing activities	(1021)
Cash outflows in Investing activities	(116)

vi. Results of Operations

The business operations for 2019-20 resulted in the Company, achieving sales of ₹ 8,833 million as against ₹ 9,304 million for 2018-19.

The Profit/(Loss) before tax for the year 2019-20 is ₹ 235 million as against ₹ 337 for the year 2018-19.

vii. Key financial parameters

Particulars	FY 20	FY 19
Debt /Equity[1]	1.31	1.34
Debtors Turnover Ratio(Days)[2]	108	101
Inventory Turnover Ratio(Days)[3]	243	241
Current Ratio[4]	0.98	1.00
Interest Coverage Ratio without exceptional items[5]	2.51	3.28
Operating profit Margin [6]	7%	7%
Net profit Margin[7]	2%	3%

[1] (Long term borrowing + short term borrowing + current maturities less current investment, cash and bank balance)/ Total Equity.

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

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

[4] Current assets/ current liabilities

[5] Interest/ EBIT

[6] Operating profit/total income

[7] PAT/total income

Reason for variation (>25%): Key financial parameters improved in FY 20 over FY 19 due to improved operational performance and better business mix

B. Standalone

i. Share capital

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

ii. Borrowings

The Loans have decreased by ₹ 207 million from ₹ 2,054 million as on March 31, 2019 to ₹ 1,847 million as on March 31, 2020.

iii. Fixed Assets

The Capital expenditure in relation to Property, Plant & Equipment for 2019-20 is ₹ 267 million.

iv. Working Capital

Inventories has reduced by ₹ 47 million from ₹ 2,251 million as on March 31, 2019 to ₹ 2,204 million as on March 31, 2020.

Receivables has decreased by ₹ 163 million from ₹ 1,863 million as on March 31, 2019 to ₹ 1,700 million as on March 31, 2020.

Current liabilities has decreased by ₹ 414 million from ₹ 4,128 million as on March 31, 2019 to ₹ 3,714 million as on March 31, 2020.

v. Cash flows

	₹ in Million
Cash flows from Operating activities	656
Cash inflows in Financing activities	(602)
Cash outflows in Investing activities	(47)

vi. Results of Operations

The business operations for 2019-20 resulted in the Company, achieving sales of ₹ 4,824 million as against ₹ 4,986 million for 2018-19.

The Profit /(Loss) before tax for the year 2019-20 is ₹ 348 million as against ₹ 346 million for the year 2018-19.

vii. Key financial parameters

Particulars	FY 20	FY 19
Debt /Equity[1]	0.72	0.87
Debtors Turnover Ratio(Days)[2]	135	103
Inventory Turnover Ratio(Days)[3]	290	275
Current Ratio[4]	1.15	1.10
Interest Coverage Ratio without exceptional items[5]	3.23	3.36
Operating profit Margin[6]	10%	10%
Net profit Margin[7]	5%	12%

[1] (Long term borrowing + short term borrowing + current maturities less current investment, cash and bank balance)/ Total Equity

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

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

[4] Current assets/ current liabilities

[5] Interest/ EBIT

[6] Operating profit/total income

[7] PAT/total income

Reason for variation (>25%): Key financial parameters improved in FY 20 over FY 19 due to improved operational performance and better business mix

Board's Report

Dear Members,

We have pleasure in presenting the Twenty Seventh Annual Report on the business and operations of the Company together with the audited Statement of Accounts for the financial year ended March 31, 2020.

1. Financial Highlights:

(₹ in Millions)

Particulars	Consolidated		Standalone	
	2019-20	2018-19	2019-20	2018-19
Total Income	8,986	9,375	4,867	5,025
Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA)*	845	900	592	576
Depreciation	414	278	132	121
Interest	233	211	156	147
Earnings Before Tax**	352	481	348	346
Earnings After Tax**	278	484	250	251

* Excludes other income

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

2. Performance:

During the current year of operations, your Company has registered a consolidated total income of ₹ 8,986 million compared to previous financial year total income of ₹9,375 million. Your Company has earned a net profit after tax of ₹ 278 million for the financial year.

At standalone level, a total income of ₹ 4,867 million compared to previous financial year total income of ₹ 5,025 million. Further, your Company has earned a net profit of ₹ 250 million for the year.

3. Subsidiaries:

a. Centum Adetel Group S.A.

During the year, Centum Adetel Group S.A. the subsidiary company (excluding discontinuing operations), has registered total income of ₹ 4,139 million and posted a net profit (before exceptional items) of ₹ 81 million.

b. Centum Electronics UK Limited

During the year, Centum Electronics UK Limited, a wholly owned subsidiary company, has registered a revenue of ₹ 2 million and posted a net profit of ₹ 0.5 million.

c. Centum Adeneo India Private Limited

During the year, Centum Adeneo India Private Limited, a wholly owned subsidiary company, has registered revenue of ₹ 125 million and earned a net profit after tax of ₹ 6.7 million for the year.

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

4. Consolidated Financial Statements:

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

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

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

5. Dividend:

During the year, the Board of Directors of the Company have recommended a final dividend of ₹ 2.5 (i.e. 25%) per equity share face value of ₹ 10/-each for the financial year 2019-20 which is subject to approval of the Shareholders in the ensuing Annual General Meeting of the Company.

The dividend, if approved by the Shareholders will involve a cash outflow of ₹ 32.2 million.

6. Share Capital:

The authorised share capital of the Company is ₹ 15,50,00,000/- divided into 1,55,00,000 equity shares of ₹ 10/- each. During the year, your Company has issued and allotted 3,723 equity shares of the Company to the eligible employees on exercise of options granted under the Centum

Employee Stock Option Plan. Consequently, the issued, subscribed and paid up equity share capital of the Company has increased from 1,28,81,058 equity shares of ₹ 10/- each to 1,28,84,781 equity shares of ₹ 10/- each.

7. Debentures:

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

8. Depository System:

Your Company's equity shares are tradable only in electronic form. As on March 31, 2020, 99.15% of the Company's total paid up equity share capital representing 1,27,75,145 shares are in dematerialised form.

9. Transfer to Investor Protection Fund:

During the year, the Company transferred ₹ 1,42,544/- to the Investor Education and Protection Fund, the amount in unpaid Dividend Account opened in 2011-12 which was due & payable and remained unclaimed & unpaid for a period of seven years as provided under Section 124(5) of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Auditing, Transfer and Refund) Rules, 2016. The Company, pursuant to the circulars issued by Ministry of Corporate Affair under the aforesaid rules mandated the transfer of shares on which dividend has not been paid or claimed by the shareholders for seven consecutive years or more to the demat account of the Investor Education and Protection Fund Authority. The Company has accordingly transferred 4,386 shares to the demat account of the Investor Education and Protection Fund Authority.

10. Risk Management:

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

11. Internal Control Systems and their adequacy:

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

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

12. Directors and Key Managerial Personnel:

The Board of Directors of the Company as on March 31, 2020 comprises of 9 Directors out of which 2 are Executive Directors, 1 Non- Executive Director and 6 are Non-Executive Independent Directors. The composition of the Board of Directors is in due compliance of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

At the Board Meeting of the Company held on February 13, 2020, Mr. Nikhil Mallavarapu (DIN: 00288551), has been appointed as Whole Time Director, designated as Executive Director of the Company for a period of five years with effect from February 13, 2020. Further, the Board of Directors through Circular Resolution have appointed Ms. Kavitha Dutt Chitturi (DIN: 00139274) as an Additional Director in the capacity of Non Executive Independent Women Director of the Company with effect from March 25, 2020.

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

Pursuant to applicable provisions of the Companies Act, 2013, the Nomination and Remuneration Committee and the Board of Directors at their respective Meetings held on July 28, 2020, have recommended and approved the re-appointment of Mr. Manoj Nagrath (DIN: 01974412) and Mr. Rajiv C Mody (DIN: 00092037), as Independent Directors of the Company for a second consecutive term period of 5 (five) years w.e.f. August 7, 2020 upto August 6, 2025 which is subject to approval of Shareholders at the ensuing Annual General Meeting of the Company. Due notices under Section 160 of the Companies Act, 2013 have been received from a Shareholder of the Company proposing the re-appointment of Mr. Manoj Nagrath and Mr. Rajiv C Mody as Independent Directors of the Company at this Annual General Meeting.

Mr. Apparao V Mallavarapu (DIN: 00286308), Chairman & Managing Director of the Company has been re-appointed for a further period of five years with effect from August 1, 2020 which will be subject to approval of the Shareholders at the ensuing Annual General Meeting.

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

Annual General Meeting.

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

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

a. Board Meetings:

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

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

b. Declaration by Independent Directors:

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

c. Remuneration Policy:

The Board has, upon recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration as required under Section 178(3) of the Companies Act, 2013. The Policy is available on the Company's website https://www.centumelectronics.com/investor-relations/. There has been no change in the Policy since the last fiscal year.

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

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

Further, Independent Directors have reviewed the performance of the Board, its Chairman and Non-Executive Directors and other items as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

13. Directors' Responsibility Statement:

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

i. that in the preparation of annual accounts for the year ended March 31, 2020, 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, 2020 and of the profit of the Company for year ended on that date;

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

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

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

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

Further the Board of Directors confirms that the Company has complied with the Secretarial Standards on the Board Meetings issued by the Institute of Company Secretaries of India, as applicable to the Company, during the financial year ended March 31, 2020.

14. Particulars of Loans, Guarantees or Investments:

The particulars of loans given, investments made, securities provided and guarantees given as required under Section 186 of the Companies Act, 2013 are provided in note 5, 6 and 46 forming part of the standalone financial statements.

15. Contracts and Arrangements with Related Parties:

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

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

The Company has framed a policy on dealing with the related party transactions and the same is available on the Company's website https://www.centumelectronics.com/investor-relations.

Your Directors draw attention of the members to Note 43 to financial statement which sets out the related party disclosures.

16. Auditors:

a. Statutory Auditors

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

The Report of the Statutory Auditors for the financial year 2019-20 does not contain any qualification on the financial statements of the Company.

b. Secretarial Audit

The Board has appointed Ms. Aarthi G Krishna, Practicing Company Secretary (CP No.5645), to conduct Secretarial Audit for the financial year 2019-20. The Secretarial Audit Report for the financial year ended March 31, 2020 is enclosed as **Annexure-2** to this Report.

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

c. Cost Auditors

The Board of Directors of the Company have appointed M/s. K.S. Kamalakara & Co., Cost Accountants (Registration No. 10625) as Cost Auditors of the Company for the financial year 2019–20 at a fee of ₹ 1,00,000/- plus applicable taxes and out of pocket expenses. The remuneration payable to Cost Auditors has been ratified by the Shareholders at the Twenty Sixth Annual General Meeting of the Company pursuant to provisions of Section 148 of the Companies Act, 2013.

17. Corporate Governance:

Your Company believes in adopting best practices of Corporate Governance. A report on Corporate Governance along with a Certificate from a Practicing Company Secretary confirming the compliance for the year ended March 31, 2020 as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is forming part of this Annual Report.

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

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

19. Corporate Social Responsibility:

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

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

20. Details of establishment of Vigil Mechanism:

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

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

21. Particulars of Employees:

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

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

In terms of Section 136(1) of the Companies Act, 2013 and the Rules made thereunder, the Annual Report is being sent

to the Shareholders and others entitled thereto excluding the information on employees' particulars. The same is available for inspection by the Shareholders at the Registered Office of the Company during business hours on working days of the Company up to the date of ensuing Annual General meeting. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in this regard.

22. Prevention, Prohibition and Redressal of sexual harassment at workplace:

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

The Company has also constituted an Internal Complaints Committee, to inquire into complaints of sexual harassment and recommend appropriate action.

The Company has not received any complaint of sexual harassment during the financial year 2019-20.

23. Extract of Annual Return:

In terms of Section 92 (3) of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, the extract of the Annual Return of the Company for the financial year 2019-20 in Form No. MGT-9 is appended as **Annexure-6** to this Report.

The extract of the Annual Return of the Company can also be accessed on the Company's website https://www.centumelectronics.com/investor-relations.

24. Management Discussion and Analysis Report:

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

25. Employee Stock Option Plan:

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

The particulars prescribed under Guideline 12.1 of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 is enclosed as **Annexure-7** to this report.

26. Awards and Recognitions:

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

i. Centum won SEEM National Energy Management Award 2019 at National level: Your Company has participated in National level Energy Management awards conducted by 'Society of Energy Engineers & Managers' and the Company was awarded 'Silver Award' for our energy conservation and management activities done for last one year. The award was received on September 26, 2019 at New Delhi.

ii. Centum won Best Product Design Company in Space Technology (Indian / MNC) at the SPACETRONICS 2019: The Company has received the IESA SPACETRONICS and DEFTRONICS 2019 Awards, in the category Best Product Design Company in Space Technology (Indian/ MNC) at the SPACETRONICS 2019.

   This award aims to recognize Product Design for the Companies operating in the Space Technology arena in India, as a Large Enterprise, who have brought-in excellence through innovations to their Product Design. On behalf of the Company, Strategic Electronics BU President, Mr. Vinod S Chippalkatti and Vice President Ms. Sandhya Thyagarajan have received the award from the Deputy Chief Minister of Karnataka on September 19, 2019.

iii. Centum won Kaizen awards at QMG Kaizen Competition: Both the Business Units of the Company (i.e. SEBU and EMS) had participated in a Kaizen competition organized by QMG (QualMind Group). The Company has got the 1st Prize as well as several Kiazens under Outstanding and Excellent categories. Based on the Kaizen scores, Centum as a Company, was ranked 3rd in the competition.

27. General:

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

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

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

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

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

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

28. Acknowledgements:

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

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

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

By order of the Board
For Centum Electronics Limited

Place: Bengaluru
Date: July 28, 2020

Apparao V Mallavarapu
Chairman & Managing Director

S. Krishnan
Director

Form AOC - 1

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

Part "A" : Subsidiaries (in ₹ Million)

Sl. No.	Name of the subsidiary	Reporting currency	Share capital	Reserves	Total Assets	Total Liabilities (excl. capital & reserves)	Investments (excluding in subsidiaries)	Turnover	Profit/ (Loss) before taxation	Provision for taxation	Profit/ (Loss) after taxation	Proposed dividend	% of Shareholding by the company
1	Centum Adeneo India Private Ltd	INR	1	(11)	82	92	-	126	6	(0)	7	-	100%
2	Centum Electronics UK Limited	EUR	472	46	1,062	544	-	2	0	-	0	-	100%
3	Centum Adetel Group SA ("CAG")	EUR	407	940	3,234	1,999	113	338	(396)	-	(396)	-	54.15%
4	Centum Adetel Transportation System SAS ("CATS")	EUR	753	(74)	1,302	907	284	3	236	-	236	-	held by CAG 100%
5	Centum Adetel Transportation SAS ("CAT")*	EUR	-	-	-	-	-	467	215	-	215		
6	9308-4929 Québec Inc (Centum Adetel Solution Canada)	CAD	5	27	565	533	-	541	(7)	(0)	(7)	-	held by CATS 100%
7	9301-3936 Québec Inc (Centum Adetel Equipment Canada)	CAD	3	(59)	378	434	-	401	(66)	2	(65)	-	held by CATS 100%
8	Centum Adetel Synergies SARL	EUR	1	(42)	38	79	-	110	(2)	-	(2)	-	held by CAG 100%
9	Centum Adeneo SAS	EUR	47	674	3,004	2,283	-	3,278	148	(0)	148	-	held by CAG 100%
10	Centum Adeneo CRD SAS	EUR	0	(18)	170	188	-	384	7	-	7	-	held by CAG 100%
11	Centum Adeneo Belgium	EUR	1	-	1	-	-	-	-	-	-	-	held by CAG 100%

Part "B" : Associates (in ₹ million)

Sl. No	Name of Associates	Currency	Shares of Associate held by the company on the year end			Networth attributable to Shareholding as per latest audited Balance Sheet	Profit / (Loss) for the year	OCI for the year
			Number in million	Amount of Investment in Associates	Extend of Holding %			
1	Ausar Energy SAS	EUR	1	39	held by CAG 30.45%	36	(5)	3
2	Centum Adetel Transportation SAS ("CAT")*	EUR	0	284	held by CAG 35%	193	-	-

* The Group has divested its stake during the year ended March 31, 2020 and accordingly it has ceased to be a subsidiary and has become an associate w.e.f. March 31, 2020. As a part of divestment intercompany receivable/ payable between CAT and CAG amounting to INR 409 Mn are cancelled and above table includes the same.

Annexure -2

Form No. MR-3

SECRETARIAL AUDIT REPORT*

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

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

To,

The Members,
Centum Electronics Limited
Bengaluru

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 March 31, 2020 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 March 31, 2020 according to the provisions of:

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

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

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

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

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

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

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;[1]

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

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

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

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

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;[2] and

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

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

1. EXIM Policy of India relating to Export Oriented Unit (EOU)

2. Semiconductor Integrated Circuits Layout Design Act, 2000

3. Environment (Protection) Act, 1986, Water (Prevention and Control of Pollution) Act,1974;

Air (Prevention and Control of Pollution) Act,1981; e-waste & hazardous waste (Management and Handling Rules).

4. Micro Small and Medium Enterprises Development Act, 2006

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

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

(ii) The Listing Agreement entered into by the Company with the National Stock Exchange of India Limited and BSE Limited;[6]

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

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

I Further Report that

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

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

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

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

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

(i) Allotted 3,723 equity shares of ₹ 10/- each to employees who exercised their option under the Employee Stock Option Plans.

(ii) Re-appointed Mr. Seetharama Subramanian Krishnan and Mr. Pranavkumar Nalinkumar Patel as Independent Directors for a further period of five years with effect from 1 April, 2019

(iii) Inducted Mr. Nikhil Mallavarapu as Executive Director of the Company for a period of five years with effect from February 13, 2020

(iv) Appointed Ms. Kavitha Dutt Velagapudi as Women Independent Director for a period of five years with effect from March 25, 2020

(v) Transferred 4,386 Shares pertaining to the unclaimed dividend pertaining to the year 2011-12, to the Investor Education and Protection Fund taking the cumulative total of shares transferred to IEPF to 78,124 shares. Claim by Shareholders for 749 shares have been released by IEPF.

Signature:
AARTHI G KRISHNA
Name of Company Secretary in practice

FCS No.: 5706
C P No.: 5645

Place : Bengaluru
Date : July 28, 2020
UDIN : F005706B000514137

* To be read with the letter annexed hereto which forms an integral part of this report
[1] Replaced with SEBI(Prohibition of Insider Trading) Regulations, 2015
[2] There were no actions necessitating compliance under these Regulations.
[3] Replaced with SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018
[4] Replaced with SEBI (Share Based Employee Benefits) Regulations, 2014
[5] Replaced with SEBI (Buy-back of Securities) Regulations, 2018.
[6] and SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015.

ANNEXURE

To,

The Members,
Centum Electronics Limited
Bengaluru

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Signature:
AARTHI G KRISHNA
Name of Company Secretary in practice

Place : Bengaluru
Date : July 28, 2020

FCS No.: 5706
C P No.: 5645

Annexure - 3

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

1. CONSERVATION OF ENERGY:

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

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

- Power factor improvement is achieved to 0.99 by replacing inefficient capacitors with new capacitors.
- Monitored LT voltage & if found to be less, discussed with BESCOM and improved the Voltage.
- Regularly monitored the top 5 power guzzlers like HVAC system, Process Chillers, air compressors etc. on daily basis and fixed the limits to control the consumption & cost.
- Consumption monitoring is done for Nitrogen gas on daily basis resulting in better control on usage.
- Cooling tower fills are replaced for improving efficiency of chillers.
- Regular maintenance of HVAC & Air Compressor systems is done to run it at maximum efficiency.
- Switching off power & gases to machines which is not in production plan on daily basis to reduce idle power consumption.
- Air pressure optimization is done based on production machine requirement to reduce power consumption in compressor.
- Regular leakage checking in gas and air pipelines, arresting leakages if any immediately is done to conserve resources.
- Use of Solar power from third party under open access policy is done on monthly basis, which reduces our carbon footage.
- Thermography study is done for all electrical panels and corrective action is done.
- Office area AHU's are operated with time schedule on working days to control power consumption.
- Installation of timers for Production area Air handling units and exhausts is done to operate in schedule.
- HVAC system is controlled through BMS automation to run efficiently and optimum as per production process requirement.
- Descaling of Condenser pipelines are done at regular frequency to improve the performance of Chillers.

2. TECHNOLOGY AND RESEARCH & DEVELOPMENT:

Technology Development:

- The Company has the established capability to design embedded systems Products for defense and Space applications with the following areas of technical expertise:
  - o High speed and high density designs targeted to Vertex 5 Xilinx FPGA
  - o Use of Sital IP core for 1553 interface
  - o Development of high-speed and high-density Space grade Virtex5 based 16 layer Board
  - o Implementation of high-speed Digital down conversion technique in FPGA for frequency translation
  - o Interface of RF ADCs (3.2GSPS) and RF DAC(3GSPS) with space grade Virtex5 FPGA
  - o 2.5 Gbps high speed SERDES interface with FPGA
  - o Design and development of the IP core for Block Adaptive Quantization (BAQ) compression techniques
  - o Techniques for fault tolerant and error tolerant logics
  - o Highly densed and complex 16 layered PCB designed with 3 nos. of 1752 pin (CCGA) xilinx FPGAs and 2 nos. of 624 pin (CCGA) RF ADCs designed and developed
- The Process & NPI Team of the Company is constantly working in the area of development of various new processes. It has succeeded in development of various new processes which has helped in reduction of cost as well as improvements in the performance of the product.

New Processes Developed:

- DC-DC Converter Assembly
  - a. Power Dice (MOSFET& Diodes) attachment onto Thick film Gold metallization using solder preforms
  - b. Vertical mounting of Ceramic chip capacitors
  - c. Attachment of Special Subassemblies of Magnetics & POT core sub-assemblies on to Ceramic Substrate
  - d. Soldering of Enameled copper wire on thick film gold metallization using Solder
  - e. Attachment of multiple substrates to package
  - f. Hermetic Seam sealing of large size Moly-based Metallic packages
  - g. Copper strip attachment onto AgPd pads using Electrically Conductive Epoxy
- Multilayer Thick Film printing process - 45°angled conductor tracks in place of 90° angled conductor tracks & Resistor arrays in place of multiple chip resistors.
- Various thick film paste qualifications on substrate
- SAW filter Assembly
- RF Assembly on TMM10i Substrate
- Substrate to package attachment for Power hybrid HMCs
- Stacking of toroid core is a new method designed to reduce the PCB footprint for power inductors which generally occupy large space on the PCB area due to their inherent size. Stacking of toroid core significantly reduces the PCB space consumption which will facilitate slim and smaller assemblies.
- Qualification and introduction of New Manufacturing Equipment

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

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

- High Input voltage Synchronous Buck converter
- Ultra-Low Noise LDO for Sensor and imaging Applications
- Digitally Controlled Forward Converter.
- 150W Synchronous Rectifier Forward converter with Active clamping
- Development of Receiver (High Frequency)
- Development of Transmitter (High Frequency)
- Development of Synthesizer
- Development of Digitally Tunable Filter

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

- Published 3 papers

(iii) Future Plan of Action

- 165W Cascaded Push pull converter
- 40W Hybridized DC-DC Converter
- GaNFET Based Fly-back Synchronous converter
- Design and development of Complete payload for Space application followed with RF, Digital, Power supply and all other supporting subsystem.
- Design and Development of Space grade Transmitters, Receivers in K, Ka Band.
- Design and Development of Space grade multichannel TR modules in Ku-Band.
- Medium scale Liquid Cold Plate design and development
- Design & development of optical based Payload
- FFT algorithm implementation

(iv) Expenditure on R & D

₹ in Millions

For the year ended March 31	2020	2019
A. Capital	52.40	4.59
B. Recurring	65.77	74.10
C. Total	118.18	78.69
Total R&D expenditure as a % of total turnover	2.4%	1.6%

3. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Foreign Exchange Earnings was ₹ 2,531 Million and Outgo was ₹ 2,331 Million for the year ended March 31, 2020.

Annexure - 4

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:

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

The Company has formulated CSR Policy and is available at Investor page on the Company website https://www.centumelectronics.com/investor-relations/

CSR Committee reviews the projects or programmes undertaken in the following areas:

i) Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water;

ii) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;

iii) promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;

iv) ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga;

v) Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries: promotion and development of traditional arts and handicrafts;

vi) Measures for the benefit of armed forces veterans, war widows and their dependents;

vii) Training to promote rural sports, nationally recognised sports, Paralympic sports and Olympic sports;

viii) Contribution to the Prime Minister's National Relief Fund (or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;

ix) Contribution to incubators funded by Central Government or State Government or any agency or Public Sector Undertaking of Central Government or State Government, and contributions to public funded Universities, Indian Institute of Technology (IITs), National Laboratories and Autonomous Bodies (established under the auspices of Indian Council of Agricultural Research (ICAR), Indian Council of Medical Research (ICMR), Council of Scientific and Industrial Research (CSIR), Department of Atomic Energy (DAE), Defence Research and Development Organisation (DRDO), Department of Biotechnology (DBT)], Department of Science and Technology (DST), Ministry of Electronics and Information Technology) engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs);

x) Rural development projects;

xi) Slum area development;

xii) Disaster management, including relief, rehabilitation and reconstruction activities.

2. Composition of the CSR Committee:

The Composition of the CSR Committee is as follows:

Name	Designation	Position
Mr. Thiruvengadam P	Independent Director	Chairman
Mr. S. Krishnan	Independent Director	Member
Dr. Swarnalatha Mallavarapu	Non – Independent Director	Member

3. Average net profits (as per Section 198) of the Company for the last three financial years:

Financial Year	Net Profit Before Tax (in ₹)
2018-19	34,08,15,216
2017-18*	-
2016-17	35,83,19,374
Average Profit of 3 years	**23,30,44,863**

* The Company has incurred loss and hence, the same has not been considered for the purpose of computing average net profits

4. Prescribed CSR Expenditure (two percent of the amount as in item No.3 above):

2% of the average Net Profit is ₹ 46,60,897/-.

5. Details of CSR spend for the financial year:

a. Total amount spent for the financial year: ₹ 56,12,200/-.

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

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	7,80,000	7,80,000	Direct
2	Provision Asia	Health Care	Bangalore	3,50,000	3,50,000	Direct
3	Akshaya Patra Foundation	Education	Bangalore	35,27,700	35,27,700	Direct
4	Covid-19 Pandemic - Supporting Poor Families	Disaster management	Bangalore	1,54,500	1,54,500	Direct
5	Inspired India Foundation	Education	Bangalore	3,00,000	3,00,000	Direct
6	Society for Energy, Environment & Development - SEED	Rural Development Projects	Hyderabad	5,00,000	5,00,000	Direct
	Total			**56,12,200**	**56,12,200**	

*Details of implementing agencies: N.A.

c. Amount unspent: Nil

6. In case the Company fails to spend the 2% of the Average Net Profit (₹) of the last 3 financial years, the reasons for not spending the amount shall be stated in the Board report:

Not Applicable. During the year under review, the Company has spent ₹ 56,12,200 which is well in excess of 2% of the Average Net Profit of the Company.

7. Responsibility statement, of the CSR Committee, that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company duly signed by Director and Chairperson of the CSR Committee:

The CSR Committee ensures that the implementation and monitoring of CSR policy is in compliance with the CSR objectives and Policy of the Company.

Chairman of CSR Committee

Place: Bengaluru
Date: June 28, 2020

Annexure - 5

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

(i) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2019-20, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2019-20 are as under:

Sl. No.	Name of the Director/KMP and Designation	% increase in Remuneration in the Financial Year 2019-20	Ratio of remuneration of each Director/to median remuneration of employees
1	Apparao V Mallavarapu	6%	45.16
	Chairman and Managing Director		
2	Nikhil Mallavarapu #	-	-
	Executive Director		
3	S. Krishnan	-5%	0.92
	Non-Executive Director		
4	Manoj Nagrath	-5%	0.92
	Non-Executive Director		
5	Rajiv C Mody	0%	0.66
	Non-Executive Director		
6	Pranav Kumar N Patel	-5%	0.92
	Non-Executive Director		
7	Swarnalatha Mallavarapu	-	-
	Non-Executive Director		
8	Thiruvengadam P	6%	0.92
	Non-Executive Director		
9	Kavitha Dutt Chitturi ##	-	-
	Non-Executive Director		
10	K. S. Desikan	14%	Not applicable
	Chief Financial Officer		
11	Nagaraj K V *	-	Not applicable
	Company Secretary		

(i) # Appointed as Executive Director w.e.f. 13th February 2020

Appointed as Independent Women Director w.e.f. 25th March 2020

* 2018-19 remuneration is for Part of the year.

(ii) During the financial year, there was a increase of 4.49% in the median remuneration of employees

(iii) There were 1492 permanent employees on the rolls of Company as on March 31, 2020

(iv) Average percentage increase in the salaries of employees other than the managerial personnel in the last financial year i.e., 2019-20 was 8.97% and increase in the managerial personnel for the same financial year was 16.27%

(v) Affirmation that the remuneration is as per the Remuneration Policy of the Company
It is affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other employees, adopted by the Company

Annexure - 6

EXTRACT OF ANNUAL RETURN

financial year ended as on 31.03.2020
[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	January 8, 1993
Name of the company	Centum Electronics Limited
Category/Sub-Category of the company	Company Limited by Shares Indian Non Government Company
Address of the Registered Office and contact details	No. 44, KHB Industrial Area, Yelahanka New Town, Bangalore – 560 106
Whether listed company	Yes
Name, address and contact details of Registrar and Transfer Agent, if any	KFin Technologies Private Limited Selenium Tower B, Plot No.31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad – 500 032, Ph No.: +91 40 6716 2222, Fax No.: Fax No: 040-2300 1153 Toll Free No. 1800 3454 001 Email: eniward.ris@kfintech.com

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	Systems and subsystems	26109	36%
2	Contract Manufacturing	26104	62%

III. Particulars of holding, subsidiary and associate companies

Sl. No.	Name and Address of the company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable section
1	Centum Electronics UK Limited	N.A.	Subsidiary	100%	2(87)
2	Centum Adeneo India Private Limited	U72900KA2016FTC098263	Subsidiary	100%	2(87)
3	Centum Adetel Group S.A.	N.A.	Subsidiary	54.15%	2(87)
4	Centum Adetel Synergies SARL	N.A.	Subsidiary	54.15%	2(87)
5	Centum Adeneo SAS	N.A.	Subsidiary	54.15%	2(87)
6	Centum Adeneo CRD SAS	N.A.	Subsidiary	54.15%	2(87)
7	Centum Adetel Transportation System SAS	N.A.	Subsidiary	54.15%	2(87)
8	9308-4929 Québec Inc (Centum Adetel Solution Canada)	N.A.	Subsidiary	54.15%	2(87)
9	9301-3936 Québec Inc (Centum Adetel Equipment Canada)	N.A.	Subsidiary	54.15%	2(87)
10	Centum Adeneo Belgium	N.A.	Subsidiary	54.15%	2(87)
11	Centum Adetel Transportation SAS ("CAT")	N.A.	Associate	18.95%	2(6)
12	Ausar Energy SAS	N.A.	Associate	16.49%	2(6)

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 31/03/2019				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2020				% CHANGE DURING THE YEAR
		DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(A)	**PROMOTER AND PROMOTER GROUP**									
(1)	INDIAN									
(a)	Individual /HUF	75,76,478	-	75,76,478	58.82	75,76,478	-	75,76,478	58.80	-0.02
(b)	Central Government/ State Government(s)	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(d)	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	-	-	-	-	-
	Sub-Total A(1) :	**75,76,478**	**-**	**75,76,478**	**58.82**	**75,76,478**	**-**	**75,76,478**	**58.80**	**-0.02**
(2)	FOREIGN									
(a)	Individuals (NRIs/ Foreign Individuals)	-	-	-	-	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-	-	-
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	-	-	-	-	-
	Sub-Total A(2):	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Total A=A(1)+A(2)	**75,76,478**	**-**	**75,76,478**	**58.82**	**75,76,478**	**-**	**75,76,478**	**58.80**	**-0.02**
(B)	**PUBLIC SHAREHOLDING**									
(1)	INSTITUTIONS									
(a)	Mutual Funds /UTI	12,32,795	0	12,32,795	9.57	10,19,121	0	10,19,121	7.91	-1.66
(b)	Financial Institutions / Banks	203	83	286	0.00	948	83	1031	0.01	0.01
(c)	Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-	-	-	-	-
(f)	Foreign Institutional Investors	-	-	-	-	-	-	-	-	-
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(h)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(i)	Others	-	-	-	-	-	-	-	-	-
	Sub-Total B(1):	**12,32,998**	**83**	**12,33,081**	**9.57**	**10,20,069**	**83**	**10,20,152**	**7.92**	**-1.66**
(2)	NON-INSTITUTIONS									
(a)	Bodies Corporate	4,06,514	4,512	4,11,026	3.19	2,97,824	4,179	3,02,003	2.34	-0.85
(b)	Individuals									
	(i) Individuals holding nominal share capital upto ₹ 1 lakh	14,26,622	1,14,979	15,41,601	11.97	13,95,717	1,05,374	15,01,091	11.65	-0.32
	(ii) Individuals holding nominal share capital in excess of ₹ 1 lakh	19,78,874	0	19,78,874	15.36	23,38,121	0	23,38,121	18.15	2.78
(c)	Others	-	-	-	-	-	-	-	-	-

CATEGORY CODE	CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 31/03/2019				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2020				% CHANGE DURING THE YEAR
		DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
	CLEARING MEMBERS	6,149	0	6,149	0.05	13,095	0	13,095	0.10	0.05
	I E P F	73,738	0	73,738	0.57	77,375	0	77,375	0.60	0.03
	NON RESIDENT INDIANS	38,386	0	38,386	0.30	33,034	0	33,034	0.26	-0.04
	NRI NON-REPATRIATION	21,725	0	21,725	0.17	23,432	0	23,432	0.18	0.01
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
	Sub-Total B(2):	**39,52,008**	**1,19,491**	**40,71,499**	**31.61**	**41,78,598**	**1,09,553**	**42,88,151**	**33.28**	**1.67**
	Total B=B(1)+B(2) :	**51,85,006**	**1,19,574**	**53,04,580**	**41.18**	**51,98,667**	**1,09,636**	**53,08,303**	**41.20**	**0.02**
	Total (A+B) :	**1,27,61,484**	**1,19,574**	**1,28,81,058**	**100.00**	**1,27,75,145**	**1,09,636**	**1,28,84,781**	**100.00**	**0.00**
(C)	Shares held by custodians, against which	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Depository Receipts have been issued	-	-	-	-	-	-	-	-	-
(1)	Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
(2)	Public	-	-	-	-	-	-	-	-	-
	GRAND TOTAL (A+B+C) :	**1,27,61,484**	**1,19,574**	**1,28,81,058**	**100.00**	**1,27,75,145**	**1,09,636**	**1,28,84,781**	**100.00**	**-**

Note: the change in % of Promoters Shareholding is due to increase in the paid up share capital during the year on account of ESOP allotment.

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 V Mallavarapu	66,04,715	51.27	0.00	66,04,715	51.26	0.00	0.00
Nikhil Mallavarapu	5,89,929	4.58	0.00	5,89,929	4.58	0.00	0.00
Dr. Swarnalatha Mallavarapu	3,69,150	2.87	0.00	3,69,150	2.87	0.00	0.00
M.S. Swarnakumari	12,684	0.10	0.00	12,684	0.10	0.00	0.00

Note: the change in % of Promoters Shareholding is due to increase in the paid up share capital during the year on account of ESOP allotment.

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

Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
At the beginning of the year	75,76,478	58.82	75,76,478	58.82
Datewise 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	75,76,478	58.80	75,76,478	58.80

Note: the change in % of Promoters Shareholding is due to increase in the paid up share capital during the year on account of ESOP allotment.

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

Sl. No.	Folio/Dpid-Client id	Type	Shareholding at the beginning of the Year		Cumulative Shareholding during the Year	
			No. of Shares	% of total shares	No. of Shares	% of total shares
1	DFC TRUSTEE COMPANY LIMITED - HDFC EQUITY SAVING FUND					
	30-03-2019	Opening Balance	1131330	8.78		
	12-04-2019	Sale	-54961		1076369	8.36
	19-04-2019	Sale	-2700		1073669	8.34
	26-04-2019	Sale	-400		1073269	8.33
	10-05-2019	Sale	-3126		1070143	8.31
	24-05-2019	Sale	-6186		1063957	8.26
	31-05-2019	Sale	-166223		897734	6.97
	30-09-2019	Purchase	380		898114	6.97
	04-10-2019	Purchase	1193		899307	6.98
	25-10-2019	Purchase	2621		901928	7.00
	01-11-2019	Purchase	2200		904128	7.02
	08-11-2019	Purchase	2982		907110	7.04
	22-11-2019	Purchase	1389		908499	7.05
	29-11-2019	Purchase	10775		919274	7.13
	17-01-2020	Sale	-1618		917656	7.12
	31-03-2020	Closing Balance			917656	7.12
2	GIRISH GULATI (HUF)					
	30-03-2019	Opening Balance	352520	2.74		
	12-04-2019	Purchase	45610		398130	3.09
	23-08-2019	Purchase	3030		401160	3.11
	30-08-2019	Purchase	2000		403160	3.13
	27-03-2020	Purchase	47		403207	3.13
	31-03-2020	Closing Balance			403207	3.13
3	MINAXI BHALCHANDRA TRIVEDI					
	30-03-2019	Opening Balance	246369	1.91		
	31-05-2019	Sale	-5235		241134	1.87
	27-03-2020	Sale	-15000		226134	1.76
	31-03-2020	Closing Balance			226134	1.76

Sl. No.	Folio/Dpid-Client id	Type	Shareholding at the beginning of the Year		Cumulative Shareholding during the Year	
			No. of Shares	% of total shares	No. of Shares	% of total shares
4	SHIVANI TEJAS TRIVEDI					
	30-03-2019	Opening Balance	168087	1.30		
	31-05-2019	Purchase	76191		244278	1.90
	16-08-2019	Purchase	244278		488556	3.79
	16-08-2019	Sale	-244278		244278	1.90
	31-03-2020	Purchase	15000		259278	2.01
	31-03-2020	Closing Balance			259278	2.01
5	BHARAT JAYANTILAL PATEL					
	30-03-2019	Opening Balance	167924	1.30		
	02-08-2019	Purchase	25000		192924	1.50
	06-03-2020	Sale	-192924		0	0.00
	31-03-2020	Closing Balance			0	0.00
6	RUCHIT BHARAT PATEL					
	30-03-2019	Opening Balance	160001	1.24		
	31-05-2019	Sale	-7926		152075	1.18
	23-08-2019	Purchase	100		152175	1.18
	30-08-2019	Purchase	647		152822	1.19
	06-09-2019	Purchase	104		152926	1.19
	13-09-2019	Purchase	1385		154311	1.20
	20-09-2019	Purchase	642		154953	1.20
	27-09-2019	Purchase	1860		156813	1.22
	04-10-2019	Purchase	551		157364	1.22
	18-10-2019	Purchase	124005		281369	2.18
	06-12-2019	Purchase	2699		284068	2.20
	10-01-2020	Purchase	561		284629	2.21
	31-03-2020	Closing Balance			284629	2.21
7	MINAL BHARAT PATEL					
	30-03-2019	Opening Balance	126390	0.98		
	21-06-2019	Sale	-37000		89390	0.69
	17-01-2020	Sale	-172		89218	0.69
	06-03-2020	Purchase	192924		282142	2.19
	20-03-2020	Sale	-78834		203308	1.58
	31-03-2020	Closing Balance			203308	1.58
8	KASHISH JAIN					
	30-03-2019	Opening Balance	42415	0.33		
	31-05-2019	Purchase	62604		105019	0.82
	25-10-2019	Purchase	3		105022	0.82
	31-03-2020	Closing Balance			105022	0.82
9	L&T MUTUAL FUND TRUSTEE LIMITED - L&T EMERGING OPP					
	30-03-2019	Opening Balance	101465	0.79		
	31-03-2020	Closing Balance	101465		101465	0.79
10	FINQUEST FINANCIAL SOLUTIONS PVT. LTD.					
	30-03-2019	Opening Balance	87416	0.68		
	21-06-2019	Sale	-87000		416	0.00
	02-08-2019	Purchase	4000		4416	0.03
	31-03-2020	Closing Balance			4416	0.03

v) **Shareholding of Directors and Key Managerial Personnel**

For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Apparao V Mallavarapu				
At the beginning of the year	66,04,715	51.27	66,04,715	51.27
Datewise 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			66,04,715	51.26
Nikhil Mallavarapu				
At the beginning of the year	5,89,929	4.58	5,89,929	4.58
Datewise 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			5,89,929	4.58
S. Krishnan				
At the beginning of the year	83	0	83	0
Datewise 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
Swarnalatha Mallavarapu				
At the beginning of the year	3,69,150	2.87	3,69,150	2.87
Datewise 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			3,69,150	2.87
K.S. Desikan, Chief Financial Officer				
At the beginning of the year	49,397	0.38	49,397	0.38
Datewise Increase*/Decrease in KMPs Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc.,)	-	-	-	-
At the end of the year			49,397	0.38

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (₹ in Million)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1,847.66	200.00	-	2,047.66
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	6.43	1.58	-	8.01
Total (i+ii+iii)	**1,854.09**	**201.58**	**-**	**2,055.67**
Change in Indebtedness during the financial year				
Addition	3,176.66	50.00	-	3,226.66
Reduction	3,395.75	31.29	-	3,427.04
Net Change	-219.09	18.71	-	-200.38
Indebtedness at the end of the financial year				
i) Principal Amount	1,628.58	218.71	-	1,847.28
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	6.38	1.97	-	8.35
Total (i+ii+iii)	**1,634.96**	**220.68**	**-**	**1,855.63**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager (Amount in ₹ Million)

Sl. No.				
1	Gross Salary	**Apparao V Mallavarapu**	**Nikhil Mallavarapu ***	**Total**
	a Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	9.27	1.39	10.66
	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	8.41	0.90	9.31
	- Others	-	-	-
5	Others	-	-	-
	Total (A)	**17.68**	**2.29**	**19.97**

* Appointed w.e.f. February 13, 2020

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. Thiru-vengadam P	Ms. Kavitha Dutt Chitturi	Dr. Swarnalatha Mallavarapu*	Total
Fee for attending Board/ Committee	0.16	0.16	0.06	0.16	0.16	-	-	0.7
Commission	0.2	0.2	0.2	0.2	0.2	-	-	1.00
Others								
Total (B)(1)	**0.36**	**0.36**	**0.26**	**0.36**	**0.36**	**-**	**-**	**1.70**

2) Other Non-Executive Directors

Particulars of remuneration								Total
Fee for attending Board/ Committee								-
Commission								-
Others								-
Total (B)(2)								**-**
Total (B)=(B)(1)+(B)(2)	**0.36**	**0.36**	**0.26**	**0.36**	**0.36**	**-**	**-**	**1.70**

* Non-Executive Director

C) Remuneration to Key Managerial Personnel other than MD/Manager/WTD: (Amount in ₹ Million)

Sl. No.	Particulars of remuneration	Mr. K.S. Desikan, Chief Financial Officer	Mr. Nagaraj K V Company Secretary	Total
1	Gross Salary			
	a Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	7.86	1.61	9.47
	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)	**7.86**	**1.61**	**9.47**

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: NIL

Annexure - 7

Employee Stock Option Plan

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

		Centum ESOP-2013	
1	Total Size of ESOP	2,50,000 shares (each option represents one share)	
2	Options granted	2,49,998	
3	Pricing Formula	Closing price, prior to the date of the meeting of the Compensation Committee in which Options are granted.	
4	Options vested	229,280	
5	Options exercised	213,754	
6	Number of shares arising as a result of exercise of option	213,754	
7	Options lapsed/surrendered/forfeited	17,218	
8	Variation of terms of options	NA	
9	Money realized by exercise of options	₹ 15,229,974	
10	Total number of options in force	19,026	
11	Grant to senior management personnel	Vinod S Chippalkatti	14,609
		Desikan KS	14,609
		Sandhya Thyagarajan	14,198
		Sanjay Puri	7,000
12	Employees receiving more than 5% of the options in a year	NIL	
13	Employees receiving grants equal or more than 1% of the issued capital	NA	
14	Diluted EPS pursuant to issue of shares on exercise of options calculated in accordance with IndAS 20	₹ 19.42	
15	Impact on Net Profit and EPS	Profit before tax decreased by ₹ 0.49 Million.	EPS decreased by ₹ 0.01.
16	Method used to estimate the fair value of options	Black Scholes model	
17	Significant Assumptions used:		
	a. Dividend Yield	10%	
	b. Risk free interest rate	1-4 years	
	c. Expected Life of Option	5.7-8.6%	
	d. Expected Volatility	48.31%	

For and on behalf of the Board

Place: Bengaluru
Date: July 28, 2020

Apparao V Mallavarapu
Chairman & Managing Director

S Krishnan
Director

Corporate Governance Report

1) Company's Philosophy on Code of Governance

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

2) Board of Directors

a) Composition:

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

As on March 31, 2020, the Board of Directors of the Company comprises of 9 Directors out of which 6 being Independent Non-Executive Directors. The composition of Board is in due compliance of Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The composition of the Board of Directors as at March 31, 2020 is as follows:

Name of the Director	Category	Designation	No. of shares held and percentage to paid up share capital	Number of other Directorships **	Number of Board Committees Membership/ Chairmanship ***	Name of other Listed entities & category of Directorships*
Mr. Apparao V Mallavarapu	Executive and Non Independent	Chairman & Managing Director	66,04,715 51.26	2	3	-
Mr. Nikhil Mallavarapu	Executive and Non-Independent	Whole Time Director	5,89,929 4.58	-	-	-
Mr. S. Krishnan	Non-Executive and Independent	Director	83 0.00	-	4	-
Mr. Manoj Nagrath	Non-Executive and Independent	Director	-	1	3	-
Mr. Rajiv C Mody	Non-Executive and Independent	Director	-	3	4	1. Sasken Technologies Ltd – CMD 2. J.B. Chemicals & Pharmaceuticals Ltd - ID
Mr. Pranav Kumar N Patel	Non-Executive and Independent	Director	-	-	1	-
Dr. Swarnalatha Mallavarapu	Non-Executive and Non Independent	Director	3,69,150 2.87	1	1	-
Mr. Thiruvengadam P	Non-Executive and Independent	Director		5	5	1. Fine Organic Industries Ltd – ID

Name of the Director	Category	Designation	No. of shares held and percentage to paid up share capital	Number of other Directorships **	Number of Board Committees Membership/ Chairmanship ***	Name of other Listed entities & category of Directorships*
Ms. Kavitha Dutt Chitturi	Non-Executive and Independent	Director	-	10	11	1. The K.C.P. Limited - JMD 2. DCM Shriram Industries Ltd - ID 3. Apollo Hospitals Enterprise Limited - ID

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

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

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

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

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

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

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

b) Board Meetings:

The details of the Board Meetings held during the financial year 2019-20 are as follows:

Sl. No.	Day & Date
1	Wednesday, May 29, 2019
2	Monday, August 12, 2019
3	Tuesday, November 12, 2019
4	Thursday, February 13, 2020

The necessary quorum was present in all the Board Meetings. The maximum gap between any two meetings did not exceed 120 days. The attendance of Directors in Board Meetings and previous Annual General Meeting (AGM) are as follows:

Name of the Director	Number of meetings attended	Attendance at the last AGM
Mr. Apparao V Mallavarapu	4	Yes
Mr. S. Krishnan	4	Yes
Mr. Manoj Nagrath	4	Yes
Mr. Rajiv C Mody	3	Yes
Mr. Pranav Kumar N Patel	4	No
Dr. Swarnalatha Mallavarapu	4	Yes
Mr. Thiruvengadam P	4	Yes

c) Code of Conduct for Directors and Senior Management:

The Company has adopted the Code of Conduct for Directors and Senior Management and the Company received the annual affirmations with regard to the adherence to the Code of Conduct for the financial year 2019-20. The Code of Conduct is available on the Company's website (https://www.centumelectronics.com/corporate-governance/).

All the Independent Directors of the Company at the time of their first appointment to the Board and thereafter in the first Meeting of the Board in each financial year gives a declaration that they meet the criteria of independence as provided under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013.

d) Familiarisation Programmes for Board Members:

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

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

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

e) Separate Meeting of the Independent Directors:

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate meeting of the Independent Directors is being held every financial year. None of the non-independent directors, Members of the management or Key Managerial Personnel are present for this Meeting. During the financial year 2019-20 the Meeting of the Independent Directors was held on February 13, 2020 to review the performance of the Non-Independent directors (including the Chairman & Managing Director) and the Board as a whole. Based on the guidance note issued by SEBI on January 05, 2017 on the Board Evaluation, Independent Directors also reviewed the quality, content and timelines of the flow of information between the management and the Board and its Committees which is necessary to perform and discharge their duties effectively and reasonably.

3) Board Committees

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

a) Audit Committee:

As a measure of good Corporate Governance and to provide assistance to the Board of Directors in overseeing the 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 (IndAS).
- Review the investments made by the Company.

Internal Controls and Governance Processes

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

Audit

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

Other Duties

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

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

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

During the year under review, Four Audit Committee Meetings were held and gap between two meetings did not exceed one hundred and twenty days. Audit Committee Meetings were held on May 28, 2019, August 11, 2019, November 11, 2019 and February 12, 2020.

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

Self-Assessment by the Audit Committee

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

b) Nomination and Remuneration Committee:

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

The composition of the Nomination & Remuneration Committee & attendance in the meetings for the financial year 2019-20 were as follows:

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

The Nomination & Remuneration Committee Meetings were held on May 29, 2019, November 12, 2019 and February 13, 2020.

The Company Secretary acts as the Secretary to the Committee.

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

1. To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
2. To formulate criteria for evaluation of performance of independent directors and the Board;
3. To devise a policy on Board diversity;

4. To identify persons who are qualified to become directors and who may be appointed in the senior management in accordance with the criteria laid down and recommend to the board of directors their appointment and removal;

5. To recommend the Board whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;

6. To carry out such other function as may be mandated by the Board from time to time;

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

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

Policy for selection and Appointment of Directors and their Remuneration

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

The details of remuneration paid /payable to the Directors for the year ended March 31, 2020 are as follows:

Name of the Director	Salary & Perquisites	Sitting Fees	Commission	Total
Mr. Apparao V Mallavarapu	92,72,720	-	84,15,077	1,76,87,797
Mr. Nikhil Mallavarapu	13,90,794	-	8,95,937	22,86,731
Mr. S. Krishnan	-	1,60,000	2,00,000	3,60,000
Mr. Manoj Nagrath	-	1,60,000	2,00,000	3,60,000
Mr. Rajiv C Mody	-	60,000	2,00,000	2,60,000
Mr. Pranav Kumar N Patel	-	1,60,000	2,00,000	3,60,000
Dr. Swarnalatha Mallavarapu	-	-	-	-
Mr. Thiruvengadam P	-	1,60,000	2,00,000	3,60,000
Ms. Kavitha Dutt	-	-	-	-

c) Stakeholders' Relationship Committee:

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

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

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

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

Mr. Nagaraj K V, Company Secretary & Compliance Officer acts as the Secretary to the Committee.

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

Status of complaints from the stakeholders from 01.04.2019 to 31.03.2020

Sl. No.	Nature of Complaints	Opening Balance	Received	Redressed	Pending
1.	Non-receipt of securities	NIL	11	11	NIL
2.	Non receipt of Dividend Warrants	NIL	71	71	NIL
3	Non receipt of Annual reports	NIL	10	10	NIL
4.	Others	NIL	373	373	NIL
	Total	**NIL**	**465**	**465**	**NIL**

d) Corporate Social Responsibility (CSR) Committee:

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

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

The composition of the CSR committee is as follows:

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

Annual evaluation of Board, its Committees and Individual Directors

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

Subsidiary Companies

The Company has the following subsidiary companies:

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

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

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

The Company has a policy on material subsidiaries and the weblink for the same is https://www.centumelectronics.com/corporate-governance/. The Company has material subsidiary which meets the criteria mentioned in the policy.

Whistle Blower Policy

The Company promotes ethical behavior in all its business activities and has put in place a mechanism for reporting illegal or unethical behavior. The Company has a Vigil mechanism/Whistle blower policy under which the employees are free to report violations of applicable laws, regulations and the Code of Conduct. During the year under review, there are no such events to report.

Related Party Transactions

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

Details of the significant related party transactions with the group companies are given in the appended financial statements under Note No. 43 of the notes to the accounts of the financial statements.

Pursuant to the said regulations, the Company has framed a policy for dealing with the related party transactions, which has been uploaded on the Company's website.

4) Disclosures

a) Fees Paid to Statutory Auditors:

During the year ended March 31, 2020 fees paid to Statutory Auditors are as follows: (Amount in ₹)

Particulars	Fees (Excluding GST)
Audit and related services	60,92,647
Fees paid for Subsidiary	5,30,000
Total	66,22,647

b) Compliance with Statutory/legal requirements:

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

c) Compliance with Accounting Standards:

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

d) Internal Controls:

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

e) CMD/CFO Certification:

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

f) Certification from Company Secretary in Practice:

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

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

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

The Company has not received any complaint of sexual harassment during the financial year 2019-20.

h) Compliance of mandatory requirements:

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

5) General Body Meetings

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

Year	Date	Venue	Time	Number of special resolutions
2016-17	July 11, 2017	'Avansa', Plot -58P, Survey No.8, KIADB, Bangalore Aerospace Park Industrial Area, Jala Hobli, Budigere Post, Bangalore – 562 129	11.30 A.M	-
2017-18	September 14, 2018	No 44, KHB Industrial Area Yelahanka New Township, Bangalore – 560 106	11.30 A.M	-
2018-19	August 13, 2019	Chambers Hall, Hotel 'Radisson Blu Atria Bengaluru', No.1, Palace Road, Bengaluru 560 001	11.00 A.M	2

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

b) Means of Communication:

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

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

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

In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website viz. https://www.centumelectronics.com/investor-relations/, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively.

6) General Shareholding Information

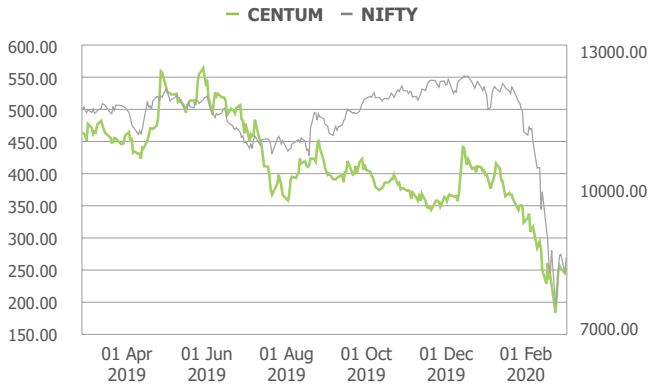
1	Registration Details	Company is registered in the State of Karnataka and The Corporate Identity Number allotted by Ministry of Corporate Affairs (MCA) is L85110KA1993PLC013869
2	Registered Office	No.44, KHB Industrial Area, Yelahanka New Town, Bangalore – 560 106
3	Compliance Officer	Nagaraj K V
4	Date, time & venue of the 27th AGM	Friday, September 18, 2020 at 4:00 p.m. The Company is conducting meeting through Video Conferencing pursuant to the MCA Circular dated May 5, 2020 and as such there is no requirement to have a venue for the AGM. For details please refer to the Notice of this AGM.
5	Financial Year	2019-2020
6	Record Date for Dividend	Friday, September 4, 2020
7	Dividend	The Board of Directors of the Company have recommended a dividend of ₹ 2.50/- (25%) per equity share. Dividend, if approved in the ensuing Annual General Meeting will be paid to those Shareholders, whose name appear in the Register of Members as on September 4, 2020.
8	Listing in Stock Exchanges	The Equity Shares of the Company are listed in the following Stock Exchanges: • The National Stock Exchange of India Limited • BSE Limited
9	Stock Code	• National Stock Exchange of India Limited – CENTUM • BSE Limited – 517544
10	Listing Fees	Listing Fees as prescribed has been paid fully to all the Stock Exchanges where the shares of the Company are listed
11	Details of Credit Ratings	Total Bank Loan Facilities Rated: ₹ 349.7 Crores Long Term Rating: CRISIL BBB- (Placed on 'Rating Watch with Developing Implications') Short Term Rating: CRISIL A3 (Placed on 'Rating Watch with Developing Implications')

7) Stock Performance

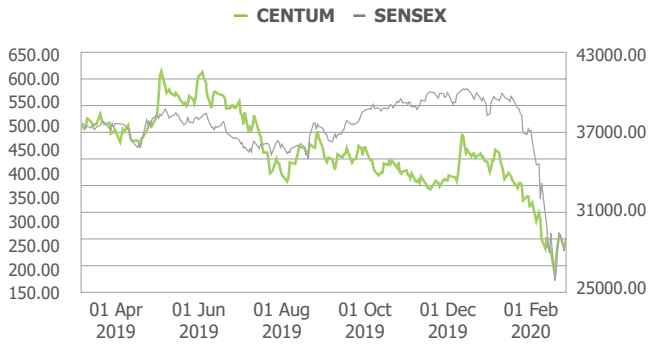
Month	National Stock Exchange of India Limited (NSE)			BSE Limited (BSE)		
	High	Low	Total Turnover (in Lakhs)	High	Low	Total Turnover (in Lakhs)
April	506.05	427.90	523.20	514.00	432.00	124.37
May	576.25	413.90	1,416.40	575.00	410.15	534.08
June	573.95	488.70	672.69	562.00	494.40	353.71
July	573.80	470.10	308.29	575.00	478.40	39.40
August	494.90	351.55	329.91	489.95	360.00	36.98
September	460.00	355.20	175.00	455.00	357.00	37.03
October	436.90	375.40	597.50	443.95	379.05	33.76
November	421.35	364.00	254.81	414.50	365.10	40.22
December	389.90	338.60	197.40	394.90	340.05	44.44
January	495.00	351.00	779.32	496.05	355.00	90.26
February	439.95	307.10	278.84	438.10	308.50	34.02
March	369.95	175.40	476.13	352.45	180.00	29.73

The performance of the stock in National Stock Exchange of India Limited and BSE Limited for the period from April 1, 2019 to March 31, 2020 was as follows:

Exchange: NSE Date: 01-04-2019 End date: 31-03-2020



Exchange: BSE Date: 01-04-2019 End date: 31-03-2020



8) Dematerialisation of shares

The ISIN for the Equity Shares of the Company is INE320B01020. A total of 1,27,75,145 Equity Shares aggregating to 99.15% of the total shares of the Company are in dematerialised form as on March 31, 2020.

9) Registrars and Share Transfer Agents

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

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

10) Share Transfer System

The composition of the Share Transfer Committee is as follows:

Sl. No.	Name	Designation
1.	Mr. Apparao V Mallavarapu	Chairman & Managing Director
2.	Mr. K S Desikan	Chief Financial Officer
3.	Mr. Nagaraj K V	Company Secretary

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

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

11) Distribution of Shareholding

The distribution of the Shareholding as on March 31, 2020 is as follows:

Category (Amount)	No. of Shareholders	%	Amount	%
1-5000	6,948	91.98	60,34,320	4.68
5001-10000	255	3.38	20,21,540	1.57
10001-20000	154	2.04	22,84,110	1.77
20001-30000	50	0.66	11,99,730	0.93
30001-40000	24	0.31	8,48,150	0.66
40001-50000	21	0.28	9,63,930	0.75
50001-100000	47	0.62	33,34,720	2.59
100001 & Above	55	0.73	11,21,61,310	87.05
Total	**7,554**	**100.00**	**12,88,47,810**	**100.00**

12) Shareholding Pattern

Categories of Shareholders as on March 31, 2020 is as follows:

Category	No. of Shares	% to Total Shares
Promoters & Promoter Group	75,76,478	58.80
Employees	2,17,159	1.69
Mutual Funds	10,19,121	7.91
Financial Institutions / Banks	1,031	0.01
Non-Resident Indians	33,034	0.26
Non-Resident Indian Non Repatriable	23,432	0.18
Indian Public	31,36,299	24.34
Clearing Members	13,095	0.10
Body Corporates	3,02,003	2.34
IEPF	77,375	0.60
HUF	4,85,754	3.77
Total	**1,28,84,781**	**100.00**

Promoters / Promoter group haven't pledged any equity shares of the Company held by them in the Company during the financial year 2019-20.

13) Transfer of Unclaimed/Unpaid Dividend

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

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

During the year under review, the Company has transferred ₹ 1,42,544/- to Investor Education and Protection Fund Account which was pertaining to Unpaid Dividend Account Centum Electronics Limited 2011-12 and remained as unclaimed for a period of 7 years from the date of transfer to refund account.

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

Sl. No.	Dividend Year	AGM/ Board Meeting Date at which the Dividend declared	Dividend per Share (in ₹)	Due date for transfer of unclaimed Dividend to IEPF
1	2013-14 - Interim	28-01-2014	1.00	23-02-2021
2	2013-14 - Final	01-08-2014	1.50	19-08-2021
3	2014-15 - Interim	30-01-2015	1.00	24-02-2022
4	2014-15 - Final	07-08-2015	2.00	31-08-2022
5	2015-16 - Interim	08-02-2016	1.00	02-03-2023
6	2015-16 - 2nd Interim	25-03-2016	2.00	12-04-2023
7	2016-17 - Interim	14-02-2017	2.00	26-02-2024
8	2016-17 - Final	11-07-2017	3.00	19-07-2024
9	2017-18 - Interim	13-02-2018	1.00	25-02-2025
10	2018-19 - Interim	06-02-2019	1.00	10-03-2026
11	2018-19 - Final	13-08-2019	4.00	19-09-2026

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

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

15) Financials Release Dates for 2020-21

Quarter	Release Date (tentative & subject to change)
1st Quarter ending June 30, 2020	Second week of August 2020
2nd Quarter ending September 30, 2020	Second week of November 2020
3rd Quarter ending December 31, 2020	Second week of February 2021
4th Quarter ending March 31, 2021	Last week of May 2021

Internet access: www.centumelectronics.com

The website of the Company contains all relevant information about the Company. The Annual Reports,

Shareholding pattern, un-audited quarterly results and all other material information are hosted in this site.

Email Id for Investor Grievances

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

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

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

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

17) Non-mandatory information

1. The quarterly financial results are published in the leading English and Kannada newspapers and not sent to individual Shareholders. Significant events are published as news items/advertisements in newspapers. Further, the financial results are available on the Company's website and also communicated to the Stock Exchanges where the shares of the Company are listed i.e., BSE Ltd and National Stock Exchange of India Limited.
2. The Auditors' Opinion on the Financial Statements is unmodified.
3. Internal Auditors' reports directly to the Audit Committee.

By order of the Board
For Centum Electronics Limited

Place: Bengaluru
Date: July 28, 2020

Apparao V Mallavarapu
Chairman & Managing Director

S. Krishnan
Director

Corporate Governance Compliance Certificate

To

The Members of

Centum Electronic Limited

I have examined all the relevant records of Centum Electronics Limited ('the Company') for the purpose of certifying compliance of conditions of Corporate Governance as stipulated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Obligations) for the period from 1st April, 2019 to 31st March, 2020. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purposes of certification.

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

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

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

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

Place: Bengaluru
Date : July 28, 2020
UDIN: F005706B000514203

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

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To,

The Members of
Centum Electronics Limited

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

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sl. No	Name of Director	Director Identification Number (DIN)	Date of original appointment in Company
1	Mr. Apparao Venkata Mallavarapu	00286308	08.01.1993
2	Mr. Seetharama Subramanian Krishnan	01807344	11.09.2007
3	Mr. Manoj Nagrath	01974412	05.01.2010
4	Mr. Rajiv Chandrakanth Mody	00092037	07.08.2010
5	Mr. Pranavkumar Nalinkumar Patel	06784801	28.01.2014
6	Ms. Swarnalatha Mallavarapu	00288771	26.03.2015
7	Mr. Thiruvengadam Parthasarathi	00016375	08.02.2016
8	Mr. Nikhil Mallavarapu	00288551	13.02.2020
9	Ms. Kavitha Dutt Velagapudi	00139274	25.03.2020

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

Place: Bengaluru
Date : July 28, 2020
UDIN: F005706B000514247

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

COMPLIANCE CERTIFICATE PURSUANT TO REGULATION 17(8) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

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

This is to certify that:

a. We have reviewed financial statements and the cash flow statement for the financial year ended March 31, 2020 and that to the best of our knowledge and belief:

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

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

b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ended March 31, 2020, which are fraudulent, illegal or violative of the Company's Code of Conduct.

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

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

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

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

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

e. We further declare that all Board Members and Senior Management personnel have affirmed compliance with the Code of Conduct for the financial year 2019-2020.

For CENTUM ELECTRONICS LIMITED

Apparao V Mallavarapu	**K S Desikan**	Bangalore
Chairman & Managing Director	Chief Financial Officer	July 28, 2020

BUSINESS RESPONSIBILITY REPORT

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company : L85110KA1993PLC013869
2. Name of the Company : Centum Electronics Limited
3. Registered address : No.44, KHB Industrial Area, Yelahanka New Town, Bangalore – 560 106
4. Website : www.centumelectronics.com
5. E-mail id : investors@centumelectronics.com
6. Financial Year reported : 2019-20
7. Sector(s) that the Company is engaged in (industrial activity code-wise) :

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

   As per National Industrial Classification (NIC) 2008, Industrial activity code for other Manufacturing is Division 32, Group 329.

8. List three key products/services that the Company manufactures/provides (as in balance sheet):

   i. Electronics Systems, Subsystems and Modules

   ii. Printed circuit boards Assembly

   iii. Design Services

9. Total number of locations where business activity is undertaken by the Company:

   (a) Number of International Locations: 3 (Three) – France, UK and Canada

   (b) Number of National Locations: 1 (one) – Karnataka

10. Markets served by the Company:

    Domestic and International

    Defence & Aerospace, Space, Medical, Transport & Automotive

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital (INR) : 129 million
2. Total Turnover (INR) : 4,867 million
3. Total profit after taxes (INR) : 250 million
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%): 2.4% of the average net profit of last 3 years
5. List of activities in which expenditure in 4 above has been incurred:-

   a) Promoting Education

   b) Rural Development Projects

   c) Health Care

   d) Disaster Management

SECTION C: OTHER DETAILS

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

   The Company has 2 Subsidiaries.

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

   No. At the Group level, Centum Electronics Limited undertakes various Business Responsibility (BR) initiatives and encourages its subsidiaries to actively participate in the same.

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

   No.

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR

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

   (a) Details of the BR head

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

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

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

3. Governance related to BR

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

The Company views business responsibility as a part and parcel of its business. Lot of time, efforts and investments are continuously being made in this area especially in and around the products that we manufacture. Quarterly/ Annual review as and when required, is being done by the Board of Directors of the Company.

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

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

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1 :

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

   The Centum Code of Conduct covers employees of the Company.

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

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

   The Stakeholders' Relationship Committee reviews the shareholders complaints and the redressal measures taken by the Registrar & Transfer Agents/ Company relating to their resolutions. During the financial year 2019-20, a total of 92 complaints were received and redressed.

Principle 2 :

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

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

   b) Power Controllers

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

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

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

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

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

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

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

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

   The Company has received satisfactory feedbacks from its Customers.

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

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

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

   The sourcing is carried out in a systematic manner. In the first stage, the compatibility of the sources with respect to the requirements is carefully evaluated. After this stage, the source is evaluated thoroughly with the assistance of supplier evaluation criteria which includes the policies like Conflict of Minerals Policy. Thereafter, considering the scores obtained in the Supplier evaluation rating, the decision will be made to engage with the particular source. The initial samples from the new source are taken up for evaluation after which the supplier is added to Approved Vendor List (AVL). The supplies from the newly qualified vendor is ramped up in a phased manner.

Centum is committed to maintaining a socially responsible supply chain with a strong focus on Conflict Minerals which fueled and continue to sustain armed violence in eastern Democratic Republic of Congo (DRC). Centum with the support of its Customers and suppliers had to respond to this global challenge and take action to support responsible minerals sourcing.

These actions include establishing a Conflict Minerals Program while evaluating new suppliers through "Supplier Evaluation Form" under QMS policy where a undertaking is taken from suppliers that they are committed to preventing the use in their products/components of metals made from ores mined under conditions of armed conflict or human rights abuse under the Dodd-Frank Act.

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

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

   Yes. The Company sources products from local and small producers by evaluating them with the necessary requirements. The Company actively engages with the different Vendors to develop and improve their capabilities and capacities from time to time. Constant feedbacks are given to the local suppliers to upgrade their performance both in terms of Quality performance and capacity enhancement.

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

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

Principle 3 :

1. Please indicate the Total number of employees.

   1491 employees as on March 31, 2020.

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

   25 contractual employees as on March 31, 2020.

3. Please indicate the Number of permanent women employees.

   402 women employees as on March 31, 2020.

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

   1 employee as on March 31, 2020.

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

   There is no employee association in the Company.

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

   Not Applicable.

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

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

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

   (a) Permanent Employees = Around 95%

   (b) Permanent Women Employees = Around 96%

   (c) Casual/Temporary/Contractual Employees = Nil

   (d) Employees with Disabilities = 100%

Principle 4 :

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

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

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

   All stakeholders are equal to the Company.

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

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

Principle 5 :

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

   The Company's policy and practices relating to protection of human rights viz. non-engagement of child labour, personal hygiene, safety and welfare measures of workers etc., are applicable to the Company at its group level and includes contractors.

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

   The Company has not received any complaints pertaining human rights from any stakeholder for the financial year ended on 31st March, 2020.

Principle 6 :

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

   Not Applicable

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

   Yes

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

   Yes.

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

   No specific project.

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

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

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

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

   Yes.

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

   Nil.

Principle 7 :

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

   Yes. The major trade bodies are:

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

   (b) Confederation of Indian Industry (CII)

   (c) Electronic Industries Association of India (ELCINA)

   (d) Indo-French Chamber of Commerce and Industry

   (e) Indo American Chamber of Commerce

   (f) India Electronics and Semiconductor Association (IESA)

   (g) Bangalore Chamber of Industry and Commerce

   (h) Software Technology Parks of India (STPI)

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

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

Principle 8

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

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

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

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

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

   Impact assessments are done.

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

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

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

   Community Development is one of the important aspect which we take into consideration. We are closely monitoring the actual

CSR spend by the respective authorities from time to time.

Principle 9

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

   The company does not have any major complaints/ consumer cases pending as on 31st March, 2020.

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

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

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

   No.

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

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

Standalone Financial Statement

Independent Auditor's Report

To the Members of Centum Electronics Limited

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of Centum Electronics Limited ("the Company"), which comprise the Balance sheet as at March 31 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Emphasis of Matter

We draw attention to the note no 57 to the accompanying Ind AS financial statements for the year ended March 31, 2020 which describes the uncertainties and management assessment of the financial impact of the outbreak of Corona virus (COVID-19) on the business operations and financial position of the Company. In view of the highly uncertain economic environment, a definitive assessment of the aforesaid impact on the subsequent periods is dependent upon circumstances as they evolve.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
Allowance for inventory obsolescence	
The Company held an inventory balance of ₹ 2,204.06 million as at March 31, 2020, as disclosed in Note 11 and is a material balance for the Company. Inventory obsolescence allowance is determined using policies/ methodologies that the Company deems appropriate to the business. Significant judgement is exercised by the management in identifying the slow-moving and obsolete inventories and in assessing whether provision for obsolescence for slow moving, excess or obsolete inventory items should be recognized considering the production plan, forecast inventory usage, committed and expected orders, alternative usage, etc. Considering that the aforesaid assessment process is complex and involves significant estimates and judgements and the balance of inventory is material, we have identified this as a key audit matter.	Our procedures in relation to evaluate the allowance of inventories included: • We obtained an understanding of how the management identifies the slow-moving and obsolete inventories and assesses the amount of allowance for inventories; • We assessed and tested the design and operating effectiveness of the Company's internal financial controls over the allowance for inventory obsolescence; • We observed the inventory count performed by management and assessed the physical condition of the inventories; • We also assessed the allowance policy based on historical sales performance of the products in their life cycle; • We further tested the ageing of the inventories and the computation of the obsolescence level on a sample basis; • We have tested a sample of inventory items at significant components to assess the cost basis and net realisable value of inventory, on a sample basis; • We also assessed the Company's disclosures concerning this in Note 42 on significant accounting estimates and judgements and Note 11 on Inventories to the standalone Ind AS financial statements.
Key audit matters	**How our audit addressed the key audit matter**
Impairment testing of investments in a subsidiary	
As at March 31, 2020, the carrying amount of investment in Centum Electronics UK Limited, a subsidiary of the Company is Rs. 474.44 million which has underlying investment in Adetel Group SA ('Adetel'). Adetel has incurred losses in the earlier years whereby the carrying value of the investment in Adetel as at March 31, 2020, is higher than Adetel's net worth. The determination of recoverable amounts of the Company's investments in Centum Electronics UK Limited relies on management's estimates of future cash flows and their judgment with respect to the Adetel's performance. Significant judgements are required to determine the key assumptions used in the discounted cash flow models, such as revenue growth, price, terminal value and discount rates. Due to the uncertainty of forecasting and discounting future cash flows, being inherently subjective, the level of management's judgement involved and the significance of the Company's investment as at March 31, 2020, we have considered this as a key audit matter. The basis of impairment of investment in subsidiary is presented in the accounting policies in Note 2.2(l) to the standalone Ind AS financial statements.	Our procedures in relation to evaluate the impairment of investment included: • We assessed whether the Company's accounting policy with respect to impairment is in accordance with Ind AS 36 "Impairment of assets. • We have carried out assessment of forecasts of future cash flows prepared by the management, evaluating the assumptions and comparing the estimates to externally available industry, economic and financial data; • We have also assessed the valuation methodology and the key assumptions adopted in the cash flow forecasts with the support of our in-house valuation experts; • We also assessed the recoverable value headroom by performing sensitivity testing of key assumptions used. • We discussed potential changes in key drivers as compared to previous year / actual performance with management to evaluate whether the inputs and assumptions used in the cash flow forecasts were suitable. • We tested the arithmetical accuracy of the financial projection model; • We assessed the Company's disclosures concerning this in Note 42 on significant accounting estimates and judgements and Note 5 pertaining to the disclosures of investment in subsidiary to the standalone Ind AS financial statements.

Information Other than the Standalone Ind AS Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the standalone Ind AS financial statements and our auditor's report thereon.

Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether such other information is materially inconsistent with the standalone Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. The other information is expected to be made available to us after the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of Management for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

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

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

(c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) The matter described in Emphasis of Matter above, in our opinion, may have an adverse effect on the functioning of the Company;

(f) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;

(g) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(h) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 46(c) to the standalone Ind AS financial statements;

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

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

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

per **Sandeep Karnani**
Partner
Membership Number: 061207
UDIN: 20061207AAAADC9998

Place : Bengaluru
Date: July 28, 2020

Annexure 1 referred to in clause 1 of paragraph on the 'Report on Other Legal and Regulatory Requirements' of our report of even date

Re: Centum Electronics Limited ('the Company')

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

(b) All property, plant and equipment have not been physically verified by the management of the Company during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us by the management of the Company, the title deeds of immovable properties included in property, plant and equipment's are pledged with the banks in connection with the borrowings and not available with the Company. The same has not been independently confirmed by the bank and hence we are unable to comment on the same.

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

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

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

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

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

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, duty of customs, goods and service tax, cess and other material statutory dues as applicable to the Company, have generally been regularly deposited with the appropriate authorities though there has been slight delays in a few cases.

(b) According to the information and explanations given to us, undisputed dues in respect of provident fund which were outstanding, at the year end, for a period of more than six months from the date they became payable, are as follows.

Statement of arrears of statutory dues outstanding for more than six months:

Name of the statute	Nature of the dues	Amount (in ₹ million)	Period to which the amount relates	Due Date	Date of Pay-ment
The Employees Provident Funds and Miscellaneous Provisions Act, 1952	Provident fund	3.33	February 2019 – April 2019	Various dates	Not paid

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

Name of the statute	Nature of the dues	Amount (in ₹ million)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Disallowance of exemptions	1.89	Financial year 2007-2008	Commissioner of Income Tax (Appeals) - Bangalore
Income Tax Act, 1961	Disallowance of exemptions	46.44	Financial year 2016-2017	Commissioner of Income Tax (Appeals) - Bangalore
Central Excise Act, 1944	Non-payment of service tax	52.52 (3.54)*	Financial year 2009-2010 to 2014-2015	Customs, Excise and Service Tax Appellate Tribunal ('CESTAT'), Bangalore
Customs Act, 1962	Non-payment of customs duty	1.00	Financial year 2006-2007 and 2007-2008	CESTAT Bangalore
Central Excise Act, 1944	Disallowance of CENVAT Credit availed	9.99	Financial year 2004-2005 to 2005-2006	Commissioner of Central Excise, Bangalore
Central Excise Act, 1944	Disallowance of CENVAT Credit availed	22.26	Financial year 2010-2011 to 2012-2013	CESTAT, Bangalore
The Karnataka Stamp Act, 1957	Stamp duty	16.28	Financial year 2007-08	The District Registrar, Gandhinagar Registration District
Karnataka Value Added Tax, 2003	Commercial Tax	6.49 (1.95)*	Financial year 2013-2014	Deputy Commissioner of Commercial Taxes, Bangalore

* Amount in parenthesis represents the payment made under protest.

(viii) According to the information and explanations given by the management, the Company has delayed in repayment of loans or borrowings to banks during the year to the extent of ₹ 490.87 million (the delay in such repayments ranges from 1-7 days) and ₹ 500.91 million (the delay in such repayments ranges from 8-48 days) which have been made good as at the balance sheet date.

The Company did not have any outstanding loans or borrowing dues in respect to government or dues to debenture holders during the year.

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

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

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

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

(xiii) According to the information and explanations given to us by the management of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act, where applicable and the details have been disclosed in the notes to the standalone Ind AS financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) of the Order are not applicable to the Company and, not commented upon.

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

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

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

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

Place: Bengaluru
Date : July 28, 2020

Annexure 2 to the Independent Auditor's Report of even date on the Standalone Ind AS Financial Statements of Centum Electronics Limited

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

We have audited the internal financial controls over financial reporting of Centum Electronics Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these standalone Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these standalone Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

An audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these standalone Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these standalone Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls over financial reporting with reference to these standalone Ind AS financial statements.

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

A company's internal financial control over financial reporting with reference to these standalone Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the standalone Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these standalone Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone Ind AS financial statements.

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

Because of the inherent limitations of internal financial controls over financial reporting with reference to these standalone Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal

financial controls over financial reporting with reference to these standalone Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these standalone Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting with reference to these standalone Ind AS financial statements and such internal financial controls over financial reporting with reference to these standalone Ind AS financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

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

Place: Bengaluru
Date: July 28, 2020

Standalone Balance Sheet

as at March 31, 2020

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

	Notes	March 31, 2020	March 31, 2019
ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	3	1,115.56	972.45
(b) Capital work-in-progress	3a	13.51	70.65
(c) Goodwill	4	36.35	36.35
(d) Other intangible assets	4	53.99	16.71
(e) Right-of-use assets	46 a	20.93	-
(f) Intangible assets under development	4a	-	29.53
(g) Financial assets			
(i) Investments	5	489.20	488.70
(ii) Loans	6	20.96	19.58
(iii) Other financial assets	7	259.38	261.18
(h) Deferred tax assets (net)	8	28.20	50.76
(i) Non-current tax assets (net)	9	33.54	33.54
(j) Other non-current assets	10	25.92	59.29
		2,097.54	**2,038.74**
(2) Current assets			
(a) Inventories	11	2,204.06	2,251.23
(b) Financial assets			
(i) Trade receivables	12	1,699.65	1,862.67
(ii) Cash and cash equivalents	13	55.19	45.06
(iii) Bank balances other than cash and cash equivalents	13	97.06	118.55
(iv) Loans	15	0.33	0.48
(v) Other current financial assets	14	77.24	124.84
(c) Other current assets	16	130.93	153.51
		4,264.46	**4,556.34**
Total assets (1+2)		**6,362.00**	**6,595.08**
EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity share capital	17	128.85	128.81
(b) Other equity	18	2,234.53	2,043.56
		2,363.38	**2,172.37**
Liabilities			
(2) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	20	196.94	237.63
(ii) Lease liabilities	46 a	24.07	-
(iii) Other non-current financial liabilities	21	2.00	0.16
(b) Government grants	22	16.46	20.14
(c) Net non-current employee defined benefit liabilities	23	45.03	36.49
		284.50	**294.42**
(3) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	24	1,494.23	1,626.04
(ii) Lease liabilities	46 a	5.68	-
(iii) Trade payables	25		
Total outstanding dues of micro enterprises and small enterprises		25.61	27.68
Total outstanding dues of creditors other than micro enterprises and small enterprises		1,113.44	1,035.67
(iv) Other current financial liabilities	26	270.99	312.51
(b) Government grants	22	3.68	3.68
(c) Other current liabilities	27	682.80	958.84
(d) Net current employee defined benefit liabilities	28	6.16	5.95
(e) Provisions	29	34.52	16.35
(f) Liabilities for current tax (net)	30	77.01	141.57
		3,714.12	**4,128.29**
Total equity and liabilities (1+2+3)		**6,362.00**	**6,595.08**
Summary of significant accounting policies	2.3		

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

As per our report of even date.

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

per Sandeep Karnani
Partner
Membership number: 061207

Place : Bengaluru
Date : July 28, 2020

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

Apparao V Mallavarapu
Chairman and Managing Director
DIN: 00286308

S. Krishnan
Director
DIN: 01807344

Nagaraj K V
Company Secretary
Membership number: 35639

K.S. Desikan
Chief Financial Officer

Place : Bengaluru
Date : July 28, 2020

Standalone Statement of Profit and Loss

for the year ended March 31, 2020

(₹ in million)

		Notes	March 31, 2020	March 31, 2019
I	**Income**			
	Revenue from operations	31	4,823.78	4,986.82
	Other income	32a	10.09	22.54
	Finance income	32b	33.13	15.58
	Total income		**4,867.00**	**5,024.94**
II	**Expenses**			
	Cost of materials consumed	33	2,860.98	3,136.68
	(Increase) / decrease in inventories of work-in-progress and finished goods	34	(57.47)	(1.49)
	Employee benefits expense	35	767.42	673.41
	Finance costs	36	276.58	267.65
	Depreciation and amortization expenses	37	131.54	120.88
	Other expenses	38	540.13	481.63
	Total expenses		**4,519.18**	**4,678.76**
III	**Profit/(loss) before exceptional items and tax (I - II)**		**347.82**	**346.18**
IV	**Exceptional items (net)**	39	**-**	**328.84**
V	**Profit/ (loss) before tax (III + IV)**		**347.82**	**675.02**
VI	**Tax expenses**	40		
	(a) Current tax		104.26	143.62
	(b) Adjustment of tax relating to earlier period		-	-
	(c) Deferred tax expense / (credit)		(6.81)	(22.71)
	(d) Minimum alternative tax (MAT) credit entitlement		-	(25.91)
	Total tax expenses		**97.45**	**95.00**
VII	**Profit/ (loss) for the year (V - VI)**		**250.37**	**580.02**
VIII	**Other comprehensive income (net)**			
	(A) (i) Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
	- Re-measurement gains / (losses) on defined benefit plans		2.80	4.82
	(ii) Income tax effect		(0.81)	(1.69)
	(B) (i) Other comprehensive income to be reclassified to profit or loss in subsequent periods		-	-
	(ii) Income tax effect		-	-
	Total other comprehensive income for the year		**1.99**	**3.13**
IX	**Total comprehensive income for the year (VII + VIII)**		**252.36**	**583.15**
X	**Earnings per equity share (nominal value of ₹ 10 each)**	41		
	Basic (₹)		19.43	45.04
	Diluted (₹)		19.42	45.00
Summary of significant accounting policies		2.3		

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

As per our report of even date.

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

per Sandeep Karnani
Partner
Membership number: 061207

Place : Bengaluru
Date : July 28, 2020

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

Apparao V Mallavarapu
Chairman and Managing Director
DIN: 00286308

S. Krishnan
Director
DIN: 01807344

Nagaraj K V
Company Secretary
Membership number: 35639

K.S. Desikan
Chief Financial Officer

Place : Bengaluru
Date : July 28, 2020

Standalone Statement of Cash Flows

for the year ended March 31, 2020

(₹ in million)

	March 31, 2020	March 31, 2019
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(loss) before tax	347.82	675.02
Non-cash adjustments to reconcile profit/(loss) before tax to net cash flows:		
Depreciation and amortization expenses	131.54	120.88
Provisions no longer required, written back	(0.64)	(3.59)
Fair value loss on financial instruments	1.84	0.08
Net foreign exchange differences (unrealised)	73.28	(4.38)
Provision for expected credit loss / bad debts written off	41.17	61.58
Government grants	(3.69)	(9.12)
Employee share based options	0.49	0.80
Finance income	(33.13)	(15.58)
Finance costs	276.58	267.65
Profit on sale of investments in a joint venture	-	(328.84)
Operating profit before working capital changes	**835.26**	**764.50**
Working capital adjustments:		
(Increase) / decrease in inventories	47.17	221.89
(Increase) / decrease in trade receivables	179.01	(993.74)
Decrease / (increase) in other assets	(15.95)	37.30
Increase / (decrease) in trade payables, provisions and other liabilities	(235.24)	300.33
Cash generated from / (used in) operations	**810.25**	**330.28**
Direct taxes paid (net of refunds)	(153.78)	(13.86)
Net cash (used in) / from operating activities	**656.47**	**316.42**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment, including intangible assets and capital advances	(182.31)	(131.34)
Purchase of non-current investments	(0.50)	(1.00)
Proceed from sale of non-current investments	93.93	272.46
Investment in bank deposits (having original maturity of more than three months) and other bank balances	23.29	(221.05)
Loan given to a related party	(4.50)	(15.50)
Interest received	23.32	8.46
Government grant received	-	32.94
Net cash (used in) / from investing activities	**(46.77)**	**(55.03)**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term borrowings	50.00	200.00
Repayment of long term borrowings	(134.24)	(100.48)
Payment of lease liabilities	(8.12)	-
Proceeds/ repayment of short term borrowings (net)	(186.37)	(127.80)
Proceeds from issue of share capital	0.27	0.77
Finance costs paid	(261.62)	(252.64)
Dividend paid (including dividend distribution tax and amount transferred to Investor Education & Protection Fund)	(61.79)	(15.45)
Net cash (used in) / from financing activities	**(601.87)**	**(295.60)**
Net (decrease)/increase in cash and cash equivalents (A+B+C)	7.83	(34.21)
Cash and cash equivalents at the beginning of the year	45.06	79.88
Effect of exchange differences on cash and cash equivalents held in foreign currency	2.30	(0.61)
Cash and cash equivalents at the end of the year	**55.19**	**45.06**
Total cash and cash equivalents (Note 13)	**55.19**	**45.06**

Standalone Statement of Cash Flows

for the year ended March 31, 2020

Explanatory notes to statement of cash flows

Changes in liabilities arising from financing activities:- **(₹ in million)**

Particulars	Liabilities arising from financing activities				
	Unpaid dividend on equity shares including dividend distribution tax	Long term borrowings (including current maturities of long term borrowings) (refer note 20 and 26)	Short term borrowings (refer note 24)	Lease Liabilities (including current portion of lease liabilities (refer note 46(a))	Derivatives not designated as hedges - Interest rate swap (refer note 51)
As at April 01, 2019	**2.53**	**428.34**	**1,626.04**	**-**	**0.16**
Cash flows	(61.79)	(84.24)	(186.37)	(8.12)	-
Non-cash changes					
Foreign exchange fluctuations (gain) / loss	-	17.15	54.56	-	-
Changes in fair values	-	-	-	-	1.84
Accretion of interest	-	-	-	2.58	-
Recognition of lease liabilities (refer note 46 (a))	-	-	-	27.09	-
Reclass of lease liabilities (refer note 46 (a))	-	(8.20)	-	8.20	
Dividend declared during the year including dividend distribution tax	62.11	-	-	-	-
As at March 31, 2020	**2.85**	**353.05**	**1,494.23**	**29.75**	**2.00**
As at April 01, 2018	**2.45**	**301.50**	**1,778.23**	**-**	**0.08**
Cash flows	(15.45)	99.52	(127.80)	-	-
Non-cash changes					
Foreign exchange fluctuations (gain) / loss	-	19.11	(24.39)	-	-
Changes in fair values	-	-	-	-	0.08
Acquisition of property, plant and equipment by means of a finance lease	-	8.21	-	-	-
Dividend declared during the year including dividend distribution tax	15.53	-	-	-	-
As at March 31, 2019	**2.53**	**428.34**	**1,626.04**	**-**	**0.16**
Summary of significant accounting policies		2.3			

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

As per our report of even date.

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

per Sandeep Karnani
Partner
Membership number: 061207

Place : Bengaluru
Date : July 28, 2020

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

Apparao V Mallavarapu
Chairman and Managing Director
DIN: 00286308

S. Krishnan
Director
DIN: 01807344

Nagaraj K V
Company Secretary
Membership number: 35639

K.S. Desikan
Chief Financial Officer

Place : Bengaluru
Date : July 28, 2020

Standalone Statement of changes in equity

for the year ended March 31, 2020

(a) Equity share capital

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

Particulars	Number	(₹ in million)
At April 01, 2018	**12,869,684**	**128.70**
Issue of share capital (refer note 17)	11,434	0.11
At March 31, 2019	**12,881,118**	**128.81**
Issue of share capital (refer note 17)	3,723	0.04
At March 31, 2020	**12,884,841**	**128.85**

(b) Other equity

(₹ in million)

Particulars	Attributable to equity shareholders					Total equity
	Reserves and surplus					
	Securities premium (refer note 18)	General reserve (refer note 18)	Retained earnings (refer note 18)	Share based payments reserve (refer note 18)	Capital reserve (refer note 18)	
For the year ended March 31, 2020						
As at April 01, 2019	**27.84**	**440.26**	**1,572.85**	**1.24**	**1.37**	**2,043.56**
Profit / (loss) for the year	-	-	250.37	-	-	250.37
Issue of share capital (refer note 17)	0.23	-	-	-	-	0.23
Cash dividends (refer note 19)	-	-	(51.52)	-	-	(51.52)
Dividend distribution tax (refer note 19)	-	-	(10.59)	-	-	(10.59)
Share based payment (refer note 47)	-	-	-	0.49	-	0.49
Exercise of share options (refer note 47)	-	-	-	(0.11)	0.11	-
Remeasurement of post-employee benefit obligations*	-	-	1.99	-	-	1.99
As at March 31, 2020	**28.07**	**440.26**	**1,763.10**	**1.62**	**1.48**	**2,234.53**
For the year ended March 31, 2019						
As at April 01, 2018	**27.18**	**440.26**	**1,005.29**	**0.93**	**0.88**	**1,474.54**
Profit / (loss) for the year	-	-	580.02	-	-	580.02
Issue of share capital (refer note 17)	0.66	-	-	-	-	0.66
Cash dividends (refer note 19)	-	-	(12.88)	-	-	(12.88)
Dividend distribution tax (refer note 19)	-	-	(2.65)	-	-	(2.65)
Share based payment (refer note 47)	-	-	-	0.80	-	0.80
Exercise of share options (refer note 47)	-	-	-	(0.49)	0.49	-
Remeasurement of post-employee benefit obligations*	-	-	3.13	-	-	3.13
Others	-	-	(0.06)	-	-	(0.06)
As at March 31, 2019	**27.84**	**440.26**	**1,572.85**	**1.24**	**1.37**	**2,043.56**

* As required under Ind AS compliant Schedule III, the Company has recognised remeasurement gains/(losses) of defined benefit plans as part of retained earnings.

Summary of significant accounting policies 2.3

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

As per our report of even date.

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

per Sandeep Karnani
Partner
Membership number: 061207

Place : Bengaluru
Date : July 28, 2020

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

Apparao V Mallavarapu
Chairman and Managing Director
DIN: 00286308

S. Krishnan
Director
DIN: 01807344

Nagaraj K V
Company Secretary
Membership number: 35639

K.S. Desikan
Chief Financial Officer

Place : Bengaluru
Date : July 28, 2020

Notes to the Standalone Ind AS Financial Statements

for the year ended March 31, 2020

1. Corporate information

Centum Electronics Limited ("Centum" or "the Company") is a public limited company domiciled in India. The registered office of the Company is located at Bangalore, India. Its equity shares are listed on National Stock Exchange and Bombay Stock Exchange in India.

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

Information on related party relationships of the Company is provided in Note 43.

The standalone financial statements were approved by the Board of Directors and authorised for issue in accordance with a resolution of the directors on July 28, 2020.

2. Significant accounting policies

The significant accounting policies applied by the Company in the preparation of its standalone financial statements are listed below. Such accounting policies have been applied consistently to all the periods presented in these financial statements, unless otherwise indicated.

2.1. Basis of Preparation

The standalone financial statements of the Company, have been prepared and presented in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable.

The standalone financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities (refer accounting policy regarding financial instruments) which have been measured at fair value.

The functional and presentation currency of the Company is Indian Rupee ("₹") which is the currency of the primary economic environment in which the Company operates and all values are rounded to the nearest million (₹ 000,000), except when otherwise indicated.

2.2. Change in accounting policies and disclosures:

New standards and amendments :

During the year ended March 31, 2020, the Company has applied Ind AS 116 "Leases" for the first time. The nature and effect of the changes as a result of adoption is described below.

Several other amendments apply for the first time for the year ending March 31, 2020, but do not have an impact on the standalone financial statements of the Company. The Company has not early adopted any standards, amendments that have been issued but are not yet effective/notified.

Ind AS 116 - Leases

Ind AS 116 supersedes Ind AS 17 Leases, including Appendix A of Ind AS 17 Operating Leases-Incentives, Appendix B of Ind AS 17 Evaluating the Substance of Transactions Involving the Legal Form of a Lease and Appendix C of Ind AS 17, Determining whether an Arrangement contains a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 does not have an impact for leases where the Company is the lessor.

The Company adopted Ind AS 116 using the modified retrospective method of adoption with the date of initial application of 1 April 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Company elected to use the transition practical expedient to not reassess whether a contract is or contains a lease at 1 April 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying Ind AS 17 and Appendix C to Ind AS 17 at the date of initial application.

The effect of adoption Ind AS 116 as at 1 April 2019 (increase/(decrease)) is, as follows:

(₹ Millions)

Particulars	Amount
Assets	
Right-of-use asset	13.38
Property, Plant and equipment	(5.98)
Total assets	**7.40**
Liabilities	
Long term borrowings	(4.89)
Current maturities of long-term borrowings	(3.31)
Lease liabilities	15.60
Total Liabilities	**7.40**
Total adjustment in Equity	
Retained earnings	**-**

Before the adoption of Ind AS 116, the Company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. Upon adoption of Ind AS 116, the Company applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. Refer to Note 2.3 (j) Leases for the accounting policy beginning 1 April 2019.

The standard provides specific transition requirements and practical expedients, which have been applied by the Company.

Leases previously classified as finance leases

The Company did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under Ind AS 17). The requirements of Ind AS 116 were applied to these leases from 1 April 2019.

Leases previously classified as operating leases

The Company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Company also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application.
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application.
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

Based on the above, as at 1 April 2019,

Right-of-use assets of ₹ 13.38 million were recognised and presented separately in the balance sheet.

This includes the lease assets recognised previously under finance lease of ₹ 5.98 million that were reclassified from Property, plant and equipment.

Additional lease liabilities of ₹ 15.60 million (including ₹ 8.20 million reclassed from finance lease liabilities) were recognised.

Also refer note 2.3(j) and note 46 (a) for further details.

Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment

The appendix addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 Income Taxes. It does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Appendix specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Company applies significant judgement in identifying uncertainties over income tax treatments. The Company determined, based on its tax compliance, that it is probable that its tax treatments will be accepted by the taxation authorities. The Appendix did not have an impact on the financial statements of the Company.

Amendments to Ind AS 109 : Prepayment Features with Negative Compensation

Under Ind AS 109, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely

Notes to the Standalone Ind AS Financial Statements

for the year ended March 31, 2020

payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to Ind AS 109 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. These amendments had no impact on the standalone financial statements of the Company.

Amendments to Ind AS 19: Plan Amendment, Curtailment or Settlement

The amendments to Ind AS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event. An entity is also required to determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event, and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments had no impact on the standalone financial statements of the Company as it did not have any plan amendments, curtailments, or settlements during the period.

Annual Improvements to Ind AS 2018

(i) Ind AS 23 Borrowing Costs

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

The entity applies the amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after April 1, 2019.

Since the Company's current practice is in line with these amendments, they had no impact on the standalone financial statements of the Company.

(ii) Ind AS 12 Income Taxes

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where it originally recognised those past transactions or events.

An entity applies the amendments for annual reporting periods beginning on or after 1 April 2019.

Since the Company's current practice is in line with these amendments, they had no impact on the standalone financial statements of the Company.

2.3. Summary of significant accounting policies

a. Current versus non-current classification

The Company presents assets and liabilities in the standalone balance sheet based on current/ non-current classification. An asset is treated as current when it is:

i. Expected to be realised or intended to be sold or consumed in normal operating cycle,

ii. Held primarily for the purpose of trading,

iii. Expected to be realised within twelve months after the reporting period, or

iv. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

i. It is expected to be settled in normal operating cycle,

ii. It is held primarily for the purpose of trading,

iii. It is due to be settled within twelve months after the reporting period, or

iv. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Advance tax paid is classified as non-current assets.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

b. Fair value measurement

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

a) In the principal market for the asset or liability, or

b) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the standalone financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the standalone financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

c. Revenue Recognition

Effective April 1, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue. The Company has adopted Ind AS 115 using modified retrospective approach. The effect of initially applying this standard is recognised at the date of initial application (i.e. April 1, 2018).

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

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

Sale of products and services

Revenue from sale of products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products. Revenue from sale of services is recognized as the service is performed and there are no unfulfilled obligations.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated if any. In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services

Notes to the Standalone Ind AS Financial Statements

for the year ended March 31, 2020

rendered is net of variable consideration on account of various discounts and schemes offered by the Company as part of the contract. This variable consideration is estimated based on the expected value of outflow. Revenue (net of variable consideration) is recognized only to the extent that it is highly probable that the amount will not be subject to significant reversal when uncertainty relating to its recognition is resolved.

Scrip Sales

Export entitlements in the form of Merchandise Export from India (MEIS) are recognized in the standalone statement of profit and loss when the right to receive credit as per the terms of the scheme is established in respect of exports made and when there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

Management fees income

Income from management fees is recognised as per the terms of the agreement on the basis of services rendered.

Interest income

For all financial instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

Rental income

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

Commission income

Commission income is recognised at the time when services are rendered in accordance with the rates as per the agreements entered into with the parties.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are transferred to receivables when the rights become unconditional and contract liabilities are recognized as and when the performance obligation is satisfied.

Contract assets are subject to impairment assessment. Refer to accounting policies on impairment of financial assets in section (o) Financial instruments below.

Trade receivables

A receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (o) Financial instruments below.

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

d. Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

e. Taxes on income

Current income tax

Tax expense for the year comprises current and deferred tax. The tax currently payable is based on taxable profit for

the year. Taxable profit differs from net profit as reported in the statement of profit and loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The Company's liability for current tax is calculated using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying values of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit and is accounted for using the balance sheet liability model. Deferred tax liabilities are generally recognised for all the taxable temporary differences. In contrast, deferred tax assets are only recognised to the extent that is probable that future taxable profits will be available against which the temporary differences can be utilized.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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

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

f. Non-current assets held for sale

The Company classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of classification.

The criteria for held for sale classification is regarded met only when the assets or disposal group is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets, its sale is highly probable; and it will genuinely be sold, not abandoned. The Company treats sale of the asset to be highly probable when:

a) The appropriate level of management is committed to a plan to sell the asset,

b) An active programme to locate a buyer and complete the plan has been initiated,

c) The asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value,

Notes to the Standalone Ind AS Financial Statements

for the year ended March 31, 2020

d) The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and

e) Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets held for sale are measured at the lower of their carrying amount and the fair value less costs to sell. Assets and liabilities classified as held for sale are presented separately in the standalone balance sheet.

g. Property, plant and equipment ('PPE')

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at March 31, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment as on April 1, 2016.

Capital work in progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate assets are derecognised when replaced. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

The Company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset having useful life that is materially different from that of the remaining asset. These components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Category of asset*	Estimated useful life
Plant and equipment (including the related intellectual property)	8 years*
Office equipment	5 years
Furniture and fixtures	10 years
Electrical installations	10 years
Computers	3 years
Buildings	30 years
Vehicles	4 years

* The Company, based on technical assessment made by the technical expert and management estimate, depreciates items of plant and equipment (including the related intellectual property) over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013.

Land is carried at historical cost and is not depreciated. Leasehold improvements are depreciated over the period of lease or estimated useful life, whichever is lower, on straight line basis.

Further, the management has estimated the useful lives of asset individually costing ₹ 5,000 or less to be less than one year, whichever is lower than those indicated in Schedule II. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

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

h. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated

amortisation and accumulated impairment losses, if any.

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

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period with the affect of any change in the estimate being accounted for on a prospective basis. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

A summary of the policies applied to the Company's intangible assets is, as follows:

Intangible assets	Useful lives	Amortisation method used	Internally generated or acquired
Goodwill	Indefinite	No amortisation	Acquired
Computer software	Definite (5 years)	Straight-line basis	Acquired
Intellectual property rights	Definite (8 years)	Straight-line basis	Acquired

i. Borrowing cost

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset until such time as the assets are substantially ready for the intended use or sale. All other borrowing costs are expensed in the period in which they occur.

j. Leases

The Company has lease contracts for office spaces, various items of plant and machinery and other equipment. The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (l) Impairment of non-financial assets.

Notes to the Standalone Ind AS Financial Statements

for the year ended March 31, 2020

ii) Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company's lease liabilities are included in Interest-bearing loans and borrowings

iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Accounting policy applicable till March 31, 2019:

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

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

Company as a lessee

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

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

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

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

a) another systematic basis is more representative of the time pattern of the user's benefit even if the payments to the lessors are not on that basis; or

b) the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. If

payments to the lessor vary because of factors other than general inflation, then this condition is not met.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

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

k. Inventories

Inventories are valued at lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

a) Raw materials and stores and spares: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

b) Finished goods and Work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.

Cost of raw materials, stores and spares,work-in-progress and finished goods is determined on a weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

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

As at the end of each accounting year, the Company reviews the carrying amounts of its PPE, intangible assets, including goodwill and investments in subsidiary and joint venture companies to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the said assets are tested for impairment so as to determine the impairment loss, if any. Goodwill and the intangible assets with indefinite life are tested for impairment each year.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is determined:

(i) in the case of an individual asset, at the higher of the fair value less costs of disposal and the value in use; and

(ii) in the case of a cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of the cash generating unit's net fair value less costs of disposal and the value in use.

(The amount of value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life. For this purpose, the discount rate (pre-tax) is determined based on the weighted average cost of capital of the company suitably adjusted for risks specified to the estimated cash flows of the asset).

For this purpose, a cash generating unit is ascertained as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

If recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, such deficit is recognised immediately in the statement of profit and loss as impairment loss and the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss is recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit and loss

Notes to the Standalone Ind AS Financial Statements

for the year ended March 31, 2020

m. Provisions and contingent liabilities

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the standalone financial statements.

Provisions and contingent liability are reviewed at each balance sheet.

Decommissioning liability

Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the statement of profit and loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

n. Retirement and other employee benefits

Retirement benefit in the form of provident fund and pension fund are defined contribution scheme. The Company has no obligation, other than the contribution payable. The Company recognizes contribution payable to provident fund and pension fund as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet reporting date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end.

The Company presents the leave as a current liability in the standalone balance sheet, to the extent it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method using actuarial valuation to be carried out at each balance sheet date.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the standalone balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

a) The date of the plan amendment or curtailment, and

b) The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

a) Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and

b) Net interest expense or income.

o. Financial instruments

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

Investment in equity instruments issued by subsidiaries, associates and joint ventures are measured at cost less impairment.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

(i) Financial assets

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at fair value

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial asset not measured at amortised cost or at fair value through other comprehensive income is carried at fair value through the statement of profit and loss.

For financial assets maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Impairment of financial assets excluding investments in subsidiaries and joint ventures

Loss allowance for expected credit losses is recognised for financial assets measured at amortised cost and fair value through the statement of profit and loss.

The Company recognises impairment loss on trade receivables using expected credit loss model, which involves use of provision matrix constructed on the basis of historical credit loss experience as permitted under Ind AS 109 – Impairment loss on investments.

For financial assets whose credit risk has not significantly increased since initial recognition, loss allowance equal to twelve months expected credit losses is recognised. Loss allowance equal to the lifetime expected credit losses is recognised if the credit risk on the financial instruments has significantly increased since initial recognition.

De-recognition of financial assets

Notes to the Standalone Ind AS Financial Statements

for the year ended March 31, 2020

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset and the transfer qualifies for de-recognition under Ind AS 109.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the assets and an associated liability for amounts it may have to pay.

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the carrying amount measured at the date of de-recognition and the consideration received is recognised in statement of profit or loss.

(ii) Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial Liabilities

Financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method where the time value of money is significant. Interest bearing bank loans, overdrafts are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the statement of profit and loss.

For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

a) Financial guarantee contracts

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

b) De-recognition

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

Off-setting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the standalone balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

p. Derivative financial instruments

The Company uses derivative financial instruments, such as interest rate swaps to hedge its interest fluctuation risks, etc. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value through statement of profit and loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Refer to note 51 for more details.

q. Cash and cash equivalents

Cash and cash equivalent in the standalone balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, as they are considered an integral part of the Company's cash management.

r. Share-based payments

Certain employees of the Company and its subsidiaries

are entitled to share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

s. Cash dividend

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

t. Foreign currencies

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

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

u. Research and development expenditure

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the Company can demonstrate all the following:

i. The technical feasibility of completing the intangible asset so that it will be available for use or sale

ii. Its intention to complete the asset

iii. Its ability to use or sell the asset

iv. How the asset will generate future economic benefits

v. The availability of adequate resources to complete the development and to use or sell the asset

vi. The ability to measure reliably the expenditure attributable to the intangible asset during development.

Following the initial recognition of the development expenditure as an asset. The cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized on a straight line basis over the period of expected future benefit from the related project. Amortization is recognized in the standalone statement of profit and loss. During the period of development, the asset is tested for impairment annually.

v. Corporate social responsibility ('CSR') expenditure

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

w. Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss attributable to equity holder of the Company by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period.

Notes to the Standalone Ind AS Financial Statements

for the year ended March 31, 2020

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders of the parent company and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

3. Property, Plant and Equipment

(₹ in million)

	Freehold land	Leasehold improvements	Building	Plant and equipments	Electrical installations	Computers	Office equipments	Furniture and fixtures	Vehicles	Leased computer	Leasehold land	Total
At cost / deemed cost												
As at April 1, 2018	**4.41**	**4.00**	**439.57**	**478.60**	**78.62**	**17.14**	**36.83**	**33.92**	**5.56**	**-**	**114.61**	**1,213.26**
Additions	-	-	-	31.70	0.60	0.31	0.61	1.08	-	6.95	-	41.25
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2019	**4.41**	**4.00**	**439.57**	**510.30**	**79.22**	**17.45**	**37.44**	**35.00**	**5.56**	**6.95**	**114.61**	**1,254.51**
Additions	-	-	60.12	167.36	14.63	7.39	0.57	16.88	-	-	-	266.95
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
Reclass to right-of-use asset (Note 46 (a))	-	-	-	-	-	-	-	-	-	(6.95)	-	(6.95)
As at March 31, 2020	**4.41**	**4.00**	**499.69**	**677.66**	**93.85**	**24.84**	**38.01**	**51.88**	**5.56**	**-**	**114.61**	**1,514.51**
Accumulated Depreciation												
As at April 1, 2018	**-**	**3.76**	**19.36**	**104.41**	**13.61**	**9.25**	**11.39**	**6.09**	**2.82**	**-**	**-**	**170.69**
Charge for the year	-	0.08	15.51	70.38	7.69	5.09	6.83	3.41	1.41	0.97	-	111.37
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2019	**-**	**3.84**	**34.87**	**174.79**	**21.30**	**14.34**	**18.22**	**9.50**	**4.23**	**0.97**	**-**	**282.06**
Charge for the year	-	0.07	16.02	76.52	8.28	4.91	6.76	3.97	1.33	-	-	117.86
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
Reclass to right-of-use asset (Note 46 (a))	-	-	-	-	-	-	-	-	-	(0.97)	-	(0.97)
As at March 31, 2020	**-**	**3.91**	**50.89**	**251.31**	**29.58**	**19.25**	**24.98**	**13.47**	**5.56**	**-**	**-**	**398.95**
Net block												
As at March 31, 2020	**4.41**	**0.09**	**448.80**	**426.35**	**64.27**	**5.59**	**13.03**	**38.41**	**-**	**-**	**114.61**	**1,115.56**
As at March 31, 2019	**4.41**	**0.16**	**404.70**	**335.51**	**57.92**	**3.11**	**19.22**	**25.50**	**1.33**	**5.98**	**114.61**	**972.45**

Notes:

(a) Karnataka Industrial Area Development (KIADB) has allotted land to the Company on a lease cum sale basis i.e. 24,280.60 sq. mts at Plot No. 58-P Bengaluru Aerospace Park, Industrial Area for a period of 10 years w.e.f., December 18, 2013. The aggregate capitalized cost of the land at the end of the year is ₹ 114.61 million. The agreement gives a right to the Company to acquire land at the end of the lease term at an additional consideration, if any fixed by KIADB, after reducing the amount already paid.

(b) Property, plant and equipments and other intangible assets of the Company have been pledged / mortgaged as securities against borrowings. Refer note 20 and 24 for details of borrowings.

(c) Gross block of buildings and plant and equipments amounting to ₹ 599.16 million (March 31, 2019: ₹ 584.00 million) are on leasehold land.

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

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

	Capital work-in-progress
As at April 1, 2018	0.39
Additions	111.51
Capitalised during the year	(41.25)
As at March 31, 2019	**70.65**
Additions	209.81
Capitalised during the year	(266.95)
As at March 31, 2020	**13.51**

4. Other intangible assets and goodwill

(₹ in million)

	Other intangible assets			
	Goodwill (refer note b)	Computer software	Intellectual property rights	Total
At cost / deemed cost				
As at April 1, 2018	**36.35**	**26.33**	**9.51**	**72.19**
Additions	-	11.03	-	11.03
Disposals	-	-	-	-
As at March 31, 2019	**36.35**	**37.36**	**9.51**	**83.22**
Additions	-	45.79	-	45.79
Disposals	-	-	-	-
As at March 31, 2020	**36.35**	**83.15**	**9.51**	**129.01**
Amortization				
As at April 1, 2018	**-**	**17.59**	**3.06**	**20.65**
Charge for the year	-	7.98	1.53	9.51
Disposals	-	-	-	-
As at March 31, 2019	**-**	**25.57**	**4.59**	**30.16**
Charge for the year	-	7.10	1.41	8.51
Disposals	-	-	-	-
As at March 31, 2020	**-**	**32.67**	**6.00**	**38.67**
Net block				
As at March 31, 2020	**36.35**	**50.48**	**3.51**	**90.34**
As at March 31, 2019	**36.35**	**11.79**	**4.92**	**53.06**

(a) Also refer note 3(b)

(b) The Company had entered into a business transfer agreement with Centum Industries Private Limited, an enterprises where key managerial personnel or their relatives exercise significant influence, on December 1, 2015 for the purchase of business on slump sale. As per the terms of agreement, the Company had purchased the net assets pertaining to plastic and defence and space of Centum Industries Private Limited for an aggregate consideration ₹ 57.00 million, which was arrived at based on the business valuation done by an independent professional firm. The valuation ascribed to assets taken over by an independent professional valuer resulted in the aforesaid goodwill.

The aforementioned goodwill is tested for impairment annually. As at March 31, 2020 and March 31, 2019, the goodwill is not impaired.

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

Notes to the Standalone Ind AS Financial Statements

for the year ended March 31, 2020

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

	Intangible assets under development
As at April 1, 2018	5.89
Additions	34.67
Capitalised during the year	(11.03)
As at March 31, 2019	**29.53**
Additions	16.26
Capitalised during the year	(45.79)
As at March 31, 2020	-

5. Financial assets: Investments

(₹ in million)

	March 31, 2020	March 31, 2019
Investment carried at cost - Unquoted equity shares		
i. Subsidiary Company Centum Electronics UK Limited [1] 5,233,900 equity shares (March 31, 2019: 5,233,900) equity shares of GBP 1 each, fully paid up.	474.44	474.44
Centum Adeneo India Private Limited [2] 100,000 (March 31, 2019: 100,000) equity shares of ₹10 each, fully paid up.	1.00	1.00
Investment carried at fair value through statement of profit and loss account		
ii. Others - Unquoted equity shares Qulsar Inc. [3] 74,184 equity share (March 31, 2019: 74,184) equity shares of USD 0.01 each, fully paid up.	13.26	13.26
iii. Investment in Mutual fund Aditya Birla Sun Life Corporate Bond [4] 6,391.19 (March 31, 2019: Nil) units of ₹78.25 each (March 31, 2019: Nil)	0.50	-
Total Investments (i+ii+iii)	**489.20**	**488.70**
Aggregate value of unquoted investments	489.20	488.70

1. The Company has investments in Centum Electronics UK Limited, which in turn has made investment in Centum Adetel Group SA.Centum Adetel Group SA and its underlying subsidiaries have incurred losses thereby resulting in erosion of its net worth . The carrying value of the aforesaid investment is higher than the net worth of Centum Adetel Group SA. However, based on internal assessment performed with regard to future operations, the management of the Company is of the view that the carrying value of the Company's investment in Centum Electronics UK Limited is appropriate.

2 The Company vide its letter dated March 21, 2017 sought clarification from the Reserve Bank of India ('the RBI') regarding the permissibility of the investment by overseas subsidiary of the Company as subscribers to the Memorandum of Association of Centum Adeneo India Private Limited ("'CAIPL"") under the Foreign Exchange Management (Transfer or issue of any foreign security) Regulations, 2004 (Notification 120/2004 RB, dated 7 July 2004). RBI vide its letter dated July 18, 2018 expressed its inability to accede to the request of the Company with regard to infusion of capital by it's overseas subsidiaries.

Further the Company based on the legal opinion obtained, is of the veiw that the above rejection by RBI do not have any impact on the incorporation of CAIPL under the applicable laws of India and CAIPL can change the initial subscribers to the Memorandum of Association.

Accordingly, the Company, acquired 100% interest in CAIPL during the previous year ending March 31, 2019 from Centum Adetel Group i.e. it's foreign subsidiary.

3. The Company has investments in Qulsar Inc. Based on internal assessment performed with regard to future operations, the management of the Company is of the view that the carrying value of the Company's investment in Qulsar Inc. approximates the fair value as on the reporting dates.

4. Refer note 20 (3) for details of lien.

6. Loans (Non-current)

(₹ in million)

	March 31, 2020	March 31, 2019
Unsecured, considered good		
Carried at amortised cost		
Security deposits (refer note 43)	20.96	19.58
	20.96	**19.58**

7. Other non-current financial assets

(₹ in million)

	March 31, 2020	March 31, 2019
Non-current bank balance (refer note 13)	259.38	261.18
	259.38	**261.18**

8. Deferred tax assets (net)

(₹ in million)

		March 31, 2020	March 31, 2019
Deferred tax liability			
Property, Plant and Equipments: Impact of difference between tax depreciation and depreciation / amortization charged for the financial reporting		(44.49)	(35.13)
	(A)	**(44.49)**	**(35.13)**
Deferred tax assets			
Impact of expenditure charged to the statement of profit and loss but allowed for tax purposes on payment basis		29.60	32.30
Impact of deferred revenue		14.32	-
Impact of provision for expected credit losses		28.31	25.03
MAT credit entitlement		-	28.56
Others		0.46	-
	(B)	**72.69**	**85.89**
Deferred tax assets (net)	**(A+B)**	**28.20**	**50.76**
Movement for the year		22.56	(46.93)
Reconciliation to the statement of profit and loss			
(Credit) / expense during the year as above		22.56	(46.93)
Tax (income) /expense during the period recognized in OCI		0.81	1.69
MAT credit utilised / (created) during the year		28.56	(25.91)
(Credit) / expense during the year		(6.81)	(22.71)

9. Non-current tax assets (net)

(₹ in million)

	March 31, 2020	March 31, 2019
Advance income tax (net of provision for current tax and including tax paid under protest)	33.54	33.54
	33.54	**33.54**

Notes to the Standalone Ind AS Financial Statements

for the year ended March 31, 2020

10. Other non current assets

(₹ in million)

		March 31, 2020	March 31, 2019
Capital advances			
Unsecured, considered good		7.47	46.12
	(A)	**7.47**	**46.12**
Prepaid expenses		13.17	7.52
	(B)	**13.17**	**7.52**
Balance with statutory / government authorities			
Unsecured, considered good		5.28	5.65
	(C)	**5.28**	**5.65**
Total other non-current assets	**(A+B+C)**	**25.92**	**59.29**

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

(₹ in million)

	March 31, 2020	March 31, 2019
Raw materials	1,546.37	1,652.10
[Includes raw material in transit ₹ 88.12 million (March 31, 2019: ₹ 88.92 million)]		
Work-in-progress	619.28	520.31
Finished goods	37.24	78.74
Stores and spares	1.17	0.08
	2,204.06	**2,251.23**

12. Trade receivables

(₹ in million)

	March 31, 2020	March 31, 2019
Carried at amortised cost		
Receivables from related parties (refer note 43)	246.79	237.53
Other trade receivables	1,452.86	1,625.14
Total trade receivables	**1,699.65**	**1,862.67**

Break-up for security details:

(₹ in million)

	March 31, 2020	March 31, 2019
Trade receivables:		
Unsecured, considered good	1,812.16	1,935.66
Trade Receivables which have significant increase in credit Risk	-	-
Trade Receivables - credit impaired	-	-
	1,812.16	**1,935.66**
Impairment Allowance (allowance for bad and doubtful debts)		
Unsecured, considered good	(112.51)	(72.99)
Trade Receivables which have significant increase in credit Risk	-	-
Trade Receivables - credit impaired	-	-
Total trade receivables	**1,699.65**	**1,862.67**

- No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.
- Trade receivables are non-interest bearing and are generally on terms of 30 to 120 days.
- Refer note 49(c) for details pertaining to ECL.

13. Cash and cash equivalents

(₹ in million)

	March 31, 2020	March 31, 2019
Balances with banks:		
- On current accounts	17.92	14.98
- On exchange earners foreign currency (EEFC) accounts	35.21	29.64
Cash on hand	2.06	0.44
(A)	**55.19**	**45.06**
Other bank balances		
Balance with banks		
- On current account[1]	2.85	2.53
- On margin money accounts[2]	353.59	377.20
	356.44	**379.73**
Amount disclosed under other non-current financial assets (refer note 7)	(259.38)	(261.18)
	(259.38)	**(261.18)**
(B)	**97.06**	**118.55**
Total cash and cash equivalents (A+B)	**152.25**	**163.61**

1. Includes balance in unclaimed dividend account ₹ 2.85 million (March 31, 2019: ₹ 2.53 million).
2. A charge has been created over the deposits of ₹ 259.38 million (March 31, 2019: ₹ 261.18 million) towards various guarantees in favour of customer, statutory authorities and letter of credit facility.
3. Balances with banks on current accounts does not earn interest.

14. Other current financial assets

(₹ in million)

	March 31, 2020	March 31, 2019
Carried at amortised cost		
Loan to related party (refer note 43)[1]	20.00	15.50
Staff advances (refer note 43)	1.10	1.90
Deferred consideration receivable (refer note 54)	-	90.37
Interest accrued on fixed deposits and others	9.80	4.88
Interest accured on loan to related party (refer note 43)	1.54	0.21
Other financial assets	44.80	11.98
	77.24	**124.84**

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

15. Loans (Current)

(₹ in million)

	March 31, 2020	March 31, 2019
Unsecured, considered good		
Carried at amortised cost		
Security deposits (refer note 43)	0.33	0.48
	0.33	**0.48**

Notes to the Standalone Ind AS Financial Statements

for the year ended March 31, 2020

16. Other current assets

(₹ in million)

	March 31, 2020	March 31, 2019
Unsecured considered good		
Prepaid expenses	36.59	26.04
Balance with statutory / government authorities	2.99	55.68
Advance to suppliers and other advances (refer note 43)	91.35	71.79
	130.93	**153.51**

17. Equity share capital

	Equity shares of ₹ 10 /-each	
	In Numbers	(₹ in million)
Authorised share capital:		
At April 01, 2018	**15,500,000**	**155.00**
Increase / (decrease) during the year	-	-
At March 31, 2019	**15,500,000**	**155.00**
Increase / (decrease) during the year	**-**	**-**
At March 31, 2020	**15,500,000**	**155.00**

(a) Issued equity share capital:

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

	In Numbers	(₹ in million)
At April 01, 2018	**12,869,684**	**128.70**
Issue of equity shares (refer note 47)	11,434	0.11
At March 31, 2019	**12,881,118**	**128.81**
Issue of equity shares (refer note 47)	3,723	0.04
At March 31, 2020	**12,884,841**	**128.85**

(b) Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the equity shareholders.

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

Name of Shareholder	March 31, 2020		March 31, 2019	
	No. of shares held	% holding in class	No. of shares held	% holding in class
Equity shares of ₹ 10 each fully paid				
Apparao V Mallavarapu*	6,604,715	51.26%	6,604,715	51.27%
Nikhil Mallavarapu*	589,929	4.58%	589,929	4.58%
Dr. Swarnalatha Mallavarapu*	369,150	2.86%	369,150	2.87%
M S Swarnakumari*	12,684	0.10%	12,684	0.10%
HDFC Trustee Company Limited	917,656	7.12%	1,131,330	8.78%

* Represents shareholders in promoter's group

(d) Shares reserved for issue under options

For details of shares reserved for issue under the Share based payment plan of the Company, refer note 47.

18. Other equity

		(₹ in million)
Securities premium		
Balance as at April 1, 2018		27.18
Add: Received during the year on account of issue of equity shares		0.66
Balance as at March 31, 2019		**27.84**
Add: Received during the year on account of issue of equity shares		0.23
Balance as at March 31, 2020	**(A)**	**28.07**
General reserve		
Balance as at April 1, 2018		440.26
Balance as at March 31, 2019		440.26
Balance as at March 31, 2020	**(B)**	**440.26**
Retained earnings		
Balance as at April 1, 2018		1,005.29
Profit / (loss) for the year		580.02
Less: Cash dividends		(12.88)
Less: Dividend distribution tax		(2.65)
Add: Remeasurement of post-employee benefit obligations		3.13
Others		(0.06)
Balance as at March 31, 2019		**1,572.85**
Profit / (loss) for the year		250.37
Less: Cash dividends		(51.52)
Less: Dividend distribution tax		(10.59)
Add: Remeasurement of post-employee benefit obligations		1.99
Balance as at March 31, 2020	**(C)**	**1,763.10**
Share based payments reserve		
Balance as at April 1, 2018		0.93
Add: Options granted during the year		0.80
Less: Transferred to capital reserve on exercise of stock options		(0.49)
Balance as at March 31, 2019		**1.24**
Add: Options granted during the year		0.49
Less: Transferred to capital reserve on exercise of stock options		(0.11)
Balance as at March 31, 2020	**(D)**	**1.62**
Capital reserve		
Balance as at April 1, 2018		0.88
Add: Amount transferred on exercise of share options		0.49
Balance as at March 31, 2019		**1.37**
Add: Amount transferred on exercise of share options		0.11
Balance as at March 31, 2020	**(E)**	**1.48**
Total other equity	**(A+B+C+D+E)**	
Balance as at March 31, 2019		**2,043.56**
Balance as at March 31, 2020		**2,234.53**

Nature and purpose of reserves

Securities Premium

Securities Premium Reserve is used to record the premium on issue of shares and is utilised in accordance with the provisions of the Companies Act, 2013.

Notes to the Standalone Ind AS Financial Statements

for the year ended March 31, 2020

General Reserve

The Company created a General reserve in earlier years pursuant to the provisions of the Companies Act, 1956 where in certain percentage of profits was required to be transferred to General reserve before declaring dividends. As per Companies Act 2013, the requirements to transfer profits to General reserve is not mandatory. General reserve is a free reserve available to the company.

Retained earnings

Retained Earnings are the profits of the Company earned till date net of appropriations.

Share based payments reserve

The share-based payment reserve is used to recognise the value of equity-settled share-based options provided to employees, including key management personnel, as part of their remuneration. Refer to Note 47 for further details of these plans.

Capital reserve

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

19. Distribution made and proposed

(₹ in million)

	March 31, 2020	March 31, 2019
Dividends on equity shares:		
Final dividend for the year ended on March 31, 2019: ₹ 4 per share (March 31, 2018: ₹ Nil per share)	51.52	-
Dividend distribution tax on final dividend	10.59	-
Interim dividend for the year ended on March 31, 2020: Nil (March 31, 2019: ₹ 1 per share)	-	12.88
Dividend distribution tax on interim dividend	-	2.65
	62.11	**15.53**
Proposed dividends on equity shares [1]		
Final dividend for the year ended on March 31, 2020: ₹ 2.50 per share (March 31, 2019: ₹ 4 per share)	32.21	51.52
Dividend distribution tax on proposed dividend	-	10.59
	32.21	**62.11**

1. Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including dividend distribution tax thereon) as at March 31st.
2. The Board of Directors of the Company at its meeting held on July 28, 2020 had recommended a final dividend of 25 % (i.e. ₹ 2.50 per equity share) for the year ended March 31, 2020.

20. Non-current financial liabilities: Borrowings

(₹ in million)

	March 31, 2020	March 31, 2019
Term loan		
From bank		
Foreign currency term loan (secured) (refer note 26 for details of Current maturities of long term borrowings)[1]	26.87	123.12
From Financial Institution		
Indian rupee term loan (unsecured) (refer note 26 for details of Current maturities of long term borrowings)[2]	170.07	109.62
Obligation under financial leases (secured) (refer note 46 (a)) (refer note 26 for details of Current maturities of long term borrowings)[3]	-	4.89
	196.94	**237.63**
The above amount includes		
Secured borrowings	26.87	128.01
Unsecured borrowings	170.07	109.62
	196.94	**237.63**

1. Foreign currency term loan represents term loan taken from a bank and secured by way of :-
   (a) First pari-passu charge on current assets including stock and receivables of the Company;
   (b) First pari-passu charge on present and future fixed assets of the Company; and
   (c) First pari-passu charge by way of equitable mortgage on Land and building situated at i) No. 44, KHB Industrial Area, Yelahanka, Bangalore - 560 106 and ii) Plot No. 58-P, Bengaluru Aerospace Park Industrial Area, Sy. No. 8 - Part of Unachur Village & Sy.No. 8 - Part of Dummanahalli Village, Jala Hobli, Bengaluru North, Yelahanka Taluk, Bengaluru Urban District.

   The term loan carries an interest rate of 4.25 % per annum (p.a.) (March 31, 2019: 4.25% p.a.) on the outstanding amount of the loan payable at quarterly rests. The term loan is repayable in sixteen equal quarterly instalments from September 2017.
2. The Indian rupee term loan of Rs 171.05 million (March 31, 2019: Rs 198.53 million) including current maturity of Rs 33.59 million (March 31, 2019; Rs 88.91 million) from a Financial Institution carries an interest rate of 12% per annum (p.a.) (March 31, 2019: 12%) on the outstanding amount of loan payable. The term loan is repayable in Sixty One unequal monthly instalments from April 2019. The Indian rupee term loan of Rs 47.66 million (March 31, 2019: Rs Nil) including current maturity of Rs 15.05 million (March 31, 2019 : Rs Nil) from a Financial Institution carries an interest rate of 11.75% per annum (p.a.) (March 31, 2019: Nil) on the outstanding amount of loan payable. The term loan is repayable in Thirty Six equal monthly instalments from February 2020. The loans are secured by :
   (a) Mortgage on Residential Property of Swarnalata Mallavarapu situated at site no. A-11 and A-12, Manyatha Residency, Rachenahalli Village, K. R. Puram, Hobli, Bengaluru.
   (b) Personal Guarantee of Mrs.Swarnalata Mallavarapu to be restricted to the collateral mortgaged and the value of unpaid loan.
   (c) 4 undated cheques ('UDC') for Rs 50.00 Million each and 4 undated cheques of Rs 12.5 million each respectively.
   (d) 3 post dated cheques ('PDC') for Rs 4.45 Million each and 2 electronic clearing service mandate form with undertaking for Rs. 1.66 million each.
   (e) Invest in SIP-MF (Debt Fund) of Rs.0.5 Million per month for 24 months.
3. Finance lease obligation were secured by underlying assets taken on finance lease arrangements. The lease term is for 3 years carrying an interest rate of 17.80% p.a. Consequent to the adoption of Ind AS 116, the same has been reclassed to lease liabilities .

   The period and amount of default as on the balance sheet date with respect to aforementioned borrowings are as follows:

(₹ in million)

Particulars	Nature	March 31, 2020	March 31, 2019	Period of default
Obligation under financial leases	Quarterly Installment	-	1.30	0-90 days

21. Other non-current financial liabilities

(₹ in million)

	March 31, 2020	March 31, 2019
Financial liabilities through profit or loss		
Derivatives not designated as hedges		
Interest rate swap (refer note 51)	2.00	0.16
	2.00	**0.16**

The Company had entered into an interest rate swap agreement whereby the Company pays a fixed rate of interest of 4.25% p.a. as against the availed floating rate loan (i.e. USD overnight LIBOR + 190bps). The swap is being used to hedge the exposure to changes in the floating interest rates on secured loan (refer note 20). The mark to market fluctuation has been recognised as an expense for the year ended March 31, 2020 and March 31, 2019.

Notes to the Standalone Ind AS Financial Statements

for the year ended March 31, 2020

22. Government Grants

(₹ in million)

	March 31, 2020	March 31, 2019
At April 1	23.82	-
Received during the year	-	32.94
Released to the statement of profit and loss	(3.68)	(9.12)
At March 31	**20.14**	**23.82**
Current	3.68	3.68
Non - current	16.46	20.14
	20.14	**23.82**

Government grants have been received towards the purchase and construction of certain items of property, plant and equipment under Modified Special Incentive Package Scheme (M-SIPS) as notified by Ministry of Communications and Information Technology, Department of Information Technology. As per the scheme, the Company is required to abide by all terms and conditions of M-SIPS policy, guidelines and amendments issued from time to time. The Company vide its letter of undertaking dated May 02, 2018 has agreed to comply with all terms and conditions of M-SIPS policy, guidelines and amendments issued from time to time.

23. Net non-current employee defined benefit liabilities

(₹ in million)

	March 31, 2020	March 31, 2019
Provision for employee benefits		
Provision for gratuity (refer note 44)	45.03	36.49
	45.03	**36.49**

24. Current financial liabilities: Borrowings

(₹ in million)

	March 31, 2020	March 31, 2019
From banks		
Indian rupee short term loan (secured)[1]	199.46	200.00
Cash credit and overdraft (secured)[2]	226.82	558.82
Packing credit loan (secured)[2]	524.47	794.77
Foreign currency non-repatriable (FCNR) loan (secured)[2]	363.48	72.45
Working Capital Demand Loan (WCDL) (secured)[2]	180.00	-
	1,494.23	**1,626.04**
The above amount includes		
Secured borrowings	1,494.23	1,626.04
Unsecured borrowings	-	-
	1,494.23	**1,626.04**

1. Secured Indian rupee short term loan from a bank of ₹ 199.46 million (March 31, 2019: ₹ 200 million) carries interest at 14% p.a. (March 31, 2019: 12.50%). The loan is secured by way of:
   (a) Charge on current assets including stock and receivables of the Company;
   (b) Charge on present and future fixed assets of the Company; and
   (c) Charge by way of equitable mortgage on Land and building situated at i) No. 44, KHB Industrial Area, Yelahanka, Bangalore - 560 106 and ii) Plot No. 58-P, Bengaluru Aerospace Park Industrial Area, Sy. No. 8 - Part of Unachur Village & Sy. No. 8 - Part of Dummanahalli Village, Jala Hobli, Bengaluru North, Yelahanka Taluk, Bengaluru Urban District.
2. Cash credit and overdraft from banks, packing credit and FCNR loan and WCDL from banks are payable on demand and are secured by way of :
   (a) Hypothecation of entire stock of raw materials/work-in-progress/finished goods, receivables / book debts and other current assets / moveable fixed assets on pari passu first charge with other banks;

(b) Hypothecation of plant and machinery pari passu first charge with other banks;

(c) Equitable mortgage of factory land and building at No. 44, KHB Industrial Area, Yelahanka, Bangalore - 560 106 belonging to the Company, on pari passu first charge with other banks; and

(d) Equitable mortgage on leasehold rights of factory land and equitable mortgage of building at Plot No. 58-P, Bengaluru Aerospace Park Industrial Area, Sy. No. 8 - Part of Unachur Village & Sy. No. 8 - Part of Dummanahalli Village, Jala Hobli, Bengaluru North, Yelahanka Taluk, Bengaluru Urban District, belonging to the Company on pari passu first charge with other banks.

The rate of interest of Cash credit and overdraft from banks ranges from 10.00% to 11.45% p.a. (March 31, 2019: 10.50% to 11.45% p.a). The rate of interest of Packing credit from banks ranges from 3.60% to 7.28% p.a. (March 31, 2019: 3.76% to 7.28% p.a.) and that of FCNR ranges from 5.46% to 6.52% p.a. (March 31, 2019: 5.38% to 6.65% p.a.) and that of WCDL at 10.10% p.a (March 31, 2019: Nil) payable on monthly basis.

3. The period and amount of default as on the balance sheet date with respect to aforementioned borrowings are as follows:

(₹ in million)

Particulars	Nature	March 31, 2020	March 31, 2019	Period of default
Packing credit loan from banks (secured)	Payment of Principal	Nil	1.29	0-90 days

25. Financial liabilities: Trade payables

(₹ in million)

	March 31, 2020	March 31, 2019
Carried at amortised cost		
Trade payables	1,026.11	1,013.05
Trade payables to related parties (refer note 43)	112.94	50.30
	1,139.05	**1,063.35**
The above amount includes		
Total Outstanding dues of micro enterprises and small enterprises	25.61	27.68
Total Outstanding dues of creditors other than micro enterprises and small enterprises	1,113.44	1,035.67
	1,139.05	**1,063.35**

a) Trade payables include due to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2016). Amount due to suppliers under the MSMED Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. Further in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the MSMED Act 2006 is not expected to be material. The Company has not received any claim for interest from any supplier as at balance sheet date. The disclosure persuant to the said Act is as under:

(₹ in million)

	March 31, 2020	March 31, 2019
Principal amount remaining unpaid to any supplier as at the end of the accounting year.	25.61	27.68
Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
The amount of interest paid by the buyer (March 31, 2020: Nil, March 31, 2019: Nil) in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of the accounting year.	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-

Notes to the Standalone Ind AS Financial Statements

for the year ended March 31, 2020

b) Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing
- For explanations on the Company's credit risk management processes, refer to note 49(c).
- The dues to related parties are unsecured

26. Other current financial liabilities

(₹ in million)

	March 31, 2020	March 31, 2019
Other financial liabilities at amortised cost		
Unpaid dividends	2.85	2.53
Accrued salaries and benefits (refer note 43)	82.54	86.78
Payable for capital goods	21.14	23.00
Current maturities of long term borrowings[1] (refer note 20)	156.11	190.71
Interest payable	8.35	9.49
	270.99	**312.51**

Note

1. The details of current maturities of long term borrowings are as follows:	March 31, 2020	March 31, 2019
Term loan		
From bank		
Foreign currency term loan (secured)	107.47	98.49
From Financial Institution		
Indian rupee term loan (unsecured)	48.64	88.91
Obligation under financial leases (secured)	-	3.31
	156.11	**190.71**

27. Other current liabilities

(₹ in million)

	March 31, 2020	March 31, 2019
Advance from customers	601.23	943.21
Deferred revenue	56.89	-
Withholding and other taxes / duties payable	24.28	15.23
Other liabilities	0.40	0.40
	682.80	**958.84**

28. Net current employee defined benefit liabilities

(₹ in million)

	March 31, 2020	March 31, 2019
Provision for employee benefits		
Provision for gratuity (refer note 44)	6.16	5.95
	6.16	**5.95**

29. Provisions

(₹ in million)

	March 31, 2020	March 31, 2019
Provision for employee benefits		
Provision for compensated absences	34.52	16.35
	34.52	**16.35**

30. Liabilities for current tax (net)

(₹ in million)

	March 31, 2020	March 31, 2019
Provision for taxation, net of advance tax	77.01	141.57
	77.01	**141.57**

31. Revenue from operations

(₹ in million)

	March 31, 2020	March 31, 2019
Sale of products (refer note 43)	4,568.67	4,845.31
Sale of services (refer note 43)	88.68	48.21
Other operating revenues		
Sale of scrips	117.90	28.53
Management fees (refer note 43)	27.34	46.20
Sales commission	21.19	18.57
	4,823.78	**4,986.82**

Notes to revenue from contracts with customers:

a) Timing of rendering of services -March 31, 2020

(₹ in million)

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

Timing of rendering of services -March 31, 2019

(₹ in million)

	Performance obligation satisfied at point in time	Performance obligation satisfied over time	Total
Sale of products	4,845.31	-	4,845.31
Sale of scrips	28.53	-	28.53
Sale of services	-	48.21	48.21
Management fees	-	46.20	46.20
Sales commission	18.57	-	18.57
	4,892.41	**94.41**	**4,986.82**

b) Contract Balances:

(₹ in million)

	March 31, 2020	March 31, 2019
Receivables		
- Current (Gross) (refer note 12)	1,812.16	1,935.66
- Provision for impairment loss (current)	(112.51)	(72.99)
Contract Liabilities* (refer note 27)		
Advance received from customers		
- Current	601.23	943.21
Deferred Revenue		
- Current	56.89	-

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

Notes to the Standalone Ind AS Financial Statements

for the year ended March 31, 2020

c) Revenue recognised during the year (₹ in million)

	March 31, 2020	March 31, 2019
Arising out of contract liabilities as at the beginning of the year	593.67	394.10

d) Revenue recognised during the year from the performance obligation satisfied upto previous year (arising out of contract modifications) amounts to ₹ Nil

32a. Other income

(₹ in million)

	March 31, 2020	March 31, 2019
Government Grants (refer note 22)	3.69	9.12
Rental income (refer note 43)	3.03	3.03
Provisions / liabilities no longer required, written back	0.64	3.59
Other non-operating income	2.73	6.80
	10.09	**22.54**

32b. Finance income

	March 31, 2020	March 31, 2019
Interest income on bank deposits	27.69	9.81
Interest income - others	5.44	5.77
	33.13	**15.58**

33. Cost of materials consumed

(₹ in million)

	March 31, 2020	March 31, 2019
Inventory at the beginning of the year	1,652.18	1,875.56
Add: Purchases (refer note 43)	2,756.34	2,913.30
	4,408.52	**4,788.86**
Less: Inventory at the end of the year	(1,547.54)	(1,652.18)
Cost of materials consumed	**2,860.98**	**3,136.68**

34. (Increase) / decrease in inventories of work-in-progress and finished goods

(₹ in million)

	March 31, 2020	March 31, 2019
Inventories at the end of the year - Work-in-progress / finished goods	656.52	599.05
Inventories at the beginning of the year - Work-in-progress / finished goods	599.05	597.56
(Increase) / decrease in inventories	**(57.47)**	**(1.49)**

35. Employee benefits expenses

(₹ in million)

	March 31, 2020	March 31, 2019
Salaries, wages and bonus (refer note 43)	666.87	575.19
Contribution to provident and other funds (refer note 44)	34.53	34.45
Employee share based payments (refer note 47)	0.49	0.80
Gratuity expenses (refer note 44)	14.68	14.27
Staff welfare expenses	50.85	48.70
	767.42	**673.41**

36. Finance costs

(₹ in million)

	March 31, 2020	March 31, 2019
Interest on debt and borrowings	156.10	146.75
Bank charges	44.02	41.60
Exchange differences	60.36	69.93
Interest on lease liabilities	2.58	-
Interest on income tax	13.52	9.37
	276.58	**267.65**

37. Depreciation and amortization expenses

(₹ in million)

	March 31, 2020	March 31, 2019
Depreciation of tangible assets (refer note 3)	117.86	111.37
Amortization of intangible assets (refer note 4)	8.51	9.51
Depreciation of Right-of-use assets (refer note 46)	5.17	-
	131.54	**120.88**

38. Other expenses

(₹ in million)

	March 31, 2020	March 31, 2019
Rent and lease hire charges	14.33	24.63
Rates and taxes	5.88	6.64
Power and fuel	59.92	56.22
Repairs and maintenance	38.27	38.68
Insurance	16.39	12.70
Legal and professional fees (includes payment to auditor (refer details below))	56.46	59.31
Travelling and conveyance	39.75	42.26
Purchase of services	114.18	70.16
Corporate social responsibility expenditure (refer note 53)	5.61	7.99
Freight outwards	21.55	13.54
Loss on account of foreign exchange fluctuations (net)	63.61	34.04
Provision for expected credit loss / bad debts written off	41.17	61.58
Fair value loss on financial instruments at fair value through profit or loss	1.84	0.08
Directors' sitting fees	1.70	1.74
Miscellaneous expenses	59.47	52.06
	540.13	**481.63**

Payment to auditor (exclusive of taxes)

(₹ in million)

	March 31, 2020	March 31, 2019
As auditor:		
Audit fee (including fees for internal controls over financial reporting, consolidated financial statements of the company and quarterly limited reviews)	5.20	5.20
In other capacity		
Reimbursement of expenses	0.54	0.57
	5.74	**5.77**

Notes to the Standalone Ind AS Financial Statements

for the year ended March 31, 2020

39. Exceptional items (net)

(₹ in million)

	March 31, 2020	March 31, 2019
Profit on sale of investment in a joint venture (refer note 54)	-	328.84
Total exceptional items	**-**	**328.84**

40. Income tax

The Company is subject to income tax in India on the basis of standalone financial statements. As per the Income Tax Act, the Company is liable to pay income tax which is the higher of regular income tax payable or the amount payable based on the provisions applicable for Minimum Alternate Tax (MAT). MAT paid in excess of regular income tax during a year can be carried forward for a period of 15 years and can be offset against future tax liabilities. Business loss can be carried forward for a maximum period of eight assessment years immediately succeeding the assessment year to which the loss pertains. Unabsorbed depreciation can be carried forward for an indefinite period.

Pursuant to the Taxation Law (Amendment) Ordinance, 2019 ('Ordinance') issued by Ministry of Law and Justice (Legislative Department) on September 20, 2019 which is effective from April 1, 2019, domestic companies have the option to pay income tax at 22% plus applicable surcharge and cess ('new tax regime') subject to certain conditions. The Company based on the current projections has chosen to adopt the reduced rates of tax as per the Income Tax Act, 1961 from the financial year 2020-21 and accordingly the Company has accounted deferred tax asset based on the reduced applicable tax rates.

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

(₹ in million)

	March 31, 2020	March 31, 2019
(a) Current tax	104.26	143.62
(b) Deferred tax expense / (credit)	(6.81)	(22.71)
(c) MAT credit entitlement	-	(25.91)
(d) Deferred tax expense / (credit) related to items recognized in OCI during the period	0.81	1.69
Total taxes	**98.26**	**96.69**

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

(₹ in million)

	March 31, 2020	March 31, 2019
Profit before taxes	347.82	675.02
Less: Profit on sale of investment in a joint venture	-	328.84
Profit before taxes (Net of exceptional income)	**347.82**	**346.18**
Applicable tax rates in India	29.12%	34.94%
Computed tax charge	101.29	120.97
Tax effect on permanent non-deductible expenses	6.56	8.51
Allowances of expenditure in accordance with section 35(2AB) of the Income Tax Act	(15.71)	(10.15)
Impact on account of change in future tax rates	8.13	-
Tax effect of items on which deferred taxes has not been accounted:		
Utilisation of previously unrecognized tax losses	-	(96.14)
Others	(2.01)	2.19
Tax expense	**98.26**	**25.38**
Tax expense on aforesaid exceptional income (refer note 39 and note 54)	-	71.31
Total tax expenses	98.26	96.69
Income tax reported in the statement of profit and loss	98.26	96.69
	-	-

41. Earnings per share ('EPS')

Basic EPS amounts are calculated by dividing the profit / loss for the year attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period.

Diluted EPS amounts are calculated by dividing the profit attributable to equity shareholders by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

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

	March 31, 2020	March 31, 2019
Face value of equity shares (₹ per share)	10	10
Profit / (Loss) attributable to equity shareholders (A) (₹ in million)	250.37	580.02
Weighted average number of equity shares used for computing EPS (basic) (B)	12,884,251	12,878,062
EPS - basic (A/B) (₹)	**19.43**	**45.04**
Weighted average number of equity shares used for computing EPS (basic) (B)	12,884,251	12,878,062
Add: Effect of dilutive issues of stock options	9,961	12,919
Weighted average number of equity shares used for computing EPS (diluted) (C)	12,894,212	12,890,981
EPS - diluted (A/C) (₹)	**19.42**	**45.00**

42 Significant accounting judgements, estimates and assumptions

The preparation of the Company's standalone financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

Significant judgements and estimates relating to the carrying values of assets and liabilities include impairment of investments in subsidiaries and joint ventures, impairment of goodwill, provision for employee benefits and other provisions, recoverability of deferred tax assets, commitments, contingencies and provision for inventory obsolesces and estimating the incremental borrowing rate.

(i) Estimates and assumptions:

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Impairment of non current asset including goodwill and investments

Determining whether investment and goodwill are impaired requires an estimation of the value in use of the respective asset or the relevant cash generating units. The value in use calculation is based on DCF model. Further, the cash flow projections are based on estimates and assumptions which are considered as reasonable by the management.

Notes to the Standalone Ind AS Financial Statements

for the year ended March 31, 2020

Taxes

Deferred tax assets are recognised for MAT credit entitlement and unused tax losses to the extent that it is probable that taxable profit will be available against which the same can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Refer note 8 and 40 for further disclosures.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer note 49 for further disclosures.

Contingencies

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal and contractual claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events.

Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds where remaining maturity of such bond correspond to expected term of defined benefit obligation.

The mortality rate is based on publicly available mortality tables for India. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for India.

Further details about gratuity obligations are given in note 44.

Provision for inventory obsolescence

Inventory obsolescence provision are determined using policies framed by the Company and in accordance with the methodologies that the Company deems appropriate to the business. There is a significant level of judgment involved in assessing whether provision for obsolescence for slow moving, excess or obsolete inventory items should be recognized considering orders in hand, expected orders, alternative usage, etc.

Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

43. Related party transactions

a) Names of related parties and description of relationship

Description of relationship	Name of related parties
Parties where control exists	Apparao V Mallavarapu (directly and indirectly exercises over 50% voting power in the Company)
Subsidiary Companies	Centum Electronics UK Limited Centum Adetel Group SA Centum Adeneo SAS Centum Adeneo CRD SAS Centum Adetel Transportation System SAS Centum Adetel Transportation SAS** Centum Adetel Synergies SARL Centum Adetel Solution Centum Adetel Equipment Adetel Maroc SA# Adetel Equipment Maroc SA# Centum Adeneo Belgium*** Centum Adeneo India Private Limited
Associates/ Joint Venture Companies	Centum Rakon India Private Limited* Sandhi SAS* Ausar Energy SAS
Enterprises where key managerial personnel or their relatives exercise significant influence (where transactions have taken place)	Centum Industries Private Limited
Key managerial personnel and their relatives	Mr. Apparao V Mallavarapu - Chairman and Managing Director Dr. Swarnalatha Mallavarapu - Director Mr. Nikhil Mallavarapu - Director (w.e.f. February 13, 2020) Mr. S Krishnan - Independent Director Mr. Pranav Kumar Patel - Independent Director Mr. Rajiv C Mody - Independent Director Mr. Manoj Nagrath - Independent Director Mr. Thiruvengadam P - Independent Director Ms. Kavitha Dutt Chitturi - Independent Women Director (appointed w.e.f March 25, 2020) Mr. K S Desikan - Chief Financial Officer Mr. Nagaraj K V- Company Secretary (appionted w.e.f January 21, 2019) Mr. Ramu Akkili- Company Secretary (resigned w.e.f November 30, 2018)

* Ceased to be a joint venture during the previous year ended March 31, 2019 (also refer note 54)

** The Group has divested its stake during the year ended March 31, 2020 and accordingly it has ceased to be a subsidiary and has become an associate w.e.f March 31, 2020.

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

Liquidated during the previous year ended March 31, 2019.

Notes to the Standalone Ind AS Financial Statements

for the year ended March 31, 2020

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

(₹ in million)

Particulars	March 31, 2020	March 31, 2019
i) Sale of products		
Associates/ Joint Venture Companies		
- Centum Rakon India Private Limited	-	0.86
Subsidiary companies		
- Centum Adeneo India Private Limited	-	0.15
- Centum Adeneo SAS	2.44	-
- Centum Adetel Equipment	5.73	-
- Centum Adetel Transportation SAS	56.19	464.34
ii) Sale of services		
Associates/ Joint Venture Companies		
- Centum Rakon India Private Limited	-	1.54
iii) Other operating revenue - Management fees		
Associates/ Joint Venture Companies		
- Centum Rakon India Private Limited	-	3.85
iv) Other income/ Finance income		
Associates/ Joint Venture Companies		
- Centum Rakon India Private Limited	-	0.25
Subsidiary companies		
- Centum Adeneo India Private Limited	1.50	0.21
v) Purchase of goods and services		
Subsidiary companies		
- Centum Adetel Transportation SAS	0.24	9.56
- Centum Adeneo SAS	50.04	40.62
- Centum Adeneo India Private Limited	10.76	9.44
- Centum Adetel Equipement	6.27	-
Enterprises where key managerial personnel or their relatives exercise significant influence		
- Centum Industries Private Limited (March 31, 2019 : ₹ 1,040)	-	-
vi) Other expenses - Rent		
Enterprises where key managerial personnel or their relatives exercise significant influence		
- Centum Industries Private Limited	3.70	9.28
vii) Expense incurred by the Company on behalf of:		
Subsidiary companies		
- Centum Adeneo India Private Limited	0.60	1.42
Associates/ Joint Venture Companies		
- Centum Rakon India Private Limited	-	0.45
viii) Remuneration to key managerial personnel and their relatives		
a) Employee benefit expenses (including employee share based payments)		
- Mr. Apparao V Mallavarapu	17.69	16.65
- Mr. Nikhil Mallavarapu	12.29	11.20
- Mr. K S Desikan	7.86	6.90
- Mr. Nagaraj K V	1.61	0.30
- Mr. Ramu Akkili	-	1.46

(₹ in million)

Particulars	March 31, 2020	March 31, 2019
b) Directors' sitting fees (including commission paid to non-executive directors)		
- Mr. S Krishnan	0.36	0.38
- Mr. Rajiv C Mody	0.26	0.26
- Mr. Pranav Kumar Patel	0.36	0.38
- Mr. Manoj Nagrath	0.36	0.38
- Mr. Thiruvengadam P	0.36	0.34
ix) Loan given to Subsidiary		
- Centum Adeneo India Private Limited	4.50	15.50
x) Assignment of recievables from Centum Adetel Tranportation SAS		
- Centum Adetel Group SA	221.22	-
xi) Assignment of payables to Centum Adetel Tranportation SAS		
- Centum Adetel Group SA	9.70	-
xii) Outstanding balances as at the year ended:		
a) Trade receivables - Current		
Subsidiary companies		
- Centum Adeneo SAS	2.98	0.42
- Centum Adeneo India Private Limited	0.60	0.89
- Centum Adetel Equipment	6.56	0.49
- Centum Adetel Transportation SAS	1.24	235.20
- Centum Adetel Group SA	235.41	-
Enterprises where key managerial personnel or their relatives exercise significant influence		
- Centum Industries Private Limited	-	0.53
b) Trade payables - Current		
Subsidiary companies		
- Centum Adetel Transportation SAS	-	9.80
- Centum Adeneo SAS	89.28	34.18
- Centum Adeneo India Private Limited	5.28	4.56
- Centum Adetel Equipment	6.72	-
- Centum Adetel Group SA	10.44	-
Enterprises where key managerial personnel or their relatives exercise significant influence		
- Centum Industries Private Limited	0.22	0.68
Payable to Key managerial personnel		
- Mr. S Krishnan	0.20	0.22
- Mr. Rajiv C Mody	0.20	0.20
- Mr. Pranav Kumar Patel	0.20	0.22
- Mr. Manoj Nagrath	0.20	0.22
- Mr. Thiruvengadam P	0.20	0.22
c) Other current financial assets - Loan to related party		
Subsidiary company		
- Centum Adeneo India Private Limited	20.00	15.50
d) Other current financial assets - Interest accured on loan to related party		
Subsidiary company		
- Centum Adeneo India Private Limited	1.54	0.21

Notes to the Standalone Ind AS Financial Statements

for the year ended March 31, 2020

(₹ in million)

Particulars	March 31, 2020	March 31, 2019
e) Other current financial asset - Security deposit		
Enterprises where key managerial personnel or their relatives exercise significant influence		
- Centum Industries Private Limited	0.45	0.45
f) Corporate guarantees sanctioned on behalf of		
Subsidiary company		
- Centum Adetel Group SA	-	34.84
g) Other current financial liabilities - Accrued salaries and benefits-payable		
- Mr. Apparao V Mallavarapu	8.80	8.02
- Mr. Nikhil Mallavarapu	1.75	1.07
- Mr. K S Desikan	0.50	0.68
- Mr. Nagaraj K.V	0.16	0.12
g) Other current liabilities - Advance from customers		
Subsidiary company	-	87.07
- Centum Adetel Transportation System SAS		
h) Personal Guarantee and security issued by directors jointly towards the loan availed by the company (refer note 20)		
- Mr. Apparao Mallavarapu and Mrs. Swarnalatha Mallavarapu	-	200.00
- Mrs. Swarnalatha Mallavarapu	250.00	-

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

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

Share based payments plan	Exercise price	March 31, 2020 Number outstanding	March 31, 2019 Number outstanding
Centum ESOP - 2013 plan	₹ 71.25	3,653	3,653

No share options have been granted to the non-executive members of the Board of Directors under the share based payments plans of the Company. Refer to Note 47 for further details on the scheme.

Notes:

(i) As the liability for gratuity and leave encashment is provided on actuarial basis for the Company, as a whole the amount pertaining to the key managerial personnel's' are not disclosed above.

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

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

44. Gratuity and other post-employment benefits plans

a) Defined contribution plan

The Company's contribution to provident fund, Employees' State Insurance and other funds are considered as defined contribution plans. The contributions are charged to the standalone statement of profit and loss as they accrue. Contributions to provident and other funds included in employee benefits expense (refer note 35) are as under:

(₹ in million)

Particulars	March 31, 2020	March 31, 2019
Contribution to provident fund	27.93	25.83
Contribution to employees' state insurance	6.60	8.62
	34.53	**34.45**

b) Defined benefit plans

The Company has a defined benefit gratuity plan. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, every employee who has completed five years or more of service gets gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The level of benefits provided depends on the member's length of service and salary at retirement age. The Gratuity plan is unfunded.

The following tables summarise the components of net benefit expense recognised in the standalone statement of profit or loss and amounts recognised in the standalone balance sheet for gratuity benefit:

i. Net benefit expenses (recognized in the Standalone Statement of Profit And Loss) **(₹ in million)**

Particulars	March 31, 2020	March 31, 2019
Current service cost	11.33	11.16
Net interest cost on defined benefit obligation	3.35	3.11
Past service cost	-	-
Net benefit expenses	**14.68**	**14.27**

ii. Remeasurement (gains)/ loss recognized in other comprehensive income: **(₹ in million)**

Particulars	March 31, 2020	March 31, 2019
Actuarial (gain)/ loss on obligations arising from changes in experience adjustments	(6.65)	(5.81)
Actuarial (gain)/ loss on obligations arising from changes in financial assumptions	3.85	0.99
Actuarial (gain)/ loss recognised in OCI	**(2.80)**	**(4.82)**

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

Particulars	March 31, 2020	March 31, 2019
Defined benefit obligation	(51.19)	(42.44)
Fair value of plan assets	-	-
Asset / (liability) recognised in the balance sheet	**(51.19)**	**(42.44)**

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

Particulars	March 31, 2020	March 31, 2019
Opening defined benefit obligation	42.44	36.88
Current service cost	11.33	11.16
Past service cost	-	-
Benefits paid	(3.13)	(3.89)
Interest cost on the defined benefit obligation	3.35	3.11
Actuarial (gain)/ loss on obligations arising from changes in experience adjustments	(6.65)	(5.81)
Actuarial (gain)/ loss on obligations arising from changes in financial assumptions	3.85	0.99
Closing defined benefit obligation	**51.19**	**42.44**

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

Particulars	March 31, 2020
March 31, 2021	6.16
March 31, 2022	2.27
March 31, 2023	3.07
March 31, 2024	3.27
March 31, 2025	4.58
March 31, 2026 to 2030	21.41

The average duration of the defined benefit plan obligation at the end of the reporting period is 10 years (March 31, 2019: 10 years)

Notes to the Standalone Ind AS Financial Statements

for the year ended March 31, 2020

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

(₹ in million)

Particulars	March 31, 2020	March 31, 2019
Discount rate (in %)	6.55%	7.43%
Salary escalation rate (in %)	7.00%	7.00%
Employee Turnover/ Withdrawal Rate	Age 21 - 30 Yrs : 15% Age 30 - 34 Yrs : 10% Age 35 - 44 Yrs : 5% Age 45 - 50 Yrs : 3% Age 51 - 54 Yrs : 2% Age 55 - 57 Yrs : 1%	
Retirement age	58 years	58 years
Mortality Rate	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2012-14) Ultimate

Notes:

i) The estimate of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

ii) Plan Characteristics and Associated Risks:

The Gratuity scheme is a Defined Benefit Plan that provides for a lump sum payment made on exit either by way of retirement, death or disability. The benefits are defined on the basis of final salary and the period of service and paid as lump sum at exit. The Plan design means the risks commonly affecting the liabilities and the financial results are expected to be:

a. Discount rate risk : The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase

b. Salary Inflation risk : Higher than expected increases in salary will increase the defined benefit obligation

c. Demographic risk : This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

vii. A quantitative sensitivity analysis for significant assumption as at March 31, 2020 is as shown below:

(₹ in million)

Particulars	March 31, 2020	March 31, 2019
Discount rate		
Impact on defined benefit obligation due to 1% increase in discount rate	(4.31)	(3.57)
Impact on defined benefit obligation due to 1% decrease in discount rate	4.57	3.79
Salary escalation rate		
Impact on defined benefit obligation due to 1% increase in salary escalation rate	2.63	2.18
Impact on defined benefit obligation due to 1% decrease in salary escalation rate	(2.46)	(2.04)
Attrition rate		
Impact on defined benefit obligation due to 1% increase in attrition rate	0.25	0.20
Impact on defined benefit obligation due to 1% decrease in attrition rate	(0.34)	(0.28)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

45 Segment information - Disclosure pursuant to Ind AS 108 'Operating Segments'

(a) Information about reportable segments

Basis of identifying operating segments / reportable segments:

(i) Basis of identifying operating segments:

Operating segments are identified as those components of the Company (a) that engage in business activities to earn revenues and incur expenses (including transactions with any of the Company's other components); (b) whose operating results are regularly reviewed by the Company's Chief Operating Decision Maker (CODM) to make decisions about resource allocation and performance assessment and (c) for which discrete financial information is available. The accounting policies consistently used in the preparation of financial statements are also applied to record revenue and expenditure in individual segments. Assets, liabilities, revenues and direct expenses in relation to segments are categorised based on items that are individually identifiable to that segment, while other items, wherever allocable, are apportioned to the segment on an appropriate basis. Certain items are not specifically allocable to individual segments as the underlying services are used interchangeably. The Company therefore believes that it is not practical to provide segment disclosures relating to such items and accordingly such items are separately disclosed as 'unallocated'

(ii) Reportable segments:

An operating segment is classified as reportable segment if reported revenue (including inter-segment revenue) or absolute amount of result or assets exceed 10% or more of the combined total of all the operating segments.

CODM evaluates the performance of the Company based on the single operative segment as ESDM. Therefore, there is only one reportable segment called ESDM in accordance with the requirement of Ind AS 108 "Operating Segments".

Notes to the Standalone Ind AS Financial Statements

for the year ended March 31, 2020

(b) Geographical information **(₹ in million)**

Geography	Segment revenue*		Non-current assets**	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
India	2,325.46	2,196.91	1,266.26	1,184.98
Europe	1,556.99	1,861.63	-	-
North America	642.86	500.58	-	-
Rest of the world	298.47	427.70	-	-
Total	**4,823.78**	**4,986.82**	**1,266.26**	**1,184.98**

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

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

(c) Revenue from one external customer is more than 10% of the company's total revenue amounting ₹ 811.11 million (March 31, 2019: revenue from two external customers are more than 10% amounting ₹ 1,536.23 million).

46. Leases, Commitments and contingencies

(a) Leases I. Company as lessee

The Company has lease contracts for office facilities and equipment. The lease term of the office facilities and for equipment is generally 3 -5 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets.

Refer to note 2 (j) Leases for the accounting policy prior to April 01, 2019.

The Company also has certain leases of computer and computer equipments with low value. The Company applies the 'lease of low-value assets' recognition exemptions for these leases.

The Company has lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The lease liabilities as at April 01, 2019 can be reconciled to the operating lease commitments as of March 31, 2019, as follows:

Liabilities	₹ in million
Operating lease commitments as at March 31, 2019	-
Weighted average incremental borrowing rate as at April 01, 2019	-
Discounted operating lease commitments as at April 01, 2019	-
Add :	
Commitments relating to short-term leases	-
Commitments relating to leases of low-value assets	-
Commitments relating to leases previously classified as finance lease	8.20
Lease payments relating to renewal periods not included in operating lease	7.40
Lease liabilities as at April 01, 2019	**15.60**

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

(₹ in million)

	Office Buildings	Plant Machinery	Leased Computer	Total
Gross block				
As at April 1, 2019	7.40	-	6.95	14.35
Additions	-	12.72	-	12.72
As at March 31, 2020	**7.40**	**12.72**	**6.95**	**27.07**
Accumulated depreciation				
As at April 1, 2019	-	-	0.97	0.97
Charge for the year	2.58	0.27	2.32	5.17
As at March 31, 2020	**2.58**	**0.27**	**3.29**	**6.14**
Net block as on March 31, 2020	**4.82**	**12.45**	**3.66**	**20.93**

The carrying amounts of liabilities recognised and the movements during the period is as follows: (₹ in million)

	March 31, 2020
As at April 1, 2019	15.60
Additions to right-of-use assets	12.72
Additions to capital advance	6.97
Accretion of Interest	2.58
Payments	(8.12)
As at March 31, 2020	**29.75**
Current	5.68
Non Current	24.07

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

The effective interest rate for lease liabilities is 12 %.

The following are the amounts recognised in profit or loss: (₹ in million)

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

The Company had total cash outflows for leases of ₹ 22.45 Million in March 31, 2020.

II. Company as a lessor

The Company has entered into cancellable lease agreements for sub-lease of office space. The lease term is for 3 years with a cancellation clause of 3 months.

Notes to the Standalone Ind AS Financial Statements

for the year ended March 31, 2020

The following amounts recognised in the standalone Ind AS statement of profit and loss **(₹ in million)**

	March 31, 2020	March 31, 2019
Rental Income	3.03	3.03
	3.03	**3.03**

(b) Commitments **(₹ in million)**

	March 31, 2020	March 31, 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	72.91	134.61

(c) Contingent liabilites

In the ordinary course of business, the Company faces claims and assertions by various parties. The Company assesses such claims and assertions and monitors the legal environment on an ongoing basis with the assistance of external legal counsel, wherever necessary. The Company records a liability for any claims where a potential loss is probable and capable of being estimated and discloses such matters in its financial statements, if material. For potential losses that are considered possible, but not probable, the Company provides disclosure in the financial statements but does not record a liability in its accounts unless the loss becomes probable.

The following is a description of claims and assertions where a potential loss is possible, but not probable. The Company believes that none of the contingencies described below would have a material adverse effect on the Company's financial condition, results of operations or cash flows.

(₹ in million)

Particulars of guarantees	March 31, 2020	March 31, 2019
Corporate guarantee given on behalf of subsidiary company	-	34.84
Bank guarantees	56.92	61.34

The Supreme court of India in the month of February 2019 had passed a judgement relating to definition of wages under the Provident Fund Act, 1952. The Management is of the view that there are interpretative challenges on the application of the judgement retrospectively. Based on the legal advice and in the absence of reliable measurement of the provision for earlier periods, the Company has made a provision for provident fund contribution pursuant to the judgement only from the date of Supreme Court Order. The Company will evaluate its position and update its provision, if required, on receiving further clarity on the subject. The Company does not expect any material impact of the same.

The Company is involved in legal proceedings, both as plaintiff and as defendant. The Company believes the following claims to be material.

(₹ in million)

Disputes *	March 31, 2020	March 31, 2019
Matters relating to direct taxes under dispute		
- Income tax	48.34	1.89
Matters relating to indirect taxes under dispute		
- Sales tax	6.49	7.04
- Excise, cenvat credit availment and customs duty	85.77	85.77
Others		
Stamp duty levy	16.28	16.28
Claims against the Company not acknowledged as debts	32.99	5.78

* The aforementioned amounts under disputes are as per the demands from various authorities for the respective periods and has not been adjusted to include further interest and penalty leviable, if any, at the time of final outcome of the appeals.

The Company is subject to legal proceeding and claims, which have arisen in the ordinary course of business. The Company has reviewed all its pending litigations and proceedings and is not carrying provisions for all the above mentioned amounts in its books of account, as the Company's Management is confident of successfully litigating the matters and these are disclosed as contingent liability, where applicable in its standalone Ind AS financial statements. The Company's Management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect of the Company's results of operations or financial condition.

47. Share-based payments

A Description of the share based payment arrangements

The Company has following share based payment arrangements:

(i) Share option plans (equity settled)

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

(a) The Centum ESOP - 2007 plan was approved by the directors of the Company in October 2007 and by the shareholders in December 2007. Centum ESOP - 2007 plan provides for the issue of 416,666 shares to the employees of the Company and its subsidiaries / joint venture (whether in India or outside India), who are in whole time employment with the Company and/or it's subsidiaries / joint venture.

(b) The Centum ESOP - 2013 plan was approved by the directors of the Company in May 2013 and by the shareholders in August 2013. Centum ESOP - 2013 plan provides for the issue of 250,000 shares to the employees of the Company and its subsidiaries / joint venture (whether in India or outside India), who are in whole time employment with the Company and/or it's subsidiaries / joint venture.

The plan is administered by a Compensation committee. Options will be issued to employees of the Company and/or it's subsidiaries / joint venture at an exercise price, which shall not be less than the market price immediately preceding the date of grant. The equity shares covered under these options vest over a period ranging from twelve to forty eight months from the date of grant. The exercise period is ten years from the date of vesting.

B Measurement of fair values

The fair value of employee share options has been measured using Black Scholes model. The fair value of the options and the input used in the measurement of the grant- date fair values of both the plans are as follows:

	Year ended March 31, 2020		Year ended March 31, 2019	
	Centum ESOP - 2007	Centum ESOP - 2013	Centum ESOP - 2007	Centum ESOP - 2013
Fair value at grant date	-	₹ 11.65 - ₹ 277.30	₹ 6.54 - ₹ 47.20	₹ 11.65 - ₹ 277.30
Share price at grant date	-	₹ 71.25 & ₹ 637.05	₹ 31.60 - ₹ 118.50	₹ 71.25 & ₹ 637.05
Weighted average exercise price	-	₹ 279.42	Nil	₹ 245.35
Dividend yield (%)	-	10%	10%	10%
Expected life of share options (years)	-	1- 4 years	1- 4 years	1- 4 years
Risk free interest rate (%)	-	5.70 - 8.60%	5.70 - 8.60%	5.70 - 8.60%
Expected volatility (%)	-	48.31%	48.31%	48.31%

Notes to the Standalone Ind AS Financial Statements

for the year ended March 31, 2020

C Movements during the year

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

Particulars	For the year ended March 31, 2020		For the year ended March 31, 2019	
	Number of options	WAEP	Number of options	WAEP
Options outstanding at April 01, 2019	-	-	2,981	53.45
Granted during the period	-	-	-	-
Forfeited / lapsed during the period	-	-	-	-
Exercised during the period	-	-	2,981	53.45
Expired during the period	-	-	-	-
Options outstanding at March 31, 2020	**-**	**-**	**-**	**-**
Exercisable at March 31, 2020	-	-	-	-

There are no options outstanding as at March 31, 2020 and as at March 31, 2019.

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

Particulars	For the year ended March 31, 2020		For the year ended March 31, 2019	
	Number of options	WAEP	Number of options	WAEP
Options outstanding at April 01, 2019	22,749	245.35	48,090	283.03
Granted during the period			-	-
Forfeited / lapsed during the period			16,888	-
Exercised during the period	3,723	71.25	8,453	71.25
Expired during the period			-	-
Options outstanding at March 31, 2020	**19,026**	**279.42**	**22,749**	**245.35**
Exercisable at March 31, 2020	15,526	198.80	17,499	127.83

The options outstanding as at March 31, 2020 had an exercise price of ₹ 279.42 (March 31, 2019: ₹ 245.35) and the weighted average remaining contractual life of 8.21 years (March 31, 2019: 9.07 years).

D Expense recognised in statement of profit and loss

The expense recognised for employee services received during the year is shown in the following table :

	March 31, 2020	March 31, 2019
Expense arising from equity settled share based payment transaction (refer note 35)	0.49	0.80

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

48. Capital Management

The Company's capital management is intended to create value for the shareholders by facilitating the meeting of long term and short term goals of the Company.

The Company determines the amount of capital required on the basis of annual business plan coupled with long term and short term strategic investment and expansion plans. The funding needs are met through equity, cash generated from operations and long term and short term bank borrowings.

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity shareholders of the Company.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is total debt divided by total capital plus total debt. The Company's policy is to keep the gearing ratio at an optimum level to ensure that the debt related covenants are complied with.

(₹ in million)

Particulars	March 31, 2020	March 31, 2019
Borrowings (refer note 20, 24 and 26)	1,847.28	2,054.38
Less: Cash and cash equivalents (refer note 13)	55.19	45.06
Total debts (i)	**1,792.09**	**2,009.32**
Capital components		
Equity share capital (refer note 17)	128.85	128.81
Other equity (refer note 18)	2,234.53	2,043.56
Total Capital (ii)	2,363.38	2,172.37
Capital and borrowings (iii = i + ii)	**4,155.47**	**4,181.69**
Gearing ratio (i / iii)	**43%**	**48%**

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2020 and March 31, 2019.

49. Disclosures on Financial instruments

This section gives an overview of the significance of financial instruments of the Company and provides additional information on balance sheet items that contain financial instruments.

The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2.3(b) and 2.3(o), to the financial statements.

Notes to the Standalone Ind AS Financial Statements

for the year ended March 31, 2020

(a) Financial assets and liabilities

The following tables presents the carrying value and fair value of each category of financial assets and liabilities as at March 31, 2020 and March 31, 2019.

As at March 31, 2020 (₹ in million)

Particulars	Fair value through statement of profit or loss	Derivative instruments not in hedging relationship	Amortised cost	Total fair value	Total carrying value
Financial assets					
(i) Investments (other than investments in subsidiaries and joint ventures)	13.76	-	-	13.76	13.76
(ii) Trade receivables	-	-	1,699.65	1,699.65	1,699.65
(iii) Cash and cash equivalents	-	-	55.19	55.19	55.19
(iv) Bank balances other than cash and cash equivalents	-	-	356.44	356.44	356.44
(v) Other financial assets	-	-	98.53	98.53	98.53
Total	**13.76**	**-**	**2,209.81**	**2,223.57**	**2,223.57**
Financial liabilities					
(i) Borrowings	-	-	1,847.28	1,847.28	1,847.28
(ii) Lease Liabilities	-	-	29.75	29.75	29.75
(iii) Trade payables	-	-	1,139.05	1,139.05	1,139.05
(iv) Derivative instrument - Interest rate swap	-	2.00	-	2.00	2.00
(v) Other financial liabilities	-	-	114.88	114.88	114.88
Total	**-**	**2.00**	**3,130.96**	**3,132.96**	**3,132.96**

As at March 31, 2019 (₹ in million)

Particulars	Fair value through statement of profit or loss	Derivative instruments not in hedging relationship	Amortised cost	Total fair value	Total carrying value
Financial assets					
(i) Investments (other than investments in subsidiaries and joint ventures)	13.26	-	-	13.26	13.26
(ii) Trade receivables	-	-	1,862.67	1,862.67	1,862.67
(iii) Cash and cash equivalents	-	-	45.06	45.06	45.06
(iv) Bank balances other than cash and cash equivalents	-	-	379.73	379.73	379.73
(v) Other financial assets	-	-	144.90	144.90	144.90
Total	**13.26**	**-**	**2,432.36**	**2,445.62**	**2,445.62**
Financial liabilities					
(i) Borrowings	-	-	2,054.38	2,054.38	2,054.38
(ii) Trade payables	-	-	1,063.35	1,063.35	1,063.35
(iii) Derivative instrument - Interest rate swap	-	0.16	-	0.16	0.16
(iv) Other financial liabilities	-	-	121.80	121.80	121.80
Total	**-**	**0.16**	**3,239.53**	**3,239.69**	**3,239.69**

(b) Fair value hierarchy

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

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

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

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

(₹ in million)

Particulars	Fair value measurements at reporting date using			
	Total	Level 1	Level 2	Level 3
March 31, 2020				
Financial assets				
Investments (other than investments in subsidiaries and joint ventures)	13.76	0.50	-	13.26
Financial liabilities				
Derivative instrument - Interest rate swap	2.00	-	2.00	-
March 31, 2019				
Financial assets				
Investments (other than investments in subsidiaries and joint ventures)	13.26	-	-	13.26
Financial liabilities				
Derivative instrument - Interest rate swap	0.16	-	0.16	-

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

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

(iii) Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of the amounts that the Company could have realised or paid in sale transactions as of respective dates. As such, fair value of financial instruments subsequent to the reporting dates may be different from the amounts reported at each reporting date.

(iv) There have been no transfers between Level 1, Level 2 and Level 3 for the year ended March 31, 2019 and March 31, 2020.

(c) Financial risk management objectives and policies

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade receivables and other financial assets and cash and bank balances are dervied from its operations.

In the course of its business, the Company is exposed primarily to fluctuations in foreign currency exchange rates, interest rates, equity prices, liquidity and credit risk, which may adversely impact the fair value of its financial instruments. The

Notes to the Standalone Ind AS Financial Statements

for the year ended March 31, 2020

Company has a risk management policy which not only covers the foreign exchange risks but also other risks associated with the financial assets and liabilities such as interest rate risks and credit risks. The risk management policy is approved by the Board of Directors. The risk management framework aims to:

(i) create a stable business planning environment by reducing the impact of currency and interest rate fluctuations on the Company's business plan.

(ii) achieve greater predictability to earnings by determining the financial value of the expected earnings in advance.

Market risk

Market risk is the risk of any loss in future earnings, in realisable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates, equity price fluctuations, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

(a) Market risk- Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

(₹ in million)

Particulars	Increase / decrease in basis points	Effect on profit before tax
March 31, 2020		
	+50	(7.47)
	-50	7.47
March 31, 2019		
	+50	(7.94)
	-50	7.94

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

(b) Market risk- Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates.

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

Particulars	Change in currency	Effect on profit or loss before tax	
		Strengthening	Weakening
March 31, 2020			
USD	5%	(40.19)	40.19
EURO	5%	(5.96)	5.96
March 31, 2019			
USD	5%	(30.67)	30.67
EURO	5%	(8.05)	8.05

The sensitivity analysis has been based on the composition of the Company's financial assets and liabilities at March 31, 2020 and March 31, 2019. The period end balances are not necessarily representative of the average debt outstanding during the period.

(c) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Financial instruments that are subject to credit risk and concentration thereof principally consist of trade receivables, investments, cash and cash equivalents.

The carrying value of financial assets represents the maximum credit risk. The maximum exposure to credit risk was ₹ 2,223.57 million and ₹ 2,445.62 million as at March 31, 2020 and March 31, 2019 respectively, being the total carrying value of trade receivables, balances with bank, bank deposits, investments (other than investments in subsidiaries and joint ventures) and other financial assets.

Customer credit risk is managed by each business unit based on the Company's established policy, procedures and control relating to customer credit risk management. An impairment analysis is performed at each reporting date on an individual basis for major customers. The Company does not hold collateral as security. Further, the top 5 customers of the Company contribute to more than 63% of the trade receivables for the year ended March 31, 2020 and more than 66% of the trade receivables during the year ended March 31, 2019.

With respect to Trade receivables, the Company has constituted the terms to review the receivables on periodic basis and to take necessary mitigations, wherever required. The Company creates allowance for all unsecured receivables based on lifetime expected credit loss based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix.

The following table summarises the changes in the loss allowance measured using ECL:

(₹ in million)

Particulars	March 31, 2020	March 31, 2019
Opening balance	72.99	13.08
Amount provided/ (reversed) during the year	41.17	61.58
Amount utilised during the year	(1.65)	(1.67)
Closing provision	112.51	72.99

Credit risk from balances with bank and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

(d) Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company has obtained fund and non-fund based working capital limits from various banks. The Company invests its surplus funds in bank fixed deposit, which carry no or low market risk.

The Company monitors its risk of shortage of funds on a regular basis. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, etc. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be medium.

Notes to the Standalone Ind AS Financial Statements

for the year ended March 31, 2020

The following table shows a maturity analysis of the anticipated cash flows excluding interest obligations for the Company's financial liabilities on an undiscounted basis, which may differ from both carrying value and fair value.

(₹ in million)

Particulars	0-1 years	1 to 5 years	> 5 years	Total
March 31, 2020				
Borrowings	1,651.51	196.94	-	1,848.45
Lease liabilities	5.68	24.73	-	30.41
Trade payables	1,139.05	-	-	1,139.05
Other financial liabilities	114.88	2.00	-	116.88
	2,911.12	**223.67**	**-**	**3,134.79**
March 31, 2019				
Borrowings	1,818.22	237.63	-	2,055.85
Trade payables	1,063.35	-	-	1,063.35
Other financial liabilities	121.80	0.16	-	121.96
	3,003.37	**237.79**	**-**	**3,241.16**

50. Interest in significant investment in subsidiaries, joint ventures and associates as per Ind AS - 27

Name of the entity	Relationship as at		Percentage of effective ownership interest held (directly and indirectly) as at		Percentage of voting rights held as at		Date of incorporation	Country of incorporation/ place of business
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019		
Centum Adeneo India Private Limited [3]	Subsidiary	Subsidiary	100.00%	100.00%	100.00%	100.00%	Dec 06, 2016	India
Centum Electronics UK Limited	Subsidiary	Subsidiary	100.00%	100.00%	100.00%	100.00%	May 18, 2016	United Kingdom

Note:

1. Disclosure of financial data as per Ind AS – 112 'Disclosure of Interests in Other Entities' has been done based on the financial statements for the respective periods provided to us by the management.
2. The above disclosure made do not include step down subsidiaries, joint ventures and associates and are with respect to subsidiaries, joint ventures and associates existing as at March 31, 2020.
3. Refer note 5 for investments made in Centum Adeneo India Private Limited.

51. Hedging activities and derivatives

Derivatives not designated as hedging instruments

The Company uses foreign exchange forward contracts and interest rate swaps to manage some of its transaction exposures. These derivative instruments are not designated as cash flow / fair value hedges and are entered into for periods consistent with foreign currency exposure of underlying transactions. All transactions in derivative financial instruments are undertaken to manage risks arising from underlying business activities.

(₹ in million)

Particulars	March 31, 2020	March 31, 2019
Derivative instrument - Interest rate swap (refer note 21)	2.00	0.16

52. The Company is in the process of conducting a transfer pricing study as required by the transfer pricing regulations under the IT Act ('regulations') to determine whether the transactions entered during the year ended March 31, 2020, with the associated enterprises were undertaken at "arm's length price". The management confirms that all the transactions with associate enterprises are undertaken at negotiated prices on usual commercial terms and is confident that the aforesaid regulations will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

53. Corporate social responsibility expenses **(₹ in million)**

Particulars	March 31, 2020	March 31, 2019
a) Gross amount required to be spent by the Company during the year	4.66	5.27
b) Amount spent during the year		
i) Construction/acquisition of any assets	-	-
ii) On purposes other than (i) above	5.61	7.99
c. Amount remaining unspent during the period / (excess) amount spent during the year	(0.95)	(2.72)

54. During the year ended March 31, 2018, the Board of Directors of the Company in its meeting held on February 26, 2018 had approved the proposal to sell 51% stake held in Centum Rakon India Private Limited (a joint venture company), subject to approval of the shareholders.

During the previous year ended March 31, 2019, the Company had divested its entire 51% stake in Centum Rakon India Private Limited, a joint venture entity and realized a profit of ₹ 328.84 million (before tax) (₹ 257.53 million, net of tax) on such sale of shares, which had been disclosed as an 'exceptional item' (refer note 39).

55. Unhedged foreign currency exposure:

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

Particulars	Currency	March 31, 2020		March 31, 2019	
		Amount in foreign currency	Amount in ₹ million	Amount in foreign currency	Amount in ₹ million
Borrowings (including short term borrowing and long term borrowing)	USD	13.57	1,022.29	15.22	1,050.77
Trade payables	CHF	0.04	2.99	0.00	0.03
	EUR	1.51	129.00	2.21	171.15
	GBP	0.09	8.84	0.19	16.79
	JPY	0.14	0.01	0.27	0.17
	SEK	-	-	0.06	0.46
	SGD	-	-	0.00	0.25
	USD	9.41	708.34	8.94	617.28
Trade receivables	EUR	0.10	8.81	0.10	7.94
	USD	11.84	891.47	13.47	922.56
Deferred sale consideration	USD	-	-	1.32	90.37
Other current financial asset	USD	-	-	0.18	12.19
Cash and cash equivalents	EUR	0.01	1.07	0.03	2.12
	GBP	0.00	0.23	0.00	0.25
	USD	0.47	35.28	0.43	29.60

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

Notes to the Standalone Ind AS Financial Statements

for the year ended March 31, 2020

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

(₹ in million)

	March 31, 2020	March 31, 2019
Capital expenses	52.40	4.59
Revenue expenses	65.77	74.10
	118.17	**78.69**

57. The spread of COVID-19 pandemic and consequent national and local lockdowns and supply chain disruptions had an impact on the Company's business operations. The Company has made a detailed assessment of its liquidity position as at the date of approval of these financial statements for the next one year and of the recoverability and carrying values of its assets including Property, Plant and Equipment (including capital work in progress), Intangible assets, Trade receivables, Inventory and Investments as at the reporting date and has concluded that there are no material adjustments required in the standalone financial results. Management believes that it has taken into account all the possible impact of known events and economic forecasts based on internal and external sources of information arising from COVID-19 pandemic while making such assessment in the preparation of the standalone financial results. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration. The Company is monitoring the situation closely and is conducting its operations in compliance with all relevant Government directives and will continue to closely monitor any material changes to future economic conditions and take actions as are appropriate based on future economic conditions.

58. As at March 31, 2020, trade payables amounting to ₹ 113.72 million, advance from customers amounting to ₹ 166.38 million and trade receivables amounting to ₹ 252.32 million towards purchase and sale of goods and services respectively, which are outstanding beyond permissible time period stipulated under the Master Circular on Import of Goods and Services and Master Circular on Export of Goods and Services issued by Reserve Bank of India ('the RBI'), which states that payments against imports of goods are required to be made within six months from date of shipment and shipment of goods against advances received are required to be made within twelve months from the date of receipt of advances and receipts against exports of goods and services are required to be made within nine months from date of shipment. Subsequent to the year end date, the Company has received ₹ 219.66 million towards sale of goods and services. Considering that the balances are outstanding for more than the stipulated time, the Company is in the process of intimating the appropriate regulatory authorities and seeking requisite approvals for extensions. The management is confident that required approvals would be received and penalties, if any that may be imposed on the Company would not be material. Accordingly, no adjustments have been made by the management to these standalone financial statements in this regard.

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

60. Certain amounts (currency value or percentages) shown in the various tables and paragraphs included in these standalone financial statements have been rounded off or truncated as deemed appropriate by the management of the Company.

As per our report of even date.

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

per Sandeep Karnani
Partner
Membership number: 061207

Place : Bengaluru
Date : July 28, 2020

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

Apparao V Mallavarapu
Chairman and Managing Director
DIN: 00286308

Nagaraj K V
Company Secretary
Membership number: 35639

Place : Bengaluru
Date : July 28, 2020

S. Krishnan
Director
DIN: 01807344

K.S. Desikan
Chief Financial Officer

Place : Bengaluru
Date : July 28, 2020

Consolidated Financial Statement

Independent Auditor's Report

To the Members of Centum Electronics Limited

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying consolidated Ind AS financial statements of Centum Electronics Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associates comprising of the consolidated Balance sheet as at March 31 2020, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries and associates, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associates as at March 31, 2020, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements' section of our report. We are independent of the Group and associates in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the consolidated Ind AS financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Emphasis of Matter

We draw attention to the note no 55 to the accompanying Ind AS consolidated financial statements for the year ended March 31, 2020 which describes the uncertainties and management assessment of the financial impact of the outbreak of Corona virus (COVID-19) on the business operations and financial position of the Company. In view of the highly uncertain economic environment, a definitive assessment of the aforesaid impact on the subsequent periods is dependent upon circumstances as they evolve.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report. For each other matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
Allowance for inventory obsolescence	
The Group held an inventory balance of ₹ 2357.92 million as at March 31, 2020, as disclosed in Note 11 and is a material balance for the Group. Inventory obsolescence allowance is determined using policies/ methodologies that the Group deems appropriate to the business. Significant judgement is exercised by the management in identifying the slow-moving and obsolete inventories and in assessing whether provision for obsolescence for slow moving, excess or obsolete inventory items should be recognized considering the production plan, forecast inventory usage, committed and expected orders, alternative usage, etc. Considering that the aforesaid assessment process is complex and involves significant estimates and judgements and the balance of inventory is material, we have identified this as a key audit matter	Our procedures in relation to evaluate the allowance of inventories included: • We obtained an understanding of how the management identifies the slow-moving and obsolete inventories and assesses the amount of allowance for inventories; • We assessed and tested the design and operating effectiveness of the Company's internal financial controls over the allowance for inventory obsolescence. • We observed the inventory count performed by management and assessed the physical condition of the inventories; • We also assessed allowance policy based on historical sales performance of the products in their life cycle; • We further tested the ageing of the inventories and the computation of the obsolescence level on a sample basis; • We have tested a sample of inventory items at significant components to assess the cost basis and net realisable value of inventory, on a sample basis. • We also assessed the Group's disclosures concerning this in Note 42 on significant accounting estimates and judgements and Note 11 on Inventories to the consolidated Ind AS financial statements.
Impairment of Goodwill and Intangible assets	
The Group's balance sheet includes ₹ 376.23 million of goodwill and ₹ 388.30 million of intangible assets, and Rs.100.64 million of intangible assets under development representing 8.03% of total Group assets. In accordance with Ind AS, these balances are allocated to Cash Generating Units (CGUs) which are tested annually for impairment using discounted cash-flow models of each CGU's recoverable value compared to the carrying value of the assets. A deficit between the recoverable value and the CGU's net assets would result in impairment. The determination of recoverable amounts, being the higher of fair value less cost to sale and value in use involves reliance on management's estimates of future cash flows and their judgment with respect to the CGU's performance. Significant judgements are required to determine the key assumptions used in the discounted cash flow models, such as revenue growth, price, terminal value and discount rates. Due to the uncertainty of forecasting and discounting future cash flows, being inherently subjective, the level of management's judgement involved and the materiality of the goodwill and intangible assets to the Group's financial statements as a whole as at March 31, 2020, we have considered this as a key audit matter. The basis of impairment of goodwill and intangible assets is presented in the accounting policies in Note 2.3(a) and 2.3(j) to the consolidated Ind AS financial statements.	Our procedures in relation to evaluate the impairment of goodwill and intangible assets included: • We assessed whether the Company's accounting policy with respect to impairment is in accordance with Ind AS 36 "Impairment of assets. • We assessed the Group's methodology applied in determining the CGUs to which goodwill is allocated. • We have carried out assessment of forecasts of future cash flows prepared by the management, evaluating the assumptions and comparing the estimates to externally available industry, economic and financial data. • We have also assessed the valuation methodology and the key assumptions adopted in the cash flow forecasts with the support of our in-house valuation experts; • We also assessed the recoverable value headroom by performing sensitivity testing of key assumptions used. • We discussed potential changes in key drivers as compared to previous year / actual performance with management to evaluate whether the inputs and assumptions used in the cash flow forecasts were suitable • We discussed with senior management personnel, the justification for the key assumptions underlying the cashflow projections and performed sensitivity analysis on the same to assess their reasonableness. • We tested the arithmetical accuracy of the financial projection model. • We assessed the Group's disclosures concerning this in Note 42 on significant accounting estimates and judgements and Note 4a, 4b and 4c pertaining to the disclosures of goodwill, intangible assets and intangible assets under development respectively to the consolidated Ind AS financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated Ind AS financial statements and our auditor's report thereon.

Our opinion on the consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information identified above when it becomes available to us and, in doing so, consider whether such other information is materially inconsistent with the consolidated Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. The other information is expected to be made available to us after the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of Management for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its associates in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its associate and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group and of its associates are responsible for assessing the ability of the Group and of its associates to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group and of its associates are also responsible for overseeing the financial reporting process of the Group and of its associates.

Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS

financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates of which we are the independent auditors, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated Ind AS financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

(a) We did not audit the consolidated financial statements and other financial information, in respect of two subsidiaries located outside India (one the said subsidiary has 7 underlying subsidiaries and 2 associates), whose consolidated financial statements include total assets of ₹ 5,634.37 million as at March 31, 2020, and total revenue from operations of ₹ 4,086.77 million and net cash outflows of ₹ 63.58 million for the year ended on that date (before adjustments for consolidation). These consolidated financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associates, is based solely on the report(s) of such other auditors.

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

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries and associates, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

(a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;

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

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) The matters described in the Emphasis of Matter paragraphs above and Qualified Opinion paragraph of "Annexure 1" to this report in our opinion, may have an adverse effect on the functioning of the Group and its associates;

(f) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary company, none of the directors of the Group's companies, incorporated in India, is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;

(g) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company and its subsidiary company, incorporated in India, refer to our separate Report in "Annexure 1" to this report;

(h) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Holding Company and its subsidiary incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and associates, as noted in the 'Other matter' paragraph:

i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group and its associates – Refer Note 46(b) to the consolidated Ind AS financial statements;

ii. Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 21 (b) and 54 to the consolidated Ind AS financial statements in respect of such items as it relates to the Group and its associates;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary incorporated in India during the year ended March 31, 2020.

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

per **Sandeep Karnani**
Partner
Membership Number: 061207
UDIN: 20061207AAAADE4703

Place: Bengaluru
Date: July 28, 2020

Annexure 1 to the independent auditor's report of even date on the consolidated Ind AS financial statements of Centum Electronics Limited

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

In conjunction with our audit of the consolidated Ind AS financial statements of Centum Electronics Limited as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of Centum Electronics Limited (hereinafter referred to as the 'Holding Company') and its subsidiary company, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, specified, under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our qualified audit opinion on the Holding Company's internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements.

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

A company's internal financial control over financial reporting with reference to these consolidated Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of these consolidated Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these consolidated Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of these consolidated Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on these consolidated Ind AS financial statements.

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

Because of the inherent limitations of internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal

financial controls over financial reporting with reference to these consolidated Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these consolidated Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weakness has been identified in the operating effectiveness of the Holding Company's internal financial control over financial reporting with reference to these consolidated Ind AS financial statements as at March 31, 2020:

(a) The financial statement close process in one of the material overseas subsidiary was not operating effectively which could potentially result in misstatement in the Group's consolidated financial statement balances and presentation and disclosure of financial statements.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the holding company's annual consolidated Ind AS financial statements will not be prevented or detected on a timely basis.

In our opinion, the Holding Company and its subsidiary company, which are companies incorporated in India, have maintained in all material respects, adequate internal financial controls over financial reporting as at March 31, 2020, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI, and except for the effects of the material weakness described above on the achievement of the objectives of the control criteria, the Holding Company's internal financial control over financial reporting with reference to these consolidated Ind AS financial statements were operating effectively as at March 31, 2020.

Other Matters

We also have audited, in accordance with the Standards on Auditing issued by the ICAI as specified under section 143(10) of the Act, the consolidated Ind AS financial statements of the Holding Company, which comprise the Consolidated Balance Sheet as at March 31, 2020, and the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive income, Consolidated Statement of Cash Flows and Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information. The material weakness referred to in the Qualified opinion paragraph above, was considered in determining the nature, timing and extent of audit tests applied in our audit of the March 31, 2020 consolidated Ind AS financial statements of the Group and this report does not affect our report dated July 28, 2020, which expressed a unqualified opinion on those consolidated Ind AS financial statements.

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

per **Sandeep Karnani**
Partner
Membership Number: 061207
UDIN: 20061207AAAADE4703

Place: Bengaluru
Date: July 28, 2020

Consolidated Balance Sheet

as at March 31, 2020

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

	Notes	March 31, 2020	March 31, 2019
ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	3	1,253.28	1,130.32
(b) Capital work-in-progress	3a	13.51	81.34
(c) Goodwill on consolidation	4a	376.23	376.23
(d) Other intangible assets	4b	478.61	541.22
(e) Intangible assets under development	4c	100.64	57.23
(f) Right-to-use assets	45	456.70	-
(g) Financial assets			
(i) Investment in joint ventures and associates	5a, 5b	386.72	99.92
(ii) Other investments	5c	14.27	20.55
(iii) Loans	6	60.82	50.09
(iv) Other non current financial assets	7	526.74	478.66
(h) Deferred tax assets (net)	8	30.36	51.01
(i) Non-current tax assets (net)	9	34.02	33.99
(j) Other non-current assets	10	27.07	60.41
		3,758.97	**2,980.97**
(2) Current assets			
(a) Inventories	11	2,357.92	2,369.03
(b) Financial assets			
(i) Trade receivables	12	2,489.09	2,742.84
(ii) Cash and cash equivalents	13	136.02	173.02
(iii) Bank balances other than cash and cash equivalents	13	97.06	118.55
(iv) Loans	14a	0.32	0.48
(v) Other current financial assets	14b	1,609.34	978.86
(c) Other current assets	15	322.96	335.16
		7,012.71	**6,717.94**
(3) Assets classified as held for disposal	41	-	1,261.80
		7,012.71	**7,979.74**
Total assets (1+2+3)		**10,771.68**	**10,960.71**
EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity share capital	16	128.85	128.81
(b) Other equity	17	1,922.54	2,061.42
Equity attributable to equity holders of the parent		**2,051.39**	**2,190.23**
Non-controlling interests		248.25	247.23
Total equity		**2,299.64**	**2,437.46**
Liabilities			
(2) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	696.46	861.96
(ii) Lease liabilities	45	374.35	-
(iii) Other non-current financial liabilities	20	2.00	0.16
(b) Deferred tax liabilities (net)	8	92.22	113.93
(c) Net non-current employee defined benefit liabilities	21(a)	46.05	37.02
(d) Provisions	21(b)	53.52	103.82
(e) Government grants	22	16.46	20.14
		1,281.06	**1,137.03**
(3) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	23	2,024.71	2,284.52
(ii) Lease liabilities	45	103.43	-
(iii) Trade payables	24	1,783.36	1,446.54
(iv) Other current financial liabilities	25	1,666.25	1,153.22
(b) Other current liabilities	26	1,468.14	1,675.91
(c) Government grants	22	3.68	3.68
(d) Net current employee defined benefit liabilities	27	6.16	5.96
(e) Provisions	28	57.78	16.35
(f) Liabilities for current tax (net)	29	77.47	141.57
		7,190.98	**6,727.75**
(4) Liabilities directly associated with assets classified as held for disposal	41	-	658.47
		7,190.98	**7,386.22**
Total equity and liabilities (1+2+3+4)		**10,771.68**	**10,960.71**
Summary of significant accounting policies	2.3		

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

As per our report of even date.

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

per Sandeep Karnani
Partner
Membership number: 061207

Place : Bengaluru
Date : July 28, 2020

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

Apparao V Mallavarapu
Chairman and Managing Director
DIN: 00286308

Nagaraj K V
Company Secretary
Membership number: 35639

Place : Bengaluru
Date : July 28, 2020

S. Krishnan
Director
DIN: 01807344

K.S. Desikan
Chief Financial Officer

Consolidated Statement of Profit and Loss

for the year ended March 31, 2020

(₹ in million)

		Notes	March 31, 2020	March 31, 2019
A.	**Continuing Operations**			
I	**Income**			
	Revenue from operations	30	8,832.64	9,303.90
	Other income	31	117.93	41.18
	Finance income	32	35.64	29.48
	Total income		**8,986.21**	**9,374.56**
II	**Expenses**			
	Cost of materials consumed	33a	3,620.58	3,825.57
	Decrease / (increase) in inventories of work-in-progress and finished goods	33b	(65.42)	12.06
	Employee benefit expenses	34	3,256.63	3,284.83
	Finance costs	35	368.16	349.21
	Depreciation and amortization expenses	36	413.86	278.39
	Other expenses	37	1,040.67	1,143.11
	Total expenses		**8,634.48**	**8,893.17**
III	**Profit / (loss) before share of profit/(loss) of associate and joint ventures, exceptional items and tax from continuing operations (I - II)**		**351.73**	**481.39**
IV	Share of (loss) / profit of associates and joint ventures (net)	5b	(4.64)	(13.08)
V	**Profit / (loss) before exceptional items and tax from continuing operations (III-IV)**		**347.09**	**468.31**
VI	Exceptional items (net)	38	(105.27)	-
VII	**Profit/ (loss) before tax from continuing operations (V - VI)**		**241.82**	**468.31**
VIII	**Tax expenses of continuing operations**	39		
	(a) Current tax		105.47	72.31
	(b) Adjustment of tax relating to earlier period		(1.25)	(4.37)
	(c) Deferred tax (credit) / expense		(30.43)	(44.65)
	(d) Minimum Alternate Tax ('MAT') credit entitlement		-	(25.91)
IX	**Profit/ (Loss) after tax from continuing operations (VII - VIII)**		**168.03**	**470.93**
B.	**Discontinued operations**			
X	**(Loss)/ profit before tax from discontinued operations**	41	**(6.88)**	**(131.55)**
XI	**Tax expenses of discontinued operations**	39		
	(a) Current tax		-	71.31
	(b) Deferred tax expense / (credit)		-	-
XII	**(Loss) / profit after tax from discontinued operations (X - XI)**		**(6.88)**	**(202.86)**
XIII	**Profit / (loss) for the year (IX + XII)**		**161.15**	**268.07**
XIV	**Other comprehensive income / (expense) (net of tax)**			
	(A) Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
	(i) Exchange differences on translation of foreign operations		10.12	(4.22)
	(ii) Income tax effect		-	-
	(B) Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
	(i) Remeasurement gains / (losses) on defined benefit plans		2.80	4.82
	(ii) Income tax effect		(0.81)	(1.69)
	Other comprehensive income/ (expense) for the year, net of tax		**12.11**	**(1.09)**
	Profit / (loss) for the year		**161.15**	**268.07**
	Attributable to			
	a) Equity holders of the parent		199.27	282.22
	b) Non-controlling interests		(38.12)	(14.15)
	Other comprehensive income/ (expense) for the year		**12.11**	**(1.09)**
	Attributable to			
	a) Equity holders of the parent		(0.37)	5.52
	b) Non-controlling interests		12.48	(6.61)
	Total comprehensive income for the year (XIII + XIV)		**173.26**	**266.98**
	Attributable to			
	a) Equity holders of the parent		198.90	287.74
	b) Non-controlling interests		(25.64)	(20.76)

Consolidated Statement of Profit and Loss

for the year ended March 31, 2020

(₹ in million)

	Notes	March 31, 2020	March 31, 2019
XV Earnings per equity share (nominal value of ₹ 10/- each)			
Earnings per share (₹) from continuing operations: Basic and diluted, computed on the basis of profit/ (loss) from continuing operations attributable to equity holders of the parent (per equity share of ₹ 10/- each)	40		
- Basic		15.76	30.54
- Diluted		15.74	30.51
Earnings per share (₹) from discontinued operations: Basic and diluted, computed on the basis of profit / (loss) from discontinued operations attributable to equity holders of the parent (per equity share of ₹ 10/- each)	40		
- Basic		(0.29)	(8.63)
- Diluted		(0.29)	(8.63)
Earnings per share (₹) from continuing and discontinued operations: Basic and diluted, computed on the basis of profit/ (loss) attributable to equity holders of the parent (per equity share of ₹ 10/- each)	40		
- Basic		15.47	21.91
- Diluted		15.45	21.88
Summary of significant accounting policies	2.3		

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

As per our report of even date.

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

per Sandeep Karnani
Partner
Membership number: 061207

Place : Bengaluru
Date : July 28, 2020

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

Apparao V Mallavarapu
Chairman and Managing Director
DIN: 00286308

S. Krishnan
Director
DIN: 01807344

Nagaraj K V
Company Secretary
Membership number: 35639

K.S. Desikan
Chief Financial Officer

Place : Bengaluru
Date : July 28, 2020

Consolidated Statement of Cash Flow

for the year ended March 31, 2020

(₹ in million)

		March 31, 2020	March 31, 2019
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit / (loss) before tax from continuing operations	241.82	468.31
	(Loss) / profit before tax from discontinued operations	(6.88)	(131.55)
	Profit / (loss) before tax expenses	234.94	336.76
	Non-cash adjustments to reconcile profit/(loss) before tax to net cash flows:		
	Depreciation and amortisation expenses	413.86	345.30
	Provisions no longer required, written back	(93.59)	(5.26)
	Profit on early termination of lease contracts	(3.58)	-
	Fair value loss on financial instruments	5.81	0.08
	Net foreign exchange differences (unrealised)	110.33	(17.59)
	Provision for expected credit losses / bad debts written off	52.75	103.19
	Employee share based options	23.58	21.89
	Government Grant	(3.68)	(9.12)
	Provision for dimunition in the value of investment	7.11	-
	Finance income	(35.64)	(29.48)
	Finance costs	368.16	366.02
	Profit on sale of investment	-	(65.73)
	Share of loss / (profit) of associates and joint ventures	4.64	10.18
	Operating profit / (loss) before working capital changes	**1,084.69**	**1,056.24**
	Working capital adjustments:		
	Decrease / (increase) in inventories	20.71	118.87
	Decrease / (increase) in trade receivables/non-current/current financial and other assets	147.03	(636.53)
	(Decrease) / increase in trade payables, provisions and other liabilities	(5.28)	(28.26)
	Cash generated from / (used in) operations	**1,247.15**	**510.32**
	Direct taxes paid (net of refunds)	(154.53)	(5.31)
	Net cash from / (used in) operating activities	**1,092.62**	**505.01**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of property, plant and equipment, including intangible assets and capital advances	(259.27)	(341.53)
	Proceeds from sale of investments	93.93	292.63
	Purchase of non-current investments	(0.50)	-
	Investment in bank deposit (having original maturity of more than three months) and other bank balances	23.29	(221.05)
	Interest received	26.93	19.74
	Government grant received	-	32.94
	Net cash (used in) / from investing activities	**(115.62)**	**(217.27)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds / repayments of long term borrowings (net)	(127.25)	56.72
	Proceeds / repayment of short term borrowings (net)	(348.95)	(22.40)
	Payment of lease liabilities	(151.72)	-
	Proceeds from issue of equity shares	0.27	0.77
	Finance costs paid	(331.84)	(345.39)
	Dividend paid (including dividend distribution tax and amount transferred to Investor Education & Protection Fund)	(61.79)	(15.45)
	Net cash (used in) / from financing activities	**(1,021.28)**	**(325.75)**
	Net (decrease)/increase in cash and cash equivalents (A+B+C)	(44.28)	(38.01)
	Cash and cash equivalents at the beginning of the year	173.26	217.29
	Effect of exchange differences on cash and cash equivalents held in foreign currency	7.04	(6.02)
	Cash and cash equivalents at the end of the year	**136.02**	**173.26**
	Total cash and cash equivalents (Note 13)	**136.02**	**173.02**
	Cash at bank attributable to entities classified as held for disposal (refer note 41)	**-**	**0.24**
		136.02	**173.26**

Consolidated Statement of Cash Flow

for the year ended March 31, 2020

Explanatory notes to statement of cash flows

1 Changes in liabilities arising from financing activities:- **(₹ in million)**

Particulars	Liabilities arising from financing activities				
	Long term borrowings (including current maturities of long term borrowings) (refer note 19 and 25)	Unpaid dividend on equity shares including dividend distribution tax	Short term borrowings (refer note 23)	Lease liabilities (refer note 45)	Derivatives not designated as hedges - Interest rate swap (refer note 54)
As at April 1, 2019	**1,280.82**	**2.53**	**2,284.52**	**-**	**0.16**
Cash flows	(127.25)	(61.79)	(348.95)	(151.72)	-
Non-cash changes					
Foreign exchange fluctuations (gain) / loss	76.12	-	89.14	17.43	-
Changes in fair values	-	-	-	9.54	1.84
Recognition of lease liabilities (refer note 45)	-	-	-	290.12	-
Additions to lease liabilities (refer note 45)	-	-	-	364.90	-
Reclass of lease liabilities (refer note 45)	(8.20)	-	-	8.20	-
Reversal of lease liabilities on early cancellation of lease contracts (refer note 45)	-	-	-	(60.69)	-
Dividend declared during the year (including dividend distribution tax)	-	62.11	-	-	-
As at March 31, 2020	**1,221.49**	**2.85**	**2,024.71**	**477.78**	**2.00**
As at April 1, 2018	**1,226.38**	**2.45**	**2,669.72**	**-**	**0.08**
Cash flows	56.72	(15.45)	(22.40)	-	-
Non-cash changes				-	
Foreign exchange fluctuations (gain) / loss	(10.48)	-	(59.87)	-	-
Changes in fair values	-	-	-	-	0.08
Dividend declared during the year (including dividend distribution tax)	-	15.53	-	-	-
Adjustments on account discontinued operations	-	-	(302.93)	-	-
Acquisition of property, plant and equipment by means of finance lease	8.20	-	-	-	-
As at March 31, 2019	**1,280.82**	**2.53**	**2,284.52**	**-**	**0.16**
Summary of significant accounting policies		2.3			

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

As per our report of even date.

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

per Sandeep Karnani
Partner
Membership number: 061207

Place : Bengaluru
Date : July 28, 2020

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

Apparao V Mallavarapu
Chairman and Managing Director
DIN: 00286308

S. Krishnan
Director
DIN: 01807344

Nagaraj K V
Company Secretary
Membership number: 35639

K.S. Desikan
Chief Financial Officer

Place : Bengaluru
Date : July 28, 2020

Consolidated statement of changes in equity

for the year ended March 31, 2020

(a) Equity share capital

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

Particulars	Number	₹ in million
At April 1, 2018	**12,869,684**	**128.70**
Issue of share capital (refer note 16)	11,434	0.11
At March 31, 2019	**12,881,118**	**128.81**
Issue of share capital (refer note 16)	3,723	0.04
At March 31, 2020	**12,884,841**	**128.85**

(b) Other equity

(₹ in million)

	Attributable to equity shareholders							Total other equity	Non-controlling interests
	Reserves and surplus								
	Securities premium (refer note 17)	General reserve (refer note 17)	Retained earnings (refer note 17)	Put option liability reserve (refer note 17)	Share based payments reserve (refer note 17)	Capital reserve (refer note 17)	Foreign currency translation reserve (refer note 17)		
For the year ended March 31, 2020									
As at April 1, 2019	**27.84**	**440.26**	**1,619.82**	**(96.91)**	**61.03**	**1.37**	**8.01**	**2,061.42**	**247.23**
Effect on adoption of Ind AS 116 Leases (refer note 45)	-	-	(8.84)	-	-	-	-	(8.84)	(7.48)
As at 1 April 2019 (adjusted)	**27.84**	**440.26**	**1,610.98**	**(96.91)**	**61.03**	**1.37**	**8.01**	**2,052.58**	**239.75**
(Loss)/ profit for the year	-	-	199.27	-	-	-	-	199.27	(38.12)
Other comprehensive income*	-	-	1.99	-	-	-	(2.36)	(0.37)	12.48
Transfer to statement of profit / (loss) on disposal of subsidiary	-	-	-	-	-	-	(4.57)	(4.57)	(3.87)
Issue of share capital (refer note 16)	0.23	-	-	-	-	-	-	0.23	-
Cash dividends (refer note 18)	-	-	(51.52)	-	-	-	-	(51.52)	-
Dividend distribution tax (refer note 18)	-	-	(10.59)	-	-	-	-	(10.59)	-
Share based payment (refer note 48)	-	-	-	-	23.58	-	-	23.58	-
Exercise of share options (refer note 48)	-	-	-	-	(0.11)	0.11	-	-	-
Transfer to capital reserve on cancellation/lapse of options	-	-	-	-	(82.88)	44.87	-	(38.01)	38.01
Restatement of fair value of put options {refer note 25(2)}	-	-	-	(248.06)	-	-	-	(248.06)	-
As at March 31, 2020	**28.07**	**440.26**	**1,750.13**	**(344.97)**	**1.62**	**46.35**	**1.08**	**1,922.54**	**248.25**
As at April 1, 2018	27.18	440.26	1,355.05	(96.91)	39.63	0.88	5.62	1,771.71	260.58
Profit/(loss) for the year	-	-	282.22	-	-	-	-	282.22	(14.15)
Other comprehensive income*	-	-	3.13	-	-	-	2.39	5.52	(6.61)
Issue of share capital (refer note 16)	0.66	-	-	-	-	-	-	0.66	-
Cash dividends (refer note 18)	-	-	(12.88)	-	-	-	-	(12.88)	-
Dividend distribution tax (refer note 18)	-	-	(2.65)	-	-	-	-	(2.65)	-
Share based payment (refer note 48)	-	-	-	-	21.89	-	-	21.89	-
Exercise of share options (refer note 48)	-	-	-	-	(0.49)	0.49	-	-	-
Adjustment on account of deconsolidation of subsidiary on liquidation	-	-	-	-	-	-	-	-	7.41
Others	-	-	(5.05)	-	-	-	-	(5.05)	-
As at March 31, 2019	**27.84**	**440.26**	**1,619.82**	**(96.91)**	**61.03**	**1.37**	**8.01**	**2,061.42**	**247.23**

*As required under Ind AS compliant Schedule III, the Company has recognised remeasurement gains/(losses) of defined benefit plans as part of retained earnings.

Summary of significant accounting policies 2.3

The accompanying notes are an integral part of the consolidated financial statements.
As per our report of even date.

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

per Sandeep Karnani
Partner
Membership number: 061207

Place : Bengaluru
Date : July 28, 2020

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

Apparao V Mallavarapu
Chairman and Managing Director
DIN: 00286308

Nagaraj K V
Company Secretary
Membership number: 35639

S. Krishnan
Director
DIN: 01807344

K.S. Desikan
Chief Financial Officer

Place : Bengaluru
Date : July 28, 2020

Notes to the Consolidated Ind AS Financial Statements

for the year ended March 31, 2020

1. Corporate information

Centum Electronics Limited ("Centum" or "the Company" or "the Holding Company) is a public limited company domiciled in India. The registered office of the Company is located at Bangalore, India. Its equity shares are listed on National Stock Exchange and Bombay Stock Exchange in India.

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

The consolidated financial statements were approved by the Board of Directors and authorised for issue in accordance with a resolution of the directors on July 28, 2020.

2. Significant accounting policies

The significant accounting policies applied by the Group in the preparation of its consolidated financial statements are listed below. Such accounting policies have been applied consistently to all the periods presented in these consolidated financial statements, unless otherwise indicated.

2.1. Basis of Consolidation

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the Consolidated Financial Statement (CFS).

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities (refer accounting policy regarding financial instruments) which have been measured at fair value.

The functional and presentation currency of the Group is Indian Rupee ("₹") which is the currency of the primary economic environment in which the Group operates and all values are rounded to the nearest million (₹ 000,000), except when otherwise indicated.

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at March 31, 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments

Notes to the Consolidated Ind AS Financial Statements

for the year ended March 31, 2020

are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure:

a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary.

c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

d) Non-controlling interest represents that part of the total comprehensive income and net assets of subsidiaries attributable to interests which are not owned, directly or indirectly, by the Parent Company.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2.2. Changes in accounting policies and disclosures:

New standards and amendments:

During the year ended March 31, 2020, the Group has applied Ind AS 116 "Leases" for the first time. The nature and effect of the changes as a result of adoption is described below in 2.2(a).

Several other amendments apply for the first time for the year ending March 31, 2020, but do not have an impact on the financial statements of the Group. The Group has not early adopted any standards, amendments that have been issued but are not yet effective/notified.

(a) Ind AS 116 Leases:

Ind AS 116 supersedes Ind AS 17 Leases, including Appendix A of Ind AS 17 Operating Leases-Incentives, Appendix B of Ind AS 17 Evaluating the Substance of Transactions Involving the Legal Form of a Lease and Appendix C of Ind AS 17, Determining whether an Arrangement contains a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise

most leases on the balance sheet.

Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 does not have an impact for leases where the Company is the lessor.

The Group adopted Ind AS 116 using the modified retrospective method of adoption with the date of initial application of April 1, 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Company elected to use the transition practical expedient to not reassess whether a contract is or contains a lease at April 1, 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying Ind AS 17 and Appendix C to Ind AS 17 at the date of initial application.

The effect of adoption Ind AS 116 as at April 1, 2019 (increase/(decrease)) is, as follows:

Assets	₹ in million
Right-of-use assets	274.34
Property, Plant and equipment	(5.98)
Deferred tax asset	5.44
Total assets	**273.80**
Liabilities	
Long term borrowings	(4.89)
Current maturities of long term borrowings	(3.31)
Lease liabilities	291.27
Interest accrued on lease liabilities	7.05
Total Liabilities	**290.12**
Total adjustment on equity	
Retained earnings	(8.84)
Non-controlling interest	(7.48)

Before the adoption of Ind AS 116, the Group classified each of its leases at the inception date as either a finance lease or an operating lease. Upon adoption of Ind AS 116, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. Refer to Note 2.3 (l) Leases for the accounting policy beginning April 1, 2019.

The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

Leases previously classified as finance leases

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under Ind AS 17). The requirements of Ind AS 116 were applied to these leases from April 1, 2019.

Leases previously classified as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

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

Notes to the Consolidated Ind AS Financial Statements

for the year ended March 31, 2020

Based on the above, as at April 1, 2019:

- Right-of-use assets of ₹ 274.34 million were recognised and presented separately in the balance sheet. This includes the lease assets recognised previously under finance leases of ₹ 5.98 million that were reclassified from Property, plant and equipment.
- Additional lease liabilities of ₹ 298.32 million (including ₹ 8.20 million reclassed from finance lease liabilities and ₹ 7.05 million on account of interest accrued on lease liabilities) were recognised.
- The net effect of these adjustments had been adjusted to retained earnings ₹ 8.84 million and non-controlling interests ₹ 7.48 million.

Also refer note 2.3(l) and note 45 for further details.

(b) Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment

The appendix addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 Income Taxes. It does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Appendix specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Group applies significant judgement in identifying uncertainties over income tax treatments.

The Group determined, based on its tax compliance, that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The Appendix did not have an impact on the consolidated financial statements of the Group.

(c) Amendments to Ind AS 109 Prepayment Features with Negative Compensation

Under Ind AS 109, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to Ind AS 109 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. These amendments had no impact on the consolidated financial statements of the Group.

(d) Amendments to Ind AS 19: Plan Amendment, Curtailment or Settlement

The amendments to Ind AS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event. An entity is also required to determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event, and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments had no impact on the consolidated financial statements of the Group as it did not have any plan amendments, curtailments, or settlements during the period.

(e) Ind AS 28: Long-term interests in associates and joint ventures

The amendments clarify that an entity applies Ind AS 109 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in Ind AS 109 applies to such long-term interests.

The amendments also clarified that, in applying Ind AS 109, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying Ind AS 28 Investments in Associates and Joint Ventures.

These amendments had no impact on the consolidated financial statements as the Group.

(f) Amendments to Ind AS 109: Prepayment Features with Negative Compensation

Under Ind AS 109, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to Ind AS 109 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. These amendments had no impact on the consolidated financial statements of the Group.

Annual Improvements to Ind AS 2018

i. Ind AS 23 Borrowing Costs

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

The entity applies the amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after April 1, 2019.

Since the Group's current practice is in line with these amendments, they had no impact on the consolidated financial statements of the Group.

ii. Ind AS 12 Income Taxes

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where it originally recognised those past transactions or events.

An entity applies the amendments for annual reporting periods beginning on or after April 1, 2019.

Since the Group's current practice is in line with these amendments, they had no impact on the consolidated financial statements of the Group.

2.3 Summary of significant accounting policies

a. Business combination and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.
- Assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets held for Sale and Discontinued Operations are measured in accordance with that standard.
- Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

Notes to the Consolidated Ind AS Financial Statements

for the year ended March 31, 2020

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the Group recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

b. Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

The Group's investments in its associate and joint venture are accounted for using the equity method after making necessary adjustments to achieve uniformity in application of accounting policies. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit and loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

When the Group's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture (which includes any long term interest that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit and loss.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

c. Current versus non-current classification

The Group presents assets and liabilities in the consolidated balance sheet based on current/ non-current classification. An asset is treated as current when it is:

i. Expected to be realised or intended to be sold or consumed in normal operating cycle,

ii. Held primarily for the purpose of trading,

iii. Expected to be realised within twelve months after the reporting period, or

iv. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

i. It is expected to be settled in normal operating cycle,

ii. It is held primarily for the purpose of trading,

iii. It is due to be settled within twelve months after the reporting period, or

iv. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Advance tax paid is classified as non-current assets.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

d. Fair value measurement of financial instruments

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

a) In the principal market for the asset or liability, or

b) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as

Notes to the Consolidated Ind AS Financial Statements

for the year ended March 31, 2020

follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

e. Revenue Recognition

Effective April 1, 2018, the Group has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue. The Group has adopted Ind AS 115 using modified retrospective approach. The effect of initially applying this standard is recognised at the date of initial application (i.e. April 1, 2018).

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

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

Sale of products and services

Revenue from sale of products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products. Revenue from sale of services is recognized as the service is performed and there are no unfulfilled obligations.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated if any. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various discounts and schemes offered by the Group as part of the contract. This variable consideration is estimated based on the expected value of outflow. Revenue (net of variable consideration) is recognized only to the extent that it is highly probable that the amount will not be subject to significant reversal when uncertainty relating to its recognition is resolved.

Fixed price contracts

These contracts which have a performance obligation either provide for the fixed price for the entire project or a price defined in a framework agreement for each type of service ordered by the customer as the project is performed. Revenues from fixed price contracts is recognised based on the stage of completion and the expected profit on completion. Depending on the contracts, the degrees of progress is determined according to the input method (notably according to the costs borne by the project and hours spent) or the output method (notably according to the deliverables made). In the event of an unexpected excess of total contract costs over total contract revenues, the expected losses on completion are provisioned.

Time and material contracts

These contracts, which are subject to best efforts clause, have a variable price determined according to the time spent and the seniority of the staff employed for these projects. Revenues generated by time and material contracts is recognised as the services are performed.

Scrip Sales

Export entitlements in the form of Merchandise Export from India (MEIS) and are recognized in the consolidated statement of profit and loss when the right to receive credit as per the terms of the scheme is established in respect of

exports made and when there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

Management fees income

Income from management fees is recognised as per the terms of the agreement on the basis of services rendered.

Interest income

For all financial instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

Rental income

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

Commission income

Commission income is recognised at the time when services are rendered in accordance with the rates as per the agreements entered into with the parties.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer (which consist of unbilled revenue). If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are transferred to receivables when the rights become unconditional and contract liabilities are recognized as and when the performance obligation is satisfied.

Contract assets are subject to impairment assessment. Refer to accounting policies on impairment of financial assets in section (q) Financial instruments.

Trade receivables

A receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (q) Financial instruments.

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

f. Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

g. Taxes on income

Current income tax

Tax expense for the year comprises current and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of profit and loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Current income tax assets and liabilities are measured at the amount expected to be recorded from or paid to the taxation authorities. The Group's liability for current tax is calculated using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Notes to the Consolidated Ind AS Financial Statements

for the year ended March 31, 2020

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying values of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of the taxable profit and is accounted for using the balance sheet liability model. Deferred tax liabilities are generally recognised for all the taxable temporary differences. In contrast, deferred assets are only recognised to the extent that is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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

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

h. Non-current assets held for sale / disposal

The Group classifies non-current assets as held for sale / disposal if their carrying amounts will be recovered principally through a sale rather than through continuing use. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of classification.

The criteria for held for sale classification is regarded met only when the assets or disposal group is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets, its sale is highly probable; and it will genuinely be sold, not abandoned. The Group treats sale of the asset to be highly probable when:

a) The appropriate level of management is committed to a plan to sell the asset,

b) An active programme to locate a buyer and complete the plan has been initiated,

c) The asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value,

d) The sale is expected to qualify for recognition as a completed sale within one year from the date of classification , and

e) Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets held for sale are measured at the lower of their carrying amount and the fair value less costs to sell. Assets and liabilities classified as held for sale are presented separately in the consolidated balance sheet.

i. Property, plant and equipment ('PPE') and depreciation of PPE

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and

equipment recognised as at March 31, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment as on April 1, 2016.

Capital work in progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate assets are derecognised when replaced. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

The Group identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset having useful life that is materially different from that of the remaining asset. These components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset.

For domestic entities, the depreciation on the Property, plant and equipment is calculated on a straight-line basis using the rates arrived at, based on useful lives estimated by the management, which coincides with the lives prescribed under Schedule II of the Companies Act, 2013 except in case of Plant and equipment (including the related intellectual property), which the Group, based on technical assessment made by the technical expert and management estimate, depreciates over estimated useful life of 8 years which is different from the useful life prescribed in Schedule II to the Companies Act, 2013.

Land is carried at historical cost and is not depreciated. Leasehold improvements are depreciated over the period of lease or estimated useful life, whichever is lower, on straight line basis.

Further, the management has estimated the useful lives of asset individually costing ₹ 5,000 or less to be less than one year, whichever is lower than those indicated in Schedule II. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

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

For overseas subsidiaries, joint ventures and associates, the Group provides depreciation based on estimated useful lives of the property, plant and equipment as determined by the management of such subsidiaries, joint ventures and associates. In view of different sets of environment in which such foreign subsidiaries, joint ventures and associates operate in their respective countries, depreciation is provided based on local laws and management estimates. These entities follow straight line method of depreciation spread over the useful life of each individual asset.

The estimated useful lives of the assets considered by aforementioned entities is as follows:

Asset category	Years	
	Minimum	Maximum
Plant & equipment	3	5
Electrical installation	5	10
Furniture & fixtures	5	10
Office equipment	3	8
Computer	3	5
Buildings	30	30

j. Intangible assets and amortisation of intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

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

Notes to the Consolidated Ind AS Financial Statements

for the year ended March 31, 2020

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period with the affect of any change in the estimate being accounted for on a prospective basis. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

A summary of the policies applied to the Group's intangible assets is, as follows:

Intangible assets	Useful lives	Amortisation method used	Internally generated or acquired
Goodwill (including goodwill arising on consolidation)	Indefinite	No amortisation	Acquired
Customer relationship	Definite (8 years)	Straight-line basis	Acquired
Computer software	Definite (5 years)	Straight-line basis	Acquired
Intellectual property rights	Definite (8 years)	Straight-line basis	Acquired

k. Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset until such time as the assets are substantially ready for the intended use or sale. All other borrowing costs are expensed in the period in which they occur.

l. Leases

The Group has lease contracts for office spaces various items of plant and machinery and equipment, and other equipments. The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets:

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (n) Impairment of non-financial assets.

ii) Lease Liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in Interest-bearing loans and borrowings.

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Accounting policy applicable till March 31, 2019:

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

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

Group as a lessee

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

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

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

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

Notes to the Consolidated Ind AS Financial Statements

for the year ended March 31, 2020

a) another systematic basis is more representative of the time pattern of the user's benefit even if the payments to the lessors are not on that basis; or

b) the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. If payments to the lessor vary because of factors other than general inflation, then this condition is not met.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

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

m. Inventories

Inventories are valued at lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

a) Raw materials and stores and spares: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

b) Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.

Cost of raw materials, stores and spares work-in-progress and finished goods is determined on a weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

n. Impairment of non-financial assets

As at the end of each accounting year, the Group reviews the carrying amounts of its PPE, intangible assets, including goodwill and investments in associates and joint venture companies to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the said assets are tested for impairment so as to determine the impairment loss, if any. Goodwill and the intangible assets with indefinite life are tested for impairment each year.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is determined:

i) in the case of an individual asset, at the higher of the fair value less costs of disposal and the value in use; and

ii) in the case of a cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of the cash generating unit's net fair value less costs of disposal and the value in use.

(The amount of value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life. For this purpose, the discount rate (pre-tax) is determined based on the weighted average cost of capital of the company suitably adjusted for risks specified to the estimated cash flows of the asset).

For this purpose, a cash generating unit is ascertained as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

If recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, such deficit is recognised immediately in the Statement of Profit and Loss as impairment loss and the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. For this purpose, the impairment loss recognised in respect of a cash generating unit is allocated first to reduce the carrying amount of any goodwill allocated to such cash generating unit and then to reduce the carrying amount of the other assets of the cash generating unit on a pro-rata basis.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss is recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the consolidated statement of profit and loss.

o. Provisions and contingent liabilities

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the consolidated financial statements.

Provisions and contingent liability are reviewed at each balance sheet.

Decommissioning liability

Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the consolidated statement of profit and loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

p. Retirement and other employee benefits

Retirement benefit in the form of provident fund and pension fund are defined contribution scheme. The Group has no obligation, other than the contribution payable. The Group recognizes contribution payable to provident fund and pension fund as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet reporting date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end.

Notes to the Consolidated Ind AS Financial Statements

for the year ended March 31, 2020

The Group presents the leave as a current liability in the consolidated balance sheet, to the extent it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method using actuarial valuation to be carried out at each balance sheet date.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the consolidated balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

a) The date of the plan amendment or curtailment, and

b) The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:

a) Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and

b) Net interest expense or income.

q. Financial instruments

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

Investment in equity instruments issued by associates and joint ventures are measured at cost less impairment.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

(i) Financial assets

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at fair value

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial asset not measured at amortised cost or at fair value through other comprehensive income is carried at fair value through the statement of profit and loss.

For financial assets maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Impairment of financial assets excluding investment in associates

Loss allowance for expected credit losses is recognised for financial assets measured at amortised cost and fair value through the statement of profit and loss.

The Group recognises impairment loss on trade receivables using expected credit loss model, which involves use of provision matrix constructed on the basis of historical credit loss experience as permitted under Ind AS 109 – Impairment loss on investments.

For financial assets whose credit risk has not significantly increased since initial recognition, loss allowance equal to twelve months expected credit losses is recognised. Loss allowance equal to the lifetime expected credit losses is recognised if the credit risk on the financial instruments has significantly increased since initial recognition.

De-recognition of financial assets

The Group de-recognises a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset and the transfer qualifies for de-recognition under Ind AS 109.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the assets and an associated liability for amounts it may have to pay.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the carrying amount measured at the date of de-recognition and the consideration received is recognised in consolidated statement of profit or loss.

(ii) Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial Liabilities

Financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method where the time value of money is significant. Interest bearing bank loans, overdrafts are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the consolidated statement of profit and loss.

For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

a) Financial guarantee contracts

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

b) De-recognition

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

Notes to the Consolidated Ind AS Financial Statements

for the year ended March 31, 2020

amounts is recognised in the consolidated statement of profit and loss.

Put Option Liability

The potential cash payments related to put options issued by the Group over the equity of subsidiary companies to non-controlling interests are accounted for as financial liabilities when such options may only be settled other than by exchange of a fixed amount of cash or another financial asset for a fixed number of shares in the subsidiary. The financial liability for such put option is accounted for under IND AS 109.

The amount that may become payable under the option on exercise is initially recognised at fair value under other financial liabilities with a corresponding charge directly to equity. All subsequent changes in the carrying amount of the financial liability are recognised in other equity attributable to the parent. The entity recognises both the non-controlling interest and the financial liability under the NCI put. It continues to measure non-controlling interests at proportionate share of net assets.

If the put option is exercised, the entity accounts for an increase in its ownership interest. At the same time, the entity derecognises the financial liability and recognises an offsetting credit in the same component of equity reduced on initial recognition. In the event that the option expires unexercised, the liability is derecognised with a corresponding adjustment to equity.

Off-setting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

r. Derivative financial instruments

The Group uses derivative financial instruments, such as interest rate swaps to hedge its interest fluctuation risks, etc. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value through consolidated statement of profit and loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Refer to Note 54 for more details.

s. Cash and cash equivalents

Cash and cash equivalent in the consolidated balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, as they are considered an integral part of the Group's cash management.

t. Share-based payments

Certain employees of the Group are entitled to share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

u. Cash dividend

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

v. Foreign currencies

The Group's consolidated financial statements are presented in INR, which is also the holding company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and balances:

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the group uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of the following:

- Exchange differences arising on monetary items that forms part of a reporting entity's net investment in a foreign operation are recognised in profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the financial statements that include the foreign operation and the reporting entity (e.g., consolidated financial statements when the foreign operation is a subsidiary), such exchange differences are recognised initially in OCI. These exchange differences are reclassified from equity to profit or loss on disposal of the net investment.
- Exchange differences arising on monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss.
- Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Group companies:

On consolidation, the assets and liabilities of foreign operations are translated into INR at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the Group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in the consolidated statement of profit or loss.

w. Research and development expenditure

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the Group can demonstrate all the following:

i. The technical feasibility of completing the intangible asset so that it will be available for use or sale

ii. Its intention to complete the asset

iii. Its ability to use or sell the asset

iv. How the asset will generate future economic benefits

v. The availability of adequate resources to complete the development and to use or sell the asset

vi. The ability to measure reliably the expenditure attributable to the intangible asset during development.

Following the initial recognition of the development expenditure as an asset. The cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is

Notes to the Consolidated Ind AS Financial Statements

for the year ended March 31, 2020

available for use. It is amortized on a straight line basis over the period of expected future benefit from the related project. Amortization is recognized in the consolidated statement of profit and loss. During the period of development, the asset is tested for impairment annually.

x. Corporate social responsibility ('CSR') expenditure

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

y. Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss attributable to equity holder of the parent by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders of the parent company and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

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

Sl No.	Name of the Entity	Country of Incorporation	Relationship as at March 31, 2020	Percentage of effective ownership interest held (directly and indirectly) as at		Percentage of voting rights held as at		Net Assets, i.e, total assets minus total liabilities*				Share in total comprehensive income*			
								March 31, 2020		March 31, 2019		March 31, 2020		March 31, 2019	
				March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	As a % of consolidated net assets	₹ in million	As a % of consolidated net assets	₹ in million	As % of total comprehensive income	₹ in million	As % of total comprehensive income	₹ in million
	Parent														
1	Centum Electronics Limited	India	Holding					72.02%	2,363.38	71.01%	2,172.37	95.73%	252.36	102.12%	583.15
	Indian Subsidiaries														
2	Centum Adeneo India Private Limited ('CAIPL')[2]	India	Subsidiary	100.00%	100.00%	100.00%	100.00%	-0.29%	(9.66)	-0.54%	(16.37)	2.55%	6.71	-1.64%	(9.35)
	Foreign Subsidiaries														
3	Centum Electronics UK Limited	United Kingdom	Subsidiary	100.00%	100.00%	100.00%	100.00%	15.78%	517.79	15.81%	483.58	12.98%	34.21	-3.01%	(17.21)
4	Centum Adetel Group SA[1]	France	Subsidiary	54.15%	54.15%	54.15%	54.15%								
5	Centum Adeneo SAS[1]	France	Subsidiary	54.15%	54.15%	100.00%	100.00%								
6	Centum Adeneo CRD SAS[1]	France	Subsidiary	54.15%	54.15%	100.00%	100.00%								
7	Centum Adetel Transportation System SAS[1]	France	Subsidiary	54.15%	54.15%	100.00%	100.00%								
8	Centum Adetel Transportation SAS[1,3]	France	Subsidiary	NA	54.15%	NA	100.00%								
9	Centum Adetel Synergies SARL[1]	France	Subsidiary	54.15%	54.15%	100.00%	100.00%								
10	Centum Adetel Solution[1]	Canada	Subsidiary	54.15%	54.15%	100.00%	100.00%	12.49%	409.87	13.72%	419.70	-11.25%	(29.65)	2.02%	11.55
11	Centum Adetel Equipment[1]	Canada	Subsidiary	54.15%	54.15%	100.00%	100.00%								
12	Centum Adetel Belgium[1,7]	Belgium	Subsidiary	54.15%	-	100.00%	-								
13	Adetel Maroc SA[1,4]	Morocco	Subsidiary	-	-	-	-								
14	Adetel Equipment Maroc SA[1,4]	Morocco	Subsidiary	-	-	-	-								
	Associates														
15	Ausar Energy SAS[1]	France	Associate	16.49%	16.49%	30.45%	30.45%								
16	Centum Adetel Transportation SAS[1,3]	France	Associate	18.95%	NA	35.00%	NA								
	Joint Ventures														
17	Sandhi SAS[5]	France	Joint Venture	-	-	-	-								
18	Centum Rakon India Private Limited[6]	India	Joint Venture	-	-	-	-	0.00%	-	0.00%	-	0.00%	-	0.51%	2.90
	Sub Total							**100.00%**	**3,281.38**	**100.00%**	**3,059.28**	**100.00%**	**263.63**	**100.00%**	**571.04**
	Add / Less: Non controlling interests in all subsidiaries								(248.25)		(247.23)		25.64		20.76
	Consolidation adjustments/ eliminations**								(733.49)		(374.59)		(90.37)		(304.06)
	Total								**2,299.64**		**2,437.46**		**198.90**		**287.74**

* The figures have been considered from the respective financial statements.

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

The financial statements of subsidiaries and joint ventures have been drawn up to the same reporting date as of the Company, i.e. March 31, 2020. There is a quarter lag in the reporting dates of the Ausar Energy SAS, one of the associate, with that of the parent Company whose management certified financial statements for the year ended on and as at December 31, 2019 were considered for the purpose of consolidated financial statements of the Group.

Notes:

1 The amounts for net assets / (liabilities) and net profit / (loss) of Centum Adetel Group SA and its subsidiaries, joint ventures and associates (refer Sl. No. 4 to 17 above) have been presented on a consolidated basis.

2 The Parent Company has acquired 100% interest in CAIPL during the year ending March 31, 2019 from Centum Adetel Group i.e. it's foreign subsidiary.

3 Centum Adetel Transportation SAS, subsequent to divestment of 65% stake has ceased to be subsidiary and has become an associate as at March 31, 2020. Also refer note 41(b) for further details

4 Refer note 41 (c)

5 Refer note 41 (d)

6 Refer note 41 (a)

7 Incorporated during the year ending March 31, 2020

Notes to the Consolidated Ind AS Financial Statements

for the year ended March 31, 2020

3. Property, Plant and Equipment

(₹ in million)

	Freehold land	Leasehold improvements	Building	Plant and equipment	Electrical installations	Computers	Office equipment	Furniture and fixtures	Vehicles	Leased computer	Leasehold land	Total
At cost/ deemed cost												
As at April 1, 2018	**5.65**	**7.04**	**474.52**	**683.03**	**195.16**	**78.42**	**64.72**	**34.54**	**6.41**	**-**	**114.61**	**1,664.10**
Additions	-	-	-	124.66	2.59	2.58	1.03	1.08	0.25	6.95	-	139.14
Exchange differences - translation adjustment	(0.05)	-	(1.39)	(4.77)	(4.64)	(2.44)	(1.13)	-	(0.03)	-	-	(14.45)
Disposals	-	-	-	-	-	(9.86)	-	-	-	-	-	(9.86)
Transferred to assets held for disposal (refer note 41)	-	-	-	(123.37)	(10.91)	(6.29)	(1.72)	-	-	-	-	(142.29)
As at March 31, 2019	**5.60**	**7.04**	**473.13**	**679.55**	**182.20**	**62.41**	**62.90**	**35.62**	**6.63**	**6.95**	**114.61**	**1,636.64**
Additions	-	11.97	60.12	167.36	16.06	10.73	0.81	19.33	-	-	-	286.38
Exchange differences - translation adjustment	0.09	-	2.34	6.82	6.46	2.78	1.56	(0.01)	(0.19)	-	-	19.85
Disposals	-	-	-	(3.88)	-	(12.42)	-	-	-	-	-	(16.31)
Reclass to right-of-use asset (Note 45)	-	-	-	-	-	-	-	-	-	(6.95)	-	(6.95)
As at March 31, 2020	**5.69**	**19.01**	**535.59**	**849.85**	**204.72**	**63.50**	**65.27**	**54.94**	**6.44**	**-**	**114.61**	**1,919.62**
Accumulated Depreciation												
As at April 1, 2018	**-**	**4.90**	**36.46**	**213.39**	**79.37**	**61.46**	**37.84**	**6.13**	**3.28**	**-**	**-**	**442.83**
Charge for the year	-	1.09	16.70	110.75	19.36	8.45	8.52	3.47	1.54	0.97	-	170.85
Exchange differences - translation adjustment	-	-	(0.66)	(4.56)	(3.61)	(1.83)	(0.98)	-	(0.02)	-	-	(11.66)
Disposals	-	-	-	-	-	(9.86)	-	-	-	-	-	(9.86)
Transferred to assets held for disposal (refer note 41)	-	-	-	(75.12)	(5.23)	(4.42)	(1.07)	-	-	-	-	(85.84)
As at March 31, 2019	**-**	**5.99**	**52.50**	**244.46**	**89.89**	**53.80**	**44.31**	**9.60**	**4.80**	**0.97**	**-**	**506.32**
Charge for the year	-	4.91	17.16	103.89	19.98	8.13	7.87	4.26	1.42	-	-	167.62
Exchange differences - translation adjustment	-	0.02	1.20	(0.35)	9.02	2.45	(2.67)	0.01	(0.01)	-	-	9.67
Disposals	-	-	-	(3.88)	-	(12.42)	-	-	-	-	-	(16.30)
Reclass to right-of-use asset (Note 45)	-	-	-	-	-	-	-	-	-	(0.97)	-	(0.97)
As at March 31, 2020	**-**	**10.92**	**70.86**	**344.12**	**118.89**	**51.96**	**49.51**	**13.87**	**6.21**	**-**	**-**	**666.34**
Net block												
As at March 31, 2020	**5.69**	**8.09**	**464.73**	**505.73**	**85.83**	**11.54**	**15.76**	**41.07**	**0.23**	**-**	**114.61**	**1,253.28**
As at March 31, 2019	**5.60**	**1.05**	**420.63**	**435.09**	**92.31**	**8.61**	**18.59**	**26.02**	**1.83**	**5.98**	**114.61**	**1,130.32**

Notes:

(a) Karnataka Industrial Area Development (KIADB) has allotted land to the Group on a lease cum sale basis i.e. 24,280.60 sq. mts at Plot No. 58-P Bengaluru Aerospace Park, Industrial Area for a period of 10 years w.e.f December 18, 2013. The aggregate capitalized cost of the land at the end of the year is ₹ 114.61 million. The agreement gives a right to the Group to acquire land at the end of the lease term at an additional consideration, if any fixed by KIADB, after reducing the amount already paid.

(b) Property, plant and equipment and other intangible assets of the Group have been pledged / mortgaged as securities against borrowings. Refer note 19 and 23 for details of borrowings.

(c) Gross block of buildings and plant and equipment amounting to ₹ 599.16 million (March 31, 2019: ₹ 584.00 million) are on leasehold land.

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

3a. Capital work-in-progress

(₹ in million)

	Capital work-in-progress
As at April 1, 2018	9.84
Exchange differences - translation adjustment	(4.48)
Additions	239.26
Capitalised during the year	(139.14)
Transferred to assets held for disposal (refer note 41)	(24.14)
As at March 31, 2019	**81.34**
Exchange differences - translation adjustment	-
Additions	218.55
Capitalised during the year	(286.38)
As at March 31, 2020	**13.51**

4a. Goodwill on consolidation

(₹ in million)

	Goodwill on consolidation	Total
At cost		
As at April 1, 2018	**376.23**	**376.23**
Additions / disposals	-	-
As at March 31, 2019	**376.23**	**376.23**
Additions / disposals	-	-
As at March 31, 2020	**376.23**	**376.23**
Net block		
As at March 31, 2020	**376.23**	**376.23**
As at March 31, 2019	**376.23**	**376.23**

Notes:

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

The aforementioned goodwill is tested for impairment annually. As at March 31, 2020 and March 31, 2019, the goodwill is not impaired.

Notes to the Consolidated Ind AS Financial Statements

for the year ended March 31, 2020

4b. Other intangible assets

(₹ in million)

Particulars	Goodwill	Computer software	Intellectual property rights (including R&D credits)	Customer Relationships	Total
At cost/ deemed cost					
As at April 1, 2018	**36.35**	**156.25**	**1,341.83**	**481.92**	**2,016.35**
Additions	-	13.13	172.61	-	185.74
Exchange differences - translation adjustment	-	(0.21)	(46.45)	-	(46.66)
Disposals	-	-	-	-	-
Transferred to assets held for disposal (refer note 41)	-	(4.38)	(441.40)	-	(445.78)
As at March 31, 2019	**36.35**	**164.79**	**1,026.59**	**481.92**	**1,709.65**
Additions	-	46.76	-	-	46.76
Exchange differences - translation adjustment	-	9.69	68.00	-	77.69
Disposals	-	(0.26)	(0.78)	-	(1.04)
As at March 31, 2020	**36.35**	**220.98**	**1,093.81**	**481.92**	**1,833.06**
Accumulated Amortisation					
As at April 1, 2018	**-**	**136.41**	**986.03**	**105.42**	**1,227.86**
Exchange differences - translation adjustment	-	(5.07)	(35.80)	-	(40.87)
Charge for the year	-	17.14	97.07	60.24	174.45
Disposals	-	-	-	-	-
Transferred to assets held for disposal (refer note 41)	-	(3.10)	(189.91)	-	(193.01)
As at March 31, 2019	**-**	**145.38**	**857.39**	**165.66**	**1,168.43**
Exchange differences - translation adjustment	-	9.43	59.39	-	68.82
Charge for the year	-	12.21	44.75	60.24	117.20
Disposals	-	-	-	-	-
As at March 31, 2020	**-**	**167.02**	**961.53**	**225.90**	**1,354.45**
Net block					
As at March 31, 2020	**36.35**	**53.96**	**132.28**	**256.02**	**478.61**
As at March 31, 2019	**36.35**	**19.41**	**169.20**	**316.26**	**541.22**

Notes:

(a) The Group had entered into a business transfer agreement with Centum Industries Private Limited, an enterprises where key managerial personnel or their relatives exercise significant influence, on December 1, 2015 for the purchase of business on slump sale. As per the terms of agreement, the Group had purchased the net assets pertaining to plastic and defence and space of Centum Industries Private Limited for an aggregate consideration ₹ 57.00 million, which was arrived at based on the business valuation done by an independent professional firm. The valuation ascribed to assets taken over by an independent professional valuer resulted in the aforesaid goodwill.

The aforementioned goodwill is tested for impairment annually. As at March 31, 2020 and March 31, 2019 the goodwill is not impaired.

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

4c. Intangible assets under development

(₹ in million)

	Intangible assets under development
As at April 1, 2018	256.01
Exchange differences - translation adjustment	(9.95)
Additions	117.11
Capitalised during the year	(185.74)
Transferred to assets held for disposal (refer note 41)	(120.20)
As at March 31, 2019	**57.23**
Exchange differences - translation adjustment	1.93
Additions	88.24
Capitalised during the year	(46.76)
As at March 31, 2020	**100.64**

5a Interest in Joint ventures:

(i) Details of Joint ventures:

Name of the Entity	Place of business[2]	Percentage of effective ownership interest held (directly and indirectly) as at		Percentage of voting right held as at		Nature of activities	Accounting method followed
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019		
(a) Material Joint ventures							
Centum Rakon India Private Limited ('CRIPL')[3]	India	-	-	-	-	Engaged in design and manufacturing of high performance frequency control products	Equity Method
(b) Others							
Sandhi SAS[4]	France	-	-	-	-	Engaged in engineering of electronic systems.	Equity Method

Notes:

1 Aggregate amount of unquoted investment in joint ventures ₹ Nil (March 31, 2019: Nil)

2 The country of incorporation is same as their principal place of business.

3 CRIPL ceased to be a joint venture w.e.f from May 01, 2018. Accordingly, other information and disclosures are not applicable as at March 31, 2020 and March 31, 2019. Refer note 41 (a) for further details.

4 Sandhi SAS to be a joint venture during the year ending March 31, 2019. Refer note 41 (d) for further details.

Notes to the Consolidated Ind AS Financial Statements

for the year ended March 31, 2020

(ii) Reconciliation of carrying amounts of material joint ventures **(₹ in million)**

Particulars	CRIPL
Opening net assets as at April 01, 2018 (a)	580.41
Profit / (loss) for the period till the date of sale	5.69
Other Comprehensive income	-
Other equity	-
Closing net assets as on the date of sale (a)	586.10
Proportion of the group's ownership (b)	51%
Carrying amount of investments as on the date of sale (a*b)	298.91
Sale consideration	357.41
Profit on sale of interest in joint venture disclosed under exceptional item from discontinued operations for the year ending March 31, 2019	58.50

(iii) Summarised statement of profit & loss for material joint ventures **(₹ in million)**

Particulars	CRIPL	
	March 31, 2020	March 31, 2019*
Revenue from operations	-	71.05
Other income	-	0.06
Total income (i)	**-**	**71.11**
Cost of materials consumed and decrease/(increase) in inventories of work-in-progress	-	35.10
Employee benefits expenses	-	9.79
Depreciation and amortization expenses	-	4.49
Other expenses	-	13.23
Tax expenses / (income)	-	2.81
Total expense (ii)	**-**	**65.42**
Profit / (loss) for the year (i-ii)	**-**	**5.69**
Other Comprehensive income	-	-
Total Comprehensive income for the year	-	5.69
Group's share of profit / (loss) for the year	**-**	**2.90**

* Disclosures has been made in respect of period April 01, 2018 to April 30, 2018 based on management certified numbers.

5b Interest in Associates

(i) Details of Associates

Name of the Entity	Place of Business[2]	Percentage of effective ownership interest held (directly and indirectly) as at		Percentage of voting right held as at		Nature of Activities	Accounting Method
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019		
(a) Material associates:							
Centum Adetel Transportation SAS[4]	France	18.95%	NA	35%	NA	Engaged in engineering and manufacturing of energy conversion and storage systems for rolling stock railway markets.	Equity Method
(b) Other associates:							
Ausar Energy SAS[3]	France	16.49%	16.49%	30.45%	30.45%	Engaged in the consulting, engineering, research and development in Energy sector.	Equity Method

Notes:

1. Aggregate amount of unquoted investment in associates ₹ 386.72 million (March 31, 2019: ₹ 99.92 million).
2. The country of incorporation of the above entity is same as its principal place of business.
3. There is a quarter lag in the reporting dates of the associates with that of the parent Company whose management certified financial statements for the year ended on and as at December 31, 2019 were considered for the purpose of consolidated financial statements of the Group.
4. Refer note 41(b)

(ii) Summarised financial information for material associates

(₹ in million)

Particulars	Centum Adetel Transportation SAS	
	March 31, 2020	March 31, 2019
Current assets	584.49	-
Non-current assets	459.85	-
Current liabilities	482.57	-
Non-current liabilities	10.69	-
Net assets	**551.08**	**-**

(iii) Reconciliation of carrying amounts of material associates

(₹ in million)

Particulars	Centum Adetel Transportation SAS	
	March 31, 2020	March 31, 2019
Net assets**	551.08	*
Proportion of the group's ownership (b)	35.00%	*
Group's share (a*b)	192.88	*
Fair value changes	91.18	*
Carrying amount of the investment	**284.06**	*

* Indicates disclosures not applicable.

** Refer note 41(b)

Notes to the Consolidated Ind AS Financial Statements

for the year ended March 31, 2020

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

Particulars	Centum Adetel Transportation SAS	
	March 31, 2020	March 31, 2019
Revenue	*	*
Cost of sales	*	*
Finance cost	*	*
Other expense (net of other income)	*	*
Profit / (loss) for the year	*	*
Group's share of profit / (loss) for the year	*	*

* Indicates disclosures not applicable.

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

Particulars	March 31, 2020	March 31, 2019
Aggregate carrying amount of investments in equity shares of individually immaterial associates	36.41	37.99
Investment at amortised cost		
Investment in 800,000 (March 31, 2019: 800,000) unquoted bonds of Euro 1 in Ausar Energy SAS	66.25	61.93
Total investment in other associates	102.66	99.92
Aggregate amount of group's share of :		
- (Loss) / profit for the year	(4.64)	(13.08)
- Other comprehensive income for the year	7.38	-
- Total comprehensive income for the year	**2.74**	(13.08)

(vi) Contingent liabilities of associates

The associate had no contingent liabilities or capital commitments as at March 31, 2020 and March 31, 2019. The Group has no contingent liabilities relating to its interests in its associates.

(vii) Commitments of / towards associates

(a) In respect of Group's investments in material associate, other investors of material associates have the first right of refusal in the Group intend to sell its stake subject to other terms and conditions of share purchase agreements. Also refer 41(b) for details.

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

Particulars	March 31, 2020	March 31, 2019
Material associates	284.06	-
Other associates (refer note 5b)	102.66	99.92
Total	**386.72**	**99.92**

(ix) Share in profits / (loss) of joint ventures / associates (net) **(₹ in million)**

Particulars	March 31, 2020	March 31, 2019
Material joint ventures (includes share in profit / (loss) of joint venture / associates classified as held for disposal)	-	2.90
Material associate*	-	-
Other associates	(4.64)	(13.08)
Other joint ventures	-	-
(A)	**(4.64)**	**(10.18)**
Less :- share in profit / (loss) of joint venture / associates classified as held for disposal (refer note 41) **(B)**	-	2.90
Total (A-B)	**(4.64)**	**(13.08)**

*Refer note 41(a)

5c Financial assets: Other Investments

(₹ in million)

	March 31, 2020	March 31, 2019
Unquoted		
Investment carried at fair value through consolidated statement of profit or loss		
Investments in equity shares of Qulsar Inc.[1,2] 74,184 (March 31, 2019: 74,184) equity shares of USD 0.01 each, fully paid up.	13.26	13.26
Investment in Mutual Fund		
Aditya Birla Sun Life Corporate Bond[3]	0.50	-
6,391.19 (March 31, 2019: Nil) units of ₹78.25 each (March 31, 2019: Nil)		
Investments in other companies	0.51	7.29
Total	**14.27**	**20.55**
Aggregate value of unquoted investments	14.27	20.55

1 Unquoted equity instruments for which cost has been considered as an appropriate estimate of fair value as cost represents the best estimate of fair value within that range.

2 The Group has investments in Qulsar Inc. Based on internal assessment performed with regard to future operations, the management of the Group is of the view that the carrying value of the Group's investment in Qulsar Inc. approximates the fair value as on the reporting dates.

3 Refer note 19(3)(e) for details.

6. Loans (non-current)

(₹ in million)

	March 31, 2020	March 31, 2019
Non Current - Carried at amortised cost		
Unsecured, considered good		
Security deposits (refer note 43)	60.82	50.09
	60.82	**50.09**

7. Other non-current financial assets

(₹ in million)

	March 31, 2020	March 31, 2019
Subsidy receivable	267.36	217.48
Non-current bank balance (refer note 13)	259.38	261.18
	526.74	**478.66**

Notes to the Consolidated Ind AS Financial Statements

for the year ended March 31, 2020

8. Deferred tax

(₹ in million)

		March 31, 2020		March 31, 2019	
		Deferred tax asset	Deferred tax liabilty	Deferred tax asset	Deferred tax liabilty
Deferred tax liability					
Property, plant and equipments and Intangible assets: Impact of difference between tax depreciation and depreciation / amortization charged for the financial reporting		-	(92.22)	-	(113.93)
Sub - total	**(A)**	**-**	**(92.22)**	**-**	**(113.93)**
Deferred tax liability (net)		**-**	**(92.22)**	**-**	**(113.93)**
Deferred tax asset					
Property, plant and equipments and Intangible assets: Impact of difference between tax depreciation and depreciation / amortization charged for the financial reporting		-	(43.34)	-	(35.13)
Impact of expenditure charged to the statement of profit and loss but allowed for tax purposes on payment basis		30.62	-	32.30	-
Impact on account of provision for expected credit loss		28.31	-	25.03	-
Impact of deferred revenue		14.32	-	-	-
MAT credit entitlement		-	-	28.56	-
Others		0.45	-	0.25	-
Sub - total	**(B)**	**73.70**	**(43.34)**	**86.14**	**(35.13)**
Deferred tax assets (net)		30.36		51.01	
Total	**(A)+(B)**	**73.70**	**(135.56)**	**86.14**	**(149.06)**
(Deferred tax liability) / Deferred tax assets (net)		(61.86)		(62.92)	
Movement for the year			(1.06)		(68.87)
Reconciliation to the consolidated statement of profit and loss from continuing and discontinued operations					
Movement during the year as above			(1.06)		(68.87)
Tax (income) /expense during the period recognized in OCI			0.81		1.69
MAT credit created during the year			-		(25.91)
MAT credit utilised during the year			28.56		-
(Credit) / expense during the year			(30.43)		(44.65)

9. Non-current tax assets (net)

(₹ in million)

	March 31, 2020	March 31, 2019
Advance income tax (net of provision for current tax and including tax paid under protest)	34.02	33.99
	34.02	**33.99**

10. Other non current assets

(₹ in million)

		March 31, 2020	March 31, 2019
Capital advances			
Unsecured, considered good		7.47	46.12
	(A)	**7.47**	**46.12**
Prepaid expenses		14.32	8.64
	(B)	**14.32**	**8.64**
Balances with statutory / government authorities			
Unsecured, considered good		5.28	5.65
Unsecured, considered doubtful		-	-
		5.28	**5.65**
Less: Provision for doubtful receivables		-	-
	(C)	**5.28**	**5.65**
Total other non-current assets	**(A+B+C)**	**27.07**	**60.41**

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

(₹ in million)

	March 31, 2020	March 31, 2019
Raw materials	1,663.32	1,740.94
[Includes raw material in transit ₹ 88.12 million (March 31, 2019: ₹ 88.92 million)		
Work-in-progress	644.13	549.27
Finished goods	49.30	78.74
Stores and spares	1.17	0.08
	2,357.92	**2,369.03**

12. Trade receivables

(₹ in million)

	March 31, 2020	March 31, 2019
Carried at amortised cost		
Receivables from related parties (refer note 43)	81.33	28.82
Other trade receivables	2,407.76	2,714.02
Total Trade receivables	**2,489.09**	**2,742.84**

Notes to the Consolidated Ind AS Financial Statements

for the year ended March 31, 2020

Break-up for security details: (₹ in million)

	March 31, 2020	March 31, 2019
Trade receivables:		
Unsecured, considered good	2,601.60	2,815.83
Trade Receivables - credit impaired	7.84	21.72
	2,609.44	**2,837.55**
Impairment allowance (allowance for bad and doubtful debts)		
Unsecured, considered good	(112.51)	(72.99)
Trade Receivables which have significant increase in credit risk	-	-
Trade Receivables - credit impaired	(7.84)	(21.72)
Total trade receivables	**2,489.09**	**2,742.84**

- The carrying amount of trade receivables include receivables amounting to ₹ 750.06 million (March 31, 2019: ₹ 841.08 million) which are subject to factoring arrangement entered into with the factoring agency / bank. Under this arrangement, the Group has transferred the relevant receivables to the bank in exchange of cash and transfered all rights and actions attached to the aforementioned receivables. As the risk for non recovery lies with the Group, it continues to recognise the transferred assets in its entirety in balance sheet. The amount repayable under the factoring arrangement is presented as unsecured borrowing in note 23.
- No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.
- Trade receivables are non-interest bearing and are generally on terms of 30 to 120 days.

13. Cash and cash equivalents

(₹ in million)

	March 31, 2020	March 31, 2019
Balances with banks		
- On current accounts[4]	98.75	142.94
- On exchange earners foreign currency (EEFC) accounts	35.21	29.64
Cash on hand	2.06	0.44
(A)	**136.02**	**173.02**
Bank balances other than cash and cash equivalents		
Balance with banks		
- On current account[1]	2.85	2.53
- On margin money accounts[2]	353.59	377.20
	356.44	**379.73**
Less: Amount disclosed under other non-current financial assets (refer note 7)	(259.38)	(261.18)
(B)	**97.06**	**118.55**
Total cash and cash equivalents (A+B)	**233.08**	**291.57**

1. Includes balance in unclaimed dividend account ₹ 2.85 million (March 31, 2019: ₹ 2.53 million)
2. A charge has been created over the deposits of ₹ 259.38 million (March 31, 2019: ₹ 261.18 million) towards various guarantees in favour of customer, statutory authorities and letter of credit facility.
3. Balances with banks on current accounts does not earn interest.
4. Refer note 23(4)

14a. Loans (current)

(₹ in million)

	March 31, 2020	March 31, 2019
Unsecured, considered good		
Current - Carried at amortised cost		
Security deposits	0.32	0.48
	0.32	**0.48**

14b. Other current financial assets

(₹ in million)

	March 31, 2020	March 31, 2019
Unsecured considered good		
Staff advances	2.50	1.90
Interest accrued on fixed deposits and others	9.80	4.67
Deferred consideration receivable (refer note 41(b))	527.54	90.37
Unbilled revenue	888.68	693.09
Subsidy receivables	136.02	176.64
Other financial assets (refer note 43)	44.80	12.19
	1,609.34	**978.86**

15. Other current assets

(₹ in million)

	March 31, 2020	March 31, 2019
Unsecured considered good		
Prepaid expenses	140.29	113.97
Balances with statutory / government authorities	63.77	124.05
Advance to suppliers and other advances	118.90	97.14
	322.96	**335.16**

16. Equity share capital

	Equity shares of ₹ 10 each	
	In Numbers	(₹ in million)
Authorised share capital:		
At April 1, 2018	**15,500,000**	**155.00**
Increase / (decrease) during the year	-	-
At March 31, 2019	**15,500,000**	**155.00**
Increase / (decrease) during the year	**-**	**-**
At March 31, 2020	**15,500,000**	**155.00**

(a) Issued equity share capital:

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

	Equity shares of ₹ 10 each	
	In Numbers	(₹ in million)
At April 1, 2018	**12,869,684**	**128.70**
Issue of equity shares (refer note 48(a))	11,434	0.11
At March 31, 2019	**12,881,118**	**128.81**
Issue of equity shares (refer note 48(a))	3,723	0.04
At March 31, 2020	**12,884,841**	**128.85**

Notes to the Consolidated Ind AS Financial Statements

for the year ended March 31, 2020

(b) Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the equity shareholders.

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

Name of Shareholder	March 31, 2020		March 31, 2019	
	No. of shares held	% holding in class	No. of shares held	% holding in class
Equity shares of ₹ 10 each fully paid				
Apparao V Mallavarapu	6,604,715	51.26%	6,604,715	51.27%
Nikhil Mallavarapu*	589,929	4.58%	589,929	4.58%
Dr. Swarnalatha Mallavarapu*	369,150	2.86%	369,150	2.87%
M S Swarnakumari*	12,684	0.10%	12,684	0.10%
HDFC Trustee Company Limited	917,656	7.12%	1,131,330	8.78%

* Represents shareholders in promoter's group

(d) Shares reserved for issue under options

For details of shares reserved for issue under the Share based payment plan of the Company, refer note 48(a).

17. Other equity

		(₹ in million)
Securities premium		
Balance as at April 1, 2018		27.18
Add: received during the year on account of issue of equity shares		0.66
Balance as at March 31, 2019		27.84
Add: received during the year on account of issue of equity shares		0.23
Balance as at March 31, 2020	**(A)**	**28.07**
General reserve		
Balance as at April 1, 2018		440.26
Balance as at March 31, 2019		440.26
Balance as at March 31, 2020	**(B)**	**440.26**
Retained earnings		
Balance as at April 1, 2018		1,355.05
Profit / (loss) for the year		282.22
Less: Cash dividends		(12.88)
Less: Dividend distribution tax		(2.65)
Add: Remeasurement of post-employee benefit obligations		3.13
Others		(5.05)
Balance as at March 31, 2019		1,619.82
Profit / (loss) for the year		199.27
Less: Cash dividends		(51.52)
Less: Dividend distribution tax		(10.59)
Add: Remeasurement of post-employee benefit obligations		1.99

		(₹ in million)
Less: Effect on adoption of Ind As 116 (refer note 2.2(a))		(8.84)
Balance as at March 31, 2020	**(C)**	**1,750.13**
Share based payments reserve		
Balance as at April 1, 2018		39.63
Add: Options granted during the year		21.89
Less: Transferred to capital reserve on exercise of stock options		(0.49)
Balance as at March 31, 2019		61.03
Add: Options granted during the year		23.58
Less: Transferred to capital reserve on exercise of stock options		(0.11)
Less: Transferred to capital reserve and non controlling options on cancellation/lapse of stock options		(82.88)
Balance as at March 31, 2020	**(D)**	**1.62**
Capital reserve		
Balance as at April 1, 2018		0.88
Add: Amount transferred on exercise of share options		0.49
Balance as at March 31, 2019		1.37
Add: Amount transferred on exercise of share options		0.11
Add: Amount transferred on cancellation/ lapse of share options		44.87
Balance as at March 31, 2020	**(E)**	**46.35**
Put option liability reserve (refer note 25(2))		
Balance as at April 1, 2018		(96.91)
Balance as at March 31, 2019		(96.91)
Add: Fair value changes during the year		(248.06)
Balance as at March 31, 2020	**(F)**	**(344.97)**
Foreign currency translation difference account (FCTR)		
Balance as at April 1, 2018		5.62
Movement during the year		2.39
Balance as at March 31, 2019		8.01
Movement during the year		(2.36)
Transfer to statement of profit / (loss) on disposal of subsidiary		(4.57)
Balance as at March 31, 2020	**(G)**	**1.08**
Total other equity	**(A+B+C+D+E+F+G)**	
Balance as at March 31, 2019		**2,061.42**
Balance as at March 31, 2020		**1,922.54**

Nature and purpose of reserves

Securities Premium

Securities Premium Reserve is used to record the premium on issue of shares and is utilised in accordance with the provisions of the Companies Act, 2013.

General Reserve

The Company created a General reserve in earlier years pursuant to the provisions of the Companies Act, 1956 where in certain percentage of profits was required to be transferred to General reserve before declaring dividends. As per Companies Act 2013, the requirements to transfer profits to General reserve is not mandatory. General reserve is a free reserve available to the Company.

Notes to the Consolidated Ind AS Financial Statements

for the year ended March 31, 2020

Retained earnings

Retained Earnings are the profits of the Group earned till date net of appropriations.

Share based payments reserve

The share-based payment reserve is used to recognise the value of equity-settled share-based options provided to employees, including key management personnel, as part of their remuneration. Refer to Note 48 for further details of these plans.

Capital reserve

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

Foreign currency translation difference account (FCTR)

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. ₹) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve.

18. Distribution made and proposed

(₹ in million)

	March 31, 2020	March 31, 2019
Dividends on equity shares declared and paid:		
Final dividend for the year ended on March 31, 2019: ₹ 4 per share (March 31, 2018: Nil per share)	51.52	-
Dividend distribution tax on final dividend	10.59	-
Interim dividend for the year ended on March 31, 2020: Nil (March 31, 2019: ₹ 1 per share)	-	12.88
Dividend distribution tax on interim dividend	-	2.65
	62.11	**15.53**
Proposed dividend on equity shares[1,2]		
Final dividend for the year ended on March 31, 2020: ₹ 2.50 per share (March 31, 2019: ₹ 4 per share)	32.21	51.52
Dividend distribution tax on proposed dividend	-	10.59
	32.21	**62.11**

1. Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including dividend distribution tax thereon) as at March 31st.
2. The Board of Directors of the Company at its meeting held on July 28, 2020 had recommended a final dividend of 25% (i.e. ₹ 2.50 per equity share) for the year ended March 31, 2020.

19 Non-current financial liabilities: Borrowings

(₹ in million)

	March 31, 2020	March 31, 2019
Term loan		
From banks		
Foreign currency term loan (secured) (refer note 25 for details of Current maturities of long term borrowings)[1,2]	156.34	227.99
From Financial Institutions		
Indian rupee term loan (unsecured) (refer note 25 for details of Current maturities of long term borrowings)[3]	170.07	109.62
Obligations under finance lease (secured) (refer note 45) (refer note 25 for details of Current maturities of long term borrowing)[4]	-	4.89
Bonds[5] (secured)	165.63	309.67
Interest free loan from Government[6] (unsecured)	204.42	209.79
	696.46	**861.96**
The above amount includes		
Secured borrowings	321.97	542.55
Unsecured borrowings	374.49	319.41
	696.46	**861.96**

1. Foreign currency term loan availed by the Company amounting to ₹ 134.34 million (March 31, 2019: ₹ 221.60 million) (including current maturities of long term borrowings amounting to ₹ 107.47 million (March 31, 2019: ₹ 98.49 million)) represents term loan taken from a bank and secured by way of :
   (a) First pari-passu charge on current assets including stock and receivables of the Company;
   (b) First pari-passu charge on present and future fixed assets of the Company; and
   (c) First pari-passu charge by way of equitable mortgage on Land and building situated at i) No. 44, KHB Industrial Area, Yelahanka, Bangalore - 560 106 and ii) Plot No. 58-P, Bengaluru Aerospace Park Industrial Area, Sy. No. 8 - Part of Unachur Village & Sy.No. 8 - Part of Dummanahalli Village, Jala Hobli, Bengaluru North, Yelahanka Taluk, Bengaluru Urban District.

   The term loan carries an interest rate of 4.25% per annum (p.a.) (March 31, 2019: 4.25% p.a.) on the outstanding amount of the loan payable at quarterly rests. The term loan is repayable in sixteen equal quarterly instalments from September 2017.
2. Foreign currency term loans availed by Centum Adetel Group SA, Centum Adeneo SAS and Centum Adetel Solution amounting to ₹ 310.25 million (March 31, 2019: ₹ 322.57 million) (including current maturities of long term borrowings amounting to ₹ 180.78 million (March 31, 2019: ₹ 217.70 million)) carries interest rate ranging from 2.067% to 11% p.a. (March 31, 2019: 2.83% to 11% p.a.) and is secured by way of exclusive charge on all fixed assets, respective receivables and all other assets present and future along with the bank guarantee.
3. The Indian rupee term loan of ₹ 171.05 million (March 31, 2019: ₹ 198.53 million) including current maturity of ₹ 33.59 million (March 31, 2019; ₹ 88.91 million) from a Financial Institution carries an interest rate of 12% per annum (p.a.) (March 31, 2019: 12% p.a) on the outstanding amount of loan payable. The term loan is repayable in Sixty One unequal monthly instalments from April 2019. The Indian rupee term loan of ₹ 47.66 million (March 31, 2019: ₹ Nil) including current maturity of ₹ 15.05 million (March 31, 2019 : ₹ Nil) from a Financial Institution carries an interest rate of 11.75% per annum (p.a.) (March 31, 2019: ₹ Nil) on the outstanding amount of loan payable. The term loan is repayable in Thirty Six equal monthly instalments from February 2020. The loans are secured by :
   (a) Mortgage on Residential Property of Swarnalata Mallavarapu situated at site no. A-11 and A-12, Manyatha Residency, Rachenahalli Village, K. R. Puram, Hobli, Bengaluru.
   (b) Personal Guarantee of Mrs. Swarnalata Mallavarapu to be restricted to the collateral mortgaged and the value of unpaid loan.
   (c) 4 undated cheques ('UDC') for Rs 50.00 Million each and 4 undated cheques of ₹ 12.5 million each respectively.
   (d) 3 post dated cheques ('PDC') for Rs 4.45 Million each and 2 electronic clearing service mandate form with undertaking for ₹ 1.66 million each.
   (e) Invest in SIP-MF (Debt Fund) of Rs.0.5 Million per month for 24 months
4. Finance lease obligation of ₹ Nil (March 31, 2019 : ₹ 8.20 million) was secured by underlying assets taken on finance lease arrangements. The lease term is 3 years carrying an interest rate of 17.80% p.a. Consequent to the adoption of IND AS 116, the same has been reclassed to lease liabilities.

   The period and amount of default as on the balance sheet date with respect to aforementioned borrowings are as follows:

(₹. in million)

Particulars	Nature	March 31, 2020	March 31, 2019	Period of default
Obligation under financial leases	Quarterly installment	-	1.30	0-90 days

5. Bonds amounting to ₹ 331.29 million (March 31, 2019: ₹ 309.67 million) have a coupon rate of 4% p.a. and is secured by way of mortage of immovable properties, plant and machinery and other moveable assets of Centum Adetel Group S.A. The bond amounting to ₹ 165.66 million is due in August 2020 and the balance amounting to ₹ 165.63 million is due in August,

Notes to the Consolidated Ind AS Financial Statements

for the year ended March 31, 2020

2021. The Group is liable to pay reimbursement premium of Euro 0.5 million towards waiver of conversion rights by the bond holders into equity shares of Adetel Group SA which are also secured against the security of the underlying loans.

6. Interest free loan from government amounting to ₹ 226.90 million (March 31, 2019: ₹ 220.24 million) (including current maturities of long term borrowings amounting to ₹ 22.48 million (March 31, 2019: ₹ 10.45 million)) has been provided to carry out research and development activities and is payable on the successful outcome of the research and development.

20. Other non-current financial liabilities

(₹ in million)

	March 31, 2020	March 31, 2019
Financial liabilities through profit or loss		
Derivatives not designated as hedge		
Interest rate swap [1]	2.00	0.16
	2.00	**0.16**

1. The Company had entered into an interest rate swap agreement whereby the Company pays a fixed rate of interest of 4.25% p.a. as against the availed floating rate loan (i.e. USD overnight LIBOR + 190bps). The swap is being used to hedge the exposure to changes in the floating interest rates on secured loan (refer note 19). The mark to market fluctuation has been recognised as an expense for the year ended March 31, 2020 and March 31, 2019. Refer note 54.

21(a) Net non-current employee defined benefit liabilities

(₹ in million)

	March 31, 2020	March 31, 2019
Provision for employee benefits		
Provision for gratuity (refer note 44)	46.05	37.02
	46.05	**37.02**

21(b) Non-current provisions

(₹ in million)

	March 31, 2020	March 31, 2019
Provision for employee benefits		
Provision for pension (refer note 44)	17.59	23.24
Other provisions		
Provisions for litigations and contingencies (Refer note 19(6))	28.27	74.06
Provisions for loss making contracts*	7.66	6.52
	53.52	**103.82**

(₹ in million)

	Provisions for litigations and contingencies (Refer note 19(6))	Provisions for loss making contracts*
As at April 1, 2018	85.57	16.84
Provision made / (reversed) during the year and amount utilised during the year (net)	(11.51)	(10.32)
As at March 31, 2019	**74.06**	**6.52**
Provision made / (reversed) during the year and amount utilised during the year (net)	(24.73)	1.14
Reclassed to short term provisions	(21.06)	-
As at March 31, 2020	**28.27**	**7.66**

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

22 Government grants

(₹ in million)

	March 31, 2020	March 31, 2019
Government grants		
At April 1	23.82	-
Government grant received during the year	-	32.94
Released to statement of profit and loss	(3.68)	(9.12)
As at March 31	**20.14**	**23.82**
Current	3.68	3.68
Non - current	16.46	20.14

Government grants have been received towards the purchase and construction of certain items of property, plant and equipment under Modified Special Incentive Package Scheme (M-SIPS) as notified by Ministry of Communications and Information Technology, Department of Information Technology. As per the scheme, the Company is required to abide by all terms and conditions of M-SIPS policy, guidelines and amendments issued from time to time. The Company vide its letter of undertaking dated May 02, 2018 has agreed to comply with all terms and conditions of M-SIPS policy, guidelines and amendments issued from time to time.

23. Current financial liabilities: Borrowings

(₹ in million)

	March 31, 2020	March 31, 2019
From banks		
Indian rupee short term loan from banks[1]	199.46	200.00
Cash credit and overdraft from banks [2,3]	226.82	567.56
Packing credit loan from banks [2,5]	524.47	794.77
Foreign currency non-repatriable (FCNR) loan [2]	363.48	72.45
Working capital demand loan (WCDL) [2]	180.00	-
Customers bill discounted / factored [4]	530.48	649.74
	2,024.71	**2,284.52**
The above amount includes		
Secured borrowings	2,024.71	2,284.52
Unsecured borrowings	-	-
	2,024.71	**2,284.52**

1. Secured Indian rupee short term loan from a bank of ₹ 199.46 million (March 31, 2019: ₹ 200 million) carries interest at 14% p.a. (March 31, 2019: 12.50%). The loan is repayable within 12 months and is secured by way of:

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

(b) Charge on present and future fixed assets of the Company; and

(c) Charge by way of equitable mortgage on Land and building situated at i) No. 44, KHB Industrial Area, Yelahanka, Bangalore - 560 106 and ii) Plot No. 58-P, Bengaluru Aerospace Park Industrial Area, Sy. No. 8 - Part of Unachur Village & Sy.No. 8 - Part of Dummanahalli Village, Jala Hobli, Bengaluru North, Yelahanka Taluk, Bengaluru Urban District.

2. Cash credit and overdraft from banks amounting to ₹ 226.82 million (March 31. 2019: ₹ 558.82 million), packing credit loans from banks amounting to ₹ 524.47 million (March 31. 2019: ₹ 794.77 million), FCNR loan from banks amounting to ₹ 363.48 million (March 31, 2019: ₹ 72.45 million) and WCDL amounting to ₹ 180.00 million (March 31, 2019 : Nil) of the Company are payable on demand and are secured by way of :

(a) Hypothecation of entire stock of raw materials/work in progress/finished goods, receivables / book debts and other current assets / moveable fixed assets on pari passu first charge with other banks;

(b) Hypothecation of plant and machinery pari passu first charge with other banks;

(c) Equitable mortgage of factory land and building at No. 44, KHB Industrial Area, Yelahanka, Bangalore - 560 106 belonging to the Company, on pari passu first charge with other banks; and

Notes to the Consolidated Ind AS Financial Statements

for the year ended March 31, 2020

(d) Equitable mortgage on leasehold rights of factory land and equitable mortgage of building at Plot No. 58-P, Bengaluru Aerospace Park Industrial Area, Sy. No. 8 - Part of Unachur Village & Sy.No. 8 - Part of Dummanahalli Village, Jala Hobli, Bengaluru North, Yelahanka Taluk, Bengaluru Urban District, belonging to the Company on pari passu first charge with other banks.

The rate of interest of Cash credit and overdraft from banks ranges from 10.00% to 11.45% p.a. (March 31, 2019: 10.50% to 11.45% p.a). The rate of interest of Packing credit from banks ranges from 3.60% to 7.28% p.a. (March 31, 2019: 3.76% to 7.28% p.a.) and that of FCNR ranges from 5.46% to 6.52% p.a. (March 31, 2019: 5.38% to 6.65% p.a.) and that of WCDL at 10.10% p.a (March 31, 2019 Nil) payable on monthly basis.

3. Cash credit / overdraft from banks amounting to ₹ Nil (March 31, 2019: ₹ 8.74 million) was availed by Centum Adetel Solution and carried interest rate of Nil (March 31, 2019: 4% p.a).

4. Customer's bill discounted / factored receivables carries interest rate of 0.09% of the factored invoices including VAT and have recourse to Centum Adeneo SAS and Centum Adeneo CRD SAS are guaranteed by the cession of the current account balance. Refer note 12 for details.

5. The period and amount of default as on the balance:

(₹ in million)

Particulars	Nature	March 31, 2020	March 31, 2019	Period of default
Packing credit loan from banks	Payment of Principal	-	1.29	0-90 days

24. Financial liabilities: Trade payables

(₹ in million)

	March 31, 2020	March 31, 2019
Trade payables	1,765.99	1,444.78
Trade payables to related parties (refer note 43)	17.37	1.76
	1,783.36	**1,446.54**

a) Terms and conditions of the above financial liabilities:
- Trade payables are non-interest bearing
- For explanations on the Group's credit risk management processes, refer to note 50(c).
- The dues to related parties are unsecured

25. Other current financial liabilities

(₹ in million)

	March 31, 2020	March 31, 2019
At amortised cost		
Unpaid dividends	2.85	2.53
Accrued salaries and benefits (refer note 43)	533.48	412.25
Payable for capital goods	24.02	23.00
Current maturities of long term borrowings[1] (refer note 19)	525.03	418.86
Interest payable	37.87	24.61
Put option liability[2]	543.00	271.97
	1,666.25	**1,153.22**
Note		
1. The details of current maturities of long term borrowings are as follows:		
Term loan		
From banks		
Foreign currency term loan (secured)	288.25	316.19
From Financial Institutions		
Indian rupee term loan (unsecured)	48.64	88.91
Obligations under finance lease	-	3.31
Bonds (unsecured)	165.66	-
Interest free loan from Government	22.48	10.45
	525.03	**418.86**

2. Put option liability pertains to liabilities arising from options given to non controlling interest shareholders by one of the subsidiary of the Group as at the date of acquisition.

Inititally, the management of the Group recognised these liabilities at fair values in accordance with the binomial lattice model. The projections were based on estimates and assumptions which are considered reasonable by the management including volatility, up move and down move probabilities, risk free rate of return, etc.

Based on assessment performed by the management of the Group for fair valuation of put options liability as on March 31, 2020, ₹ 248.06 million has been determined and accounted as loss on fair valuation of the aforementioned liabilities under other equity

26. Other current liabilities

(₹ in million)

	March 31, 2020	March 31, 2019
Advance from customers	663.72	943.04
Withholding and other taxes / duties payable	561.42	495.29
Deferred revenue		
Related parties (refer note 43)	16.65	-
Others (refer note 43)	221.26	179.66
Other liabilities	5.09	57.92
	1,468.14	**1,675.91**

27. Net current employee defined benefit liabilities

(₹ in million)

	March 31, 2020	March 31, 2019
Provision for employee benefits		
Provision for gratuity (refer note 44)	6.16	5.96
	6.16	**5.96**

28. Current provisions

(₹ in million)

	March 31, 2020	March 31, 2019
Provision for employee benefits		
Provision for compensated absences	36.72	16.35
Provision for litigations (refer note 21(b))	21.06	-
	57.78	**16.35**

29. Liabilities for current tax (net)

(₹ in million)

	March 31, 2020	March 31, 2019
Provision for taxation, net of advance tax	77.47	141.57
	77.47	**141.57**

30. Revenue from operations

(₹ in million)

	March 31, 2020	March 31, 2019
Sale of products (refer note 43)	5,451.24	5,349.71
Sale of services (refer note 43)	2,722.68	3,270.70
Other operating revenues (refer note 43)		
Management fees	119.16	171.19
Sale of scrips	117.90	28.53
Sales commission	21.19	18.57
Income from government grants	400.47	465.20
	8,832.64	**9,303.90**

1. Refer note 51 for disclosures under Ind AS 115

Notes to the Consolidated Ind AS Financial Statements

for the year ended March 31, 2020

31. Other income

(₹ in million)

	March 31, 2020	March 31, 2019
Rental income (refer note 43)	3.03	3.03
Provisions / liabilities no longer required, written back	93.59	5.26
Government Grants (refer note 22)	3.68	9.12
Profit on early termination of lease contracts	3.58	-
Other non-operating income	14.05	23.77
	117.93	**41.18**

32. Finance income

(₹ in million)

	March 31, 2020	March 31, 2019
Interest income on bank deposits	27.69	9.79
Interest Income - Others (refer note 43)	7.95	19.69
	35.64	**29.48**

33a. Cost of materials consumed

(₹ in million)

	March 31, 2020	March 31, 2019
Inventory at the beginning of the year	1,741.02	2,056.95
Add: Purchases	3,544.05	3,652.66
	5,285.07	5,709.61
Transferred to asset held for disposal- balance as at April 1, 2018	-	(143.02)
Inventory at the end of the year	(1,664.49)	(1,741.02)
Cost of materials consumed	**3,620.58**	**3,825.57**

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

(₹ in million)

	March 31, 2020	March 31, 2019
Inventories at the beginning of the year - Work-in-progress / finished goods	628.01	640.07
Less: Inventories at the end of the year - Work-in-progress / finished goods	693.43	628.01
Decrease / (Increase) in inventories of work-in-progress and finished goods	**(65.42)**	**12.06**

34. Employee benefits expenses

(₹ in million)

	March 31, 2020	March 31, 2019
Salaries, wages and bonus (refer note 43)	2,478.48	2,475.49
Contribution to provident and other funds (refer note 44)	687.56	721.11
Employee share based payment (refer note 48)	23.58	21.89
Gratuity expenses (refer note 44)	15.18	14.63
Staff welfare expenses	51.83	51.71
	3,256.63	**3,284.83**

35. Finance costs

(₹ in million)

	March 31, 2020	March 31, 2019
Interest on debt and borrowings	233.35	210.96
Interest on lease liabilties (refer note 45)	9.54	-
Other borrowing costs	51.39	58.95
Exchange differences	60.36	69.93
Interest on income tax	13.52	9.37
	368.16	**349.21**

36. Depreciation and amortization expenses

(₹ in million)

	March 31, 2020	March 31, 2019
Depreciation of tangible assets (refer note 3)	167.62	170.85
Amortization of intangible assets (refer note 4)	117.20	174.45
Depreciation of Right-of-use assets (refer note 45)	129.04	-
Less: Transfer to discontinued operations (refer note 41)	-	(66.91)
	413.86	**278.39**

37. Other expenses

(₹ in million)

	March 31, 2020	March 31, 2019
Rent and lease hire charges	58.48	201.49
Rates and taxes	92.72	103.29
Power and fuel	60.90	56.67
Repairs and maintenance	93.18	96.37
Insurance	40.35	38.60
Legal and professional fees *	137.10	148.68
Travelling and conveyance	165.46	174.65
Purchase of services	114.18	79.56
Corporate social responsibility expenditure	5.61	7.99
Freight outwards	21.67	13.59
Loss on account of foreign exchange fluctuations (net)	83.25	33.61
Fair value loss on financial instruments at fair value through profit or loss	5.81	0.08
Provision for expected credit losses / bad debts written off	52.75	79.26
Directors' sitting fees	1.70	1.74
Provision for dimunition in value of investments	7.11	-
Miscellaneous expenses	100.40	107.53
	1,040.67	**1,143.11**

*** Payment to auditor (exclusive of taxes)**

(₹ in million)

	March 31, 2020	March 31, 2019
As auditor:		
Audit fee (including fees for internal controls over financial reporting, consolidated financial statements of the company and quarterly limited reviews)	5.20	5.20
In other capacity		
Reimbursement of expenses	0.54	0.57
	5.74	**5.77**

38. Exceptional items (net)

(₹ in million)

	March 31, 2020	March 31, 2019
Employee bonus[1]	(105.27)	-
	(105.27)	**-**

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

Notes to the Consolidated Ind AS Financial Statements

for the year ended March 31, 2020

39 Income tax

The domestic subsidiaries of the Group are subject to income tax in India on the basis of standalone financial statements. As per the Income Tax Act, these entities are liable to pay income tax which is the higher of regular income tax payable or the amount payable based on the provisions applicable for Minimum Alternate Tax (MAT). MAT paid in excess of regular income tax during a year can be carried forward for a period of 15 years and can be offset against future tax liabilities. Business loss can be carried forward for a maximum period of eight assessment years immediately succeeding the assessment year to which the loss pertains. Unabsorbed depreciation can be carried forward for an indefinite period.

Pursuant to the Taxation Law (Amendment) Ordinance, 2019 ('Ordinance') issued by Ministry of Law and Justice (Legislative Department) on September 20, 2019 which is effective from April 1, 2019, domestic companies have the option to pay income tax at 22% plus applicable surcharge and cess ('new tax regime') subject to certain conditions. The Holding Company based on the current projections has chosen to adopt the reduced rates of tax as per the Income Tax Act, 1961 from the financial year 2020-21 and accordingly the Holding Company has accounted deferred tax asset based on the reduced applicable tax rates. for domestic entities.

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

(₹ in million)

	March 31, 2020	March 31, 2019
Tax expenses of continuing operations		
(a) Current tax	105.47	72.31
(b) Adjustment of tax relating to earlier period	(1.25)	(4.37)
(c) Deferred tax expense / (credit)	(30.43)	(44.65)
(d) MAT credit entitlement	-	(25.91)
(e) Deferred tax expense / (credit) related to items recognized in OCI during the year	0.81	1.69
Tax expenses of discontinued operations		
(a) Current tax	-	71.31
(b) Deferred tax expense / (credit)	-	-
Total taxes	**74.60**	**70.38**

Reconciliation of estimated income tax to income tax expense is as below: **(₹ in million)**

	March 31, 2020	March 31, 2019
Profit/(loss) before tax from continuing and discontinued operations	**234.94**	**336.76**
Income tax expense at applicable tax rates applicable to individual entities	**79.57**	**113.35**
Tax effect on permanent non-deductible expenses	7.60	8.51
Allowances of expenditure in accordance with section 35(2AB) of the Income Tax Act	(15.71)	(10.15)
Utilisation of previously unrecognized tax losses	-	(38.64)
Adjustments in respect of current income tax of previous years	(1.25)	(4.37)
Impact on account of change in future tax rates	8.42	
Others	(4.03)	1.68
Total tax expenses	**74.60**	**70.38**
Income tax reported in the consolidated statement of profit and loss	74.60	70.38
	-	-

Note: Certain entities of the Group have incurred losses during the relevant period, which has resulted in reduction of profit / increase of losses in the consolidated financial statements. However, the tax liability has been discharged by the respective entities on a standalone basis. Further, in view of absence of reasonable certainty, the Group has not recognised deferred tax asset in such companies.

40. Earnings per share ('EPS')

Basic EPS amounts are calculated by dividing the profit/ loss for the year attributable to equity shareholders of the parent by the weighted average number of equity shares outstanding during the year. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period.

Diluted EPS amounts are calculated by dividing the profit attributable to equity shareholders by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations: **(₹ in million)**

	March 31, 2020	March 31, 2019
Profit attributable to equity holders of the parent:		
Continuing operations (₹ in million)	203.00	396.61
Discontinued operations (₹ in million)	(3.73)	(114.39)
Profit attributable to equity holders of the parent for basic / diluted earnings per share (₹ in million)	**199.27**	**282.22**
Weighted average number of equity shares used for computing EPS (basic)	12,884,251	12,878,062
Add: Effect of dilutive issues of stock options	9,961	12,919
Weighted average number of equity shares used for computing EPS (diluted)	12,894,212	12,890,981
Earnings per share for continuing operations - Basic	15.76	30.54
Earnings per share for continuing operations - Diluted	15.74	30.51
Earnings per share for discontinued operations - Basic and Diluted*	(0.29)	(8.63)
Earnings per share for continuing and discontinued operations - Basic	15.47	21.91
Earnings per share for continuing and discontinued operations - Diluted	15.45	21.88

* Considering that the Company has incurred losses from discontinued operations during the year ended March 31, 2020 as well as during the year ended March 31, 2019, the allotment of stock options would decrease the loss per share for the year ended March 31, 2020 and accordingly had not been considered for the purpose of calculation of diluted earnings per share for discontinued operations.

41 Discontinued Operations

a) During the year ended March 31, 2019, the Company had signed Share Purchase Agreement with Rakon Limited for the sale of entire 51% stake held by the Group in Centum Rakon India Private Limited, a joint venture. The Group had divested its entire 51% stake in Centum Rakon India Private Limited and realized a profit of ₹ 58.50 million on such sale of shares, which had been disclosed as an 'exceptional item' from discontinued operations in the consolidated financial statements for the year ended March 31, 2019. Further, the share of income amounting to ₹ 2.90 million for the year ended March 31, 2019 had been disclosed under discontinued operations in the consolidated financial statements.

b) During the year ended March 31, 2019, the management of the Group had decided to sell its investments in Centum Adetel Transportation SAS ("CAT"), step down subsidiary of the Company and accordingly the results of the operation of this entity has been disclosed under discontinued operations. During the year ended March 31, 2020, the Group entered into a share purchase agreement with strategic investor for sale of 65% stake in CAT for a sale consideration of ₹ 527.54 million (EUR 6.37 million). However the sale consideration is substantially pending receipt and management of the Group is confident of the recoverabilty of the same. The management of the Group has a put option to sale its remaining 35% stake at a fixed price as per the share purchase agreement. Further the management has assessed that they exercise significant influence / control over CAT and has accordingly treated the same as investment in associates in the consolidated financial statements for the year ended March 31, 2020.

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

c) During the year ended March 31, 2019, the step down subsidiaries of the Group, Adetel Maroc SA and Adetel Equipment Maroc SA, have initiated liquidation proceedings and accordingly the results of the operation of these entities has been disclosed under discontinued operations.

d) During the year ended March 31, 2019, the Group has divested its entire stake in Sandhi SAS, a joint venture entity and realized a profit of ₹ 7.23 million on such sale of shares, which has been disclosed as an 'exceptional item' from discontinued operations in the consolidated financial statements of the Group for the year ended March 31, 2019.

Notes to the Consolidated Ind AS Financial Statements

for the year ended March 31, 2020

e) (Loss)/Profit from discontinued operations **(₹ in million)**

Particulars	March 31, 2020	March 31, 2019
Income		
(a) Revenue from operations	441.55	1,804.30
(b) Other income	25.34	38.77
Total Income (i)	**466.89**	**1,843.07**
Expenses		
(a) Cost of materials consumed	292.94	1,597.61
(b) (Increase)/ decrease in inventories of work-in-progress and finished goods	58.32	(11.09)
(c) Employee benefit expenses	179.03	191.69
(d) Finance costs	5.04	16.81
(e) Depreciation and amortisation expenses	56.44	66.91
(f) Other expenses	168.82	181.32
Total expenses (ii)	**760.59**	**2,043.25**
(Loss) / profit before exceptional items, share of (loss) / profit of associates and joint ventures and tax expense from discontinued operations (i-ii)	(293.70)	(200.18)
Exceptional items	286.82	65.73
(Loss)/profit before share of (loss) / profit of associates and joint ventures and tax expense from discontinued operations	(6.88)	(134.45)
Share of profit / (loss) of associates and joint ventures from discontinued operations	-	2.90
(Loss)/profit before tax expense from discontinued operations	**(6.88)**	**(131.55)**
Tax expenses		
(a) Current tax	-	71.31
(b) Deferred tax	-	-
(Loss) / profit after tax expense from discontinued operations	**(6.88)**	**(202.86)**
(Loss) / profit after tax expense from discontinued operations		
Attributable to		
a) Equity holders of the parent	(3.73)	(114.39)
b) Non-controlling interests	(3.15)	(88.47)

c) The details of assets/disposal group classified as held for disposal and liabilties associated thereto are as under:

Group of asset classified as held for disposal **(₹ in million)**

Particulars	March 31, 2020	March 31, 2019
Property, plant and equipment	-	56.45
Capital work-in-progress	-	24.14
Other intangible assets	-	252.77
Intangible assets under development	-	120.20
Inventories	-	200.21
Trade receivables	-	347.87
Cash and cash equivalents	-	0.24
Other current financial assets	-	170.29
Other current assets	-	89.63
Total	**-**	**1,261.80**

Liabilities associated with group of assets classified as held for disposal (₹ in million)

Particulars	March 31, 2020	March 31, 2019
Long term provisions	-	4.25
Borrowings	-	302.93
Trade payables	-	203.09
Other current financial liabilities	-	7.25
Other current liabilities	-	124.94
Short term provisions	-	16.01
Total	**-**	**658.47**

42 Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

Significant judgements and estimates relating to the carrying values of assets and liabilities include determining control over entities, impairment of investments in joint ventures and associates, impairment of goodwill, fair value measurement of financial assets / liabilities, treatment of certain investments as joint ventures / associates, provision for employee benefits and other provisions, recoverability of deferred tax assets, commitments, contingencies, provision for inventory obsolesce and efforts estimation for revenue recognition.

(i) Judgements:

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

(a) Determination of control and accounting thereof:

As detailed in the accounting policy, consolidation principles under Ind AS necessitates assessment of control of the subsidiaries independent of the majority shareholding. Consolidation principles under Ind AS are different from the previous GAAP, especially with respect to assessment of control of the subsidiaries. Based on the assessment made, the management of the Group believes that it has control over Centum Adetel Group S.A and its underlying subsidiaries. Further, the management of the Group assessed that it exercises significant influence over Centum Adetel Transportation and Ausar Energy SAS, based on their assessment of the share purchase agreement.

(b) Discontinued operations:

During the year ended March 31, 2019, the Board of Directors of Centum Adetel Group S.A decided to discontinue Centum Adetel Transportation SAS, a wholly owned subsidiary of Centum Adetel Group S.A. The operations of Centum Adetel Transportation SAS ("CAT"), were classified as an asset held for disposal. During the year ended March 31, 2020, the Group entered into a share purchase agreement with strategic investor for sale of 65% stake in CAT. However the sale consideration is substantially pending receipt and management of the Group is confident of the recoverabilty of the same. The Board of the Holding Company is of the view that the derecognition criteria of assets held for sale is satisfied, as at March 31, 2020 for the following reasons:

(i) CAT is available for immediate sale and can be sold in its current condition

(ii) The shareholders approved the binding share purchase agreement dated January 6, 2020.

(iii) The conditions precedent to complete the sale were completed by March 31, 2020.

(iv) The closing meeting minutes evidencing the actions required were signed on April 22, 2020.

(v) The Company expects the remaining procedural formalities for the sale to be completed in near future.

Notes to the Consolidated Ind AS Financial Statements

for the year ended March 31, 2020

(ii) Estimates and assumptions:

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of investments and goodwill

Determining whether investments and goodwill are impaired requires an estimation of the value in use of the respective asset or the relevant cash generating units. The value in use calculation is based on DCF model. The cash flows projections are based on estimates and assumptions which are considered as reasonable by the management and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate (i.e. 7.66% p.a) used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group (refer note 4a, 4b and 5).

Taxes

Deferred tax assets are recognised for MAT credit entitlement and unused tax losses to the extent that it is probable that taxable profit will be available against which the same can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Refer note 8 and 39 for further disclosures. Centum Adetel Group S.A has carried forward of tax losses. These losses relate to subsidiaries that have a history of losses and may not be used to offset taxable income elsewhere in the Group. The subsidiaries neither have any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow ('DCF') model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer note 50(a) for further disclosures.

Contingencies

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Group, including legal and contractual claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events.

Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in

these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds.

The mortality rate is based on publicly available mortality tables for India. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

Further details about gratuity obligations are given in note 44.

Provision for inventory obsolesence

Inventory obsolescence provision are determined using policies framed by the Company and in accordance with the methodologies that the Company deems appropriate to the business. There is a significant level of judgment involved in assessing whether provision for obsolesence for slow moving, excess or obsolete inventory items should be recognized considering orders in hand, expected orders, alternative usage, etc.

Revenue recognition

The group uses the percentage-of-completion method in accounting for its fixed-price contract. Use of the percentage-of-completion method requires the Group to estimate the efforts expended to date as a proportion of the total efforts to be expended. Efforts expended have been used to measure progress towards completion as there is a direct relationship between input and productivity.

Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

Leases - Determining the lease term of contracts with renewal and termination options – Group as lessee and estimating the incremental borrowing rate

The Group determines the lease term as the non-cancellable term of the lease.

The Group has lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Intangible assets under development

The Group capitalises intangible asset under development for a project in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future

Notes to the Consolidated Ind AS Financial Statements

for the year ended March 31, 2020

cash generation of the project, discount rates to be applied and the expected period of benefits. As at March 31, 2020, the carrying amount of intangible assets under development is ₹ 100.64 million (March 31, 2019: ₹ 57.23 million)

43. Related parties

a) Names of related parties and description of relationship

Description of relationship	Name of related parties
Parties where control exists	Mr. Apparao V Mallavarapu (directly and indirectly exercises over 50% voting power in the Company)
Subsidiary Companies	Centum Electronics UK Limited
	Centum Adetel Group SA
	Centum Adeneo SAS
	Centum Adeneo CRD SAS
	Centum Adetel Synergies SARL
	Centum Adetel Solution
	Centum Adetel Equipment
	Centum Adetel Transportation System SAS
	Centum Adetel Transportation SAS*
	Adetel Maroc SA**
	Adetel Equipment Maroc SA**
	Centum Adeneo Belgium***
	Centum Adeneo India Private Limited
Associates/ Joint Venture Companies	Centum Rakon India Private Limited#
	Sandhi SAS#
	Centum Adetel Transportation SAS*
	Ausar Energy SAS
Enterprises where key managerial personnel or their relatives exercise significant influence (where transactions have taken place)	Centum Industries Private Limited
Key managerial personnel and their relatives	Mr. Apparao V Mallavarapu - Chairman and Managing Director
	Mrs. Swarnalatha Mallavarapu - Director
	Mr. Nikhil Mallavarapu - Director (w.e.f February 13, 2020)
	Mr. S Krishnan - Independent Director
	Mr. Pranav Kumar Patel - Independent Director
	Mr. Rajiv C Mody - Independent Director
	Mr. Manoj Nagrath - Independent Director
	Mr. Thiruvengadam P - Independent Director
	Mrs. Kavitha Dutt Chitturi - Independent Women Director (appointed w.e.f March 25, 2020)
	Mr. K S Desikan - Chief Financial Officer
	Mr. Nagaraj K.V- Company Secretary (appointed w.e.f January 21, 2019)
	Mr. Ramu Akkili- Company Secretary (resigned w.e.f November 30, 2018)

* The Group has divested its stake during the year ended March 31, 2020 and accordingly it has ceased to be a subsidiary and has become an associate w.e.f March 31, 2020.

** Refer note 41(c).

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

Ceased to be a joint venture during the year ended March 31, 2019 (also refer note 5(a), 41(a) & 41(d)).

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

(₹ in million)

Particulars	March 31, 2020	March 31, 2019
i) Sale of products		
Associates/ Joint Venture Companies		
- Centum Rakon India Private Limited	-	0.86
- Ausar Energy SAS	25.57	0.45
ii) Sale of services		
Associates/ Joint Venture Company		
- Centum Rakon India Private Limited	-	1.54
iii) Other operating income		
Associates/ Joint Venture Companies		
- Centum Rakon India Private Limited	-	3.85
- Ausar Energy SAS	0.40	0.41
iv) Other income / Finance income		
Associates/ Joint Venture Companies		
- Centum Rakon India Private Limited	-	0.25
- Ausar Energy SAS	1.07	1.44
v) Other expenses - Rent		
Enterprises where key managerial personnel or their relatives exercise significant influence		
- Centum Industries Private Limited	3.70	9.28
vi) Expense incurred by the Company on behalf of:		
Associates/ Joint Venture Company		
- Centum Rakon India Private Limited	-	0.45
vii) Remuneration to key managerial personnel and their relatives		
Employee benefit expenses (including employee share based payments)		
- Mr. Apparao V Mallavarapu	17.69	16.65
- Mr. Nikhil Mallavarapu	12.29	11.20
- Mr. K S Desikan	7.86	6.90
- Mr. Nagaraj K V	1.61	0.30
- Mr. Ramu Akkili	-	1.46
viii) Directors' sitting fees (including commission paid to non-executive directors)		
- Mr. S Krishnan	0.36	0.38
- Mr. Rajiv C Mody	0.26	0.26
- Mr. Pranav Kumar Patel	0.36	0.38
- Mr. Manoj Nagrath	0.36	0.38
- Mr. Thiruvengadam P	0.36	0.34
ix) Outstanding balances as at the year ended:		
a) Trade and other receivables - Current		
Associates/ Joint Venture Companies		
- Centum Adetel Transportation SAS	26.72	-
- Ausar Energy SAS	54.61	28.29
Enterprises where key managerial personnel or their relatives exercise significant influence		
- Centum Industries Private Limited	-	0.53
b) Trade payables - Current		

Notes to the Consolidated Ind AS Financial Statements

for the year ended March 31, 2020

(₹ in million)

Particulars	March 31, 2020	March 31, 2019
Associates/ Joint Venture Companies		
- Centum Adetel Transportation SAS	16.15	-
Enterprises where key managerial personnel or their relatives exercise significant influence		
- Centum Industries Private Limited	0.22	0.68
Payable to key managerial personnel		
- Mr. S Krishnan	0.20	0.22
- Mr. Rajiv C Mody	0.20	0.20
- Mr. Pranav Kumar Patel	0.20	0.22
- Mr. Manoj Nagrath	0.20	0.22
- Mr. Thiruvengadam P	0.20	0.22
d) Loans (non-current) - Security deposits		
Enterprises where key managerial personnel or their relatives exercise significant influence		
- Centum Industries Private Limited	0.45	0.45
e) Other current financial asset		
Associates/ Joint Venture Companies		
- Ausar Energy SAS	7.19	5.39
f) Other current financial liabilities - Accrued salaries and benefits-payable/(recoverable)		
- Mr. Apparao V Mallavarapu	8.80	8.02
- Mr. Nikhil Mallavarapu	1.75	1.07
- Mr. K S Desikan	0.50	0.68
- Mr. Nagaraj K.V	0.16	0.12
g) Deferred Revenue		
Associates/ Joint Venture Companies		
- Ausar Energy SAS	16.65	-
h) Personal Guarantee and security issued by directors jointly towards the loan availed by the company (refer note 19)		
- Mr Apparao Mallavarappu and Dr. Swarnalatha Mallavarappu	-	200.00
- Dr. Swarnalatha Mallavarapu	250.00	-

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

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

Share based payments plan	Exercise price	March 31, 2020	March 31, 2019
		Number outstanding	Number outstanding
Centum ESOP - 2013	₹ 71.25	3,653	3,653

No share options have been granted to the non-executive members of the Board of Directors under the share based payments plans of the Group. Refer to note 48 for further details on the scheme.

Notes:

(i) As the liability for gratuity and leave encashment is provided on actuarial basis for the Group as a whole, the amount pertaining to the key managerial personnel's are not included.

(ii) Refer note 5 as regards investments in joint venture / associates.

(iii) Refer note 19 and 23 for long term borrowings and short term borrowings respectively with regard to security given by related parties for loans availed by the Group.

44. Gratuity and other post-employment benefits plans

a) Defined contribution plan

The Group contribution to provident fund, employees' state insurance, pension and other funds are considered as defined contribution plans. The contributions are charged to the consolidated statement of profit and loss as they accrue. Contributions to provident and other funds included in employee benefits expenses (note 34 and note 41) are as under:

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Contribution to provident fund	30.29	27.58
Contribution to employees' state insurance	6.60	8.62
Contribution to pension fund	743.52	742.20
	780.41	**778.40**

b) Defined benefit plans

The domestic entities in the Group has a defined benefit gratuity plan. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (based on last drawn basic salary) for each completed year of service. The level of benefits provided depends on the member's length of service and salary at retirement age. The Gratuity plan is unfunded.

The following tables summarise the components of net benefit expense recognised in the consolidated statement of profit or loss and amounts recognised in the consolidated balance sheet for gratuity benefit:

i. Net benefit expenses (recognized in the consolidated statement of profit and loss) (₹ in million)

Particulars	March 31, 2020	March 31, 2019
Current service cost	11.77	11.50
Interest cost on defined benefit obligation	3.41	3.13
Past service cost - Plan amendement	-	-
Net benefit expenses	**15.18**	**14.63**

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

Particulars	March 31, 2020	March 31, 2019
Actuarial (gain)/ loss on obligations arising from changes in experience adjustments	(6.77)	(5.81)
Actuarial (gain)/ loss on obligations arising from changes in financial assumptions	3.97	0.99
Actuarial (gain)/ loss recognised in OCI	**(2.80)**	**(4.82)**

iii. Net defined benefit asset/ (liability) - Consolidated Balance Sheet (₹ in million)

Particulars	March 31, 2020	March 31, 2019
Defined benefit obligation	(52.21)	(42.98)
Fair value of plan assets	-	-
Asset / (liability) recognised in the balance sheet	**(52.21)**	**(42.98)**

Notes to the Consolidated Ind AS Financial Statements

for the year ended March 31, 2020

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

Particulars	March 31, 2020	March 31, 2019
Opening defined benefit obligation	42.98	36.88
Current service cost	11.77	11.50
Past service cost	-	-
Benefits paid	(3.15)	(3.89)
Interest cost on the defined benefit obligation	3.41	3.13
Acquisition cost	-	0.18
Actuarial (gain)/ loss on obligations arising from changes in experience adjustments	(6.77)	(5.81)
Actuarial (gain)/ loss on obligations arising from changes in financial assumptions	3.97	0.99
Closing defined benefit obligation	**52.21**	**42.98**

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

Particulars	March 31, 2020
March 31, 2021	6.16
March 31, 2022	2.28
March 31, 2023	3.09
March 31, 2024	3.31
March 31, 2025	4.64
March 31, 2026 to March 31, 2030	21.73

The average duration of the defined benefit plan obligation at the end of the reporting period is 10 years (March 31, 2019: 10 years).

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

Particulars	March 31, 2020	March 31, 2019
Discount rate (in %)	6.55%	7.43%
Salary escalation (in %)	7.00%	7.00%
Employee Turnover	Age 21 - 30 Yrs : 15% Age 30 - 34 Yrs : 10% Age 35 - 44 Yrs : 5% Age 45 - 50 Yrs : 3% Age 51 - 54 Yrs : 2% Age 55 - 57 Yrs : 1%	
Retirement age	58 years	58 years
Mortality Rate	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2012-14) Ultimate

Notes:

i) The estimate of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

ii) Plan Characteristics and Associated Risks:

The Gratuity scheme is a Defined Benefit Plan that provides for a lump sum payment made on exit either by way of retirement, death or disability. The benefits are defined on the basis of final salary and the period of service and paid as lump sum at exit. The Plan design means the risks commonly affecting the liabilities and the financial results are expected to be:

a. Discount rate risk : The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase

b. Salary Inflation risk : Higher than expected increases in salary will increase the defined benefit obligation

c. Demographic risk : This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

vii. A quantitative sensitivity analysis for significant assumption as at March 31, 2020 is as shown below:

(₹ in million)

Particulars	March 31, 2020	March 31, 2019
Discount rate		
Impact on defined benefit obligation due to 1% increase in discount rate	(4.44)	(3.64)
Impact on defined benefit obligation due to 1% decrease in discount rate	4.73	3.88
Salary escalation rate		
Impact on defined benefit obligation due to 1% increase in salary escalation rate	2.76	2.25
Impact on defined benefit obligation due to 1% decrease in salary escalation rate	(2.57)	(2.10)
Attrition rate		
Impact on defined benefit obligation due to 1% increase in attrition rate	0.26	0.21
Impact on defined benefit obligation due to 1% decrease in attrition rate	(0.35)	(0.28)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

45. Leases

I. Company as a lessee

The Group has lease contracts for office facilities and equipment (including vehicles and computer). The lease term for office facilities is generally 3 to 12 years and for equipment is 2 to 6 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets.

Refer to Note 2.3(l) Leases for the accounting policy prior to April 1, 2019.

The Group also has certain leases of computer and computer equipment with low value. The Group applies 'lease of low value assets' recognition exemption for the leases.

Notes to the Consolidated Ind AS Financial Statements

for the year ended March 31, 2020

The lease liabilities as at April 1, 2019 can be reconciled to the operating lease commitments as of March 31, 2019, as follows:

(₹ in million)

Liabilities	
Operating lease commitments as at March 31, 2019	8.48
Weighted average incremental borrowing rate as at April 1, 2019	8%
Discounted operating lease commitments as at April 1, 2019	7.91
Add:	
Commitments relating to short-term leases	-
Commitments relating to leases of low-value assets	-
Commitments relating to leases previously classified as finance lease	8.20
Lease payments relating to renewal periods not included in operating lease commitments as at March 31, 2019	282.21
Lease liabilities as at April 1, 2019	**298.32**

The carrying amounts of right-of-use assets recognised and the movements during the period is as follows **(₹ in million)**

Particulars	**Building**	**Plant and equipment**	**Vehicles**	**Leased computer**	**Total**
Gross block					
As at April 1, 2019	**891.20**	**-**	**45.64**	**32.92**	**969.76**
Additions	334.53	12.72	6.71	3.97	357.93
Translation adjustment	54.97	-	3.14	1.79	59.90
Disposals / cancellations	(358.17)	-	-	-	(358.17)
As at March 31, 2020	**922.53**	**12.72**	**55.49**	**38.68**	**1,029.42**
Accumulated depreciation					
As at April 1, 2019	**651.57**	**-**	**25.86**	**17.99**	**695.42**
Charge for the year	109.62	0.27	10.80	8.35	129.04
Translation adjustment	45.75	-	2.32	1.43	49.50
Disposals / cancellations	(301.24)	-	-	-	(301.24)
As at March 31, 2020	**505.70**	**0.27**	**38.98**	**27.77**	**572.72**
Net Block as on March 31, 2020	**416.83**	**12.45**	**16.51**	**10.91**	**456.70**

The carrying amounts of liabilities recognised and the movements during the period is as follows: **(₹ in million)**

	March 31, 2020
As at April 1, 2019	298.32
Additions to right-of-use asset	357.93
Additions to capital advances	6.97
Accretion of Interest	9.54
Translation adjustment	17.43
Reversal of lease liabilities on early cancellation of lease contracts	(60.69)
Payments	(151.72)
As at March 31, 2020	**477.78**
Current	103.43
Non Current	374.35

The maturity analysis of lease liabilities are disclosed in Note 50.

The effective interest rate for lease liabilities is 1.5% to 12%.

The following are the amounts recognised in profit or loss:	(₹ in millions)
	March 31, 2020
Depreciation expense of right-of-use assets	129.04
Interest expense on lease liabilities	9.54
Profit on early termination of lease contracts	(3.58)
Expense relating to short-term leases and leases of low-value assets (included in other expenses)	58.48
Total amount recognised in profit or loss	**193.48**

The Group had total cash outflows for leases of ₹ 210.02 million in March 31, 2020.

II. Company as a lessor

The Company has entered into cancellable lease agreements for sub-lease of office space. The lease term is for 3 years with a cancellation clause of 3 months.

The following amounts recognised in the consolidated Ind AS statement of profit and loss	(₹ in million)	
	March 31, 2020	March 31, 2019
Rental Income	3.03	3.03
	3.03	**3.03**

46. Commitments and contingencies

(a) Estimated amount of contracts remaining to be executed on capital account and not provided for:

	(₹ in million)	
	March 31, 2020	March 31, 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	76.90	140.89

Also refer 41(b) for details

(b) Contingent liabilities

In the ordinary course of business, the Group faces claims and assertions by various parties. The Group assesses such claims and assertions and monitors the legal environment on an ongoing basis with the assistance of external legal counsel, wherever necessary. The Group records a liability for any claims where a potential loss is probable and capable of being estimated and discloses such matters in its consolidated financial statements, if material. For potential losses that are considered possible, but not probable, the Group provides disclosure in the consolidated financial statements but does not record a liability in its accounts unless the loss becomes probable.

The following is a description of claims and assertions where a potential loss is possible, but not probable. The Group believes that none of the contingencies described below would have a material adverse effect on the Group's financial condition, results of operation or cash flow.

	(₹ in million)	
Particulars of guarantees	As at March 31, 2020	As at March 31, 2019
Corporate guarantees	371.76	382.36
Bank guarantees	**56.92**	**61.34**

The Supreme court of India in the month of February 2019 had passed a judgement relating to definition of wages under the Provident Fund Act, 1952. The Management is of the view that there are interpretative challenges on the application of the judgement retrospectively. Based on the legal advice and in the absence of reliable measurement of the provision for earlier periods, the Group has made a provision for provident fund contribution pursuant to the judgement only from the date of Supreme Court Order. The Group will evaluate its position and update its provision, if required, on receiving further clarity on the subject. The Group does not expect any material impact of the same.

Notes to the Consolidated Ind AS Financial Statements

for the year ended March 31, 2020

The Group is involved in legal proceedings, both as plaintiff and as defendant. The Group believes the following claims to be material.

(₹ in million)

Disputes *	As at March 31, 2020	As at March 31, 2019
Matters relating to direct taxes under dispute:		
- Income tax	48.34	1.89
Matters relating to indirect taxes under dispute:		
- Sales tax	6.49	7.04
- Excise, cenvat credit availment and customs duty	85.77	85.77
Others:		
- Stamp duty levy	16.28	16.28
- Other claims against the Group not acknowledged as debts	64.46	20.00

* The aforementioned amounts under disputes are as per the demands from various authorities for the respective periods and has not been adjusted to include further interest and penalty leviable, if any, at the time of final outcome of the appeals.

The Group is subject to legal proceeding and claims, which have arisen in the ordinary course of business. The Group has reviewed all its pending litigations and proceedings and is not carrying provisions for all the above mentioned amounts in its books of account, as the Group's Management is confident of successfully litigating the matters and these are disclosed as contingent liability, where applicable in its consolidated financial statements. The Group's Management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect on the Group's results of operations or financial condition.

47 Segment information - Disclosure pursuant to Ind AS 108 "Operating Segments"

(a) Information about reportable segments

Basis of identifying operating segments / reportable segments:

(i) Basis of identifying operating segments:

Operating segments are identified as those components of the Group (a) that engage in business activities to earn revenues and incur expenses (including transactions with any of the Group's other components); (b) whose operating results are regularly reviewed by the Group's Chief Operating Decision Maker (CODM) to make decisions about resource allocation and performance assessment and (c) for which discrete financial information is available.The accounting policies consistently used in the preparation of financial statements are also applied to record revenue and expenditure in individual segments. Assets, liabilities, revenues and direct expenses in relation to segments are categorised based on items that are individually identifiable to that segment, while other items, wherever allocable, are apportioned to the segment on an appropriate basis. Certain items are not specifically allocable to individual segments as the underlying services are used interchangeably. The Company therefore believes that it is not practical to provide segment disclosures relating to such items and accordingly such items are separately disclosed as 'unallocated'.

(ii) Reportable segments:

An operating segment is classified as reportable segment if reported revenue (including inter-segment revenue) or absolute amount of result or assets exceed 10% or more of the combined total of all the operating segments.

The Company along with its subsidiaries, associates and joint ventures are an integrated business unit which addresses the Electronics System Design and Manufacturing ("ESDM") and accordingly there is only one reportable segment called ESDM in accordance with the requirement of Ind AS 108 - "Operating segments".

(b) Geographical information

(₹ in million)

Geography	Segment revenue*		Non-current assets**	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
(i) India	2,388.40	2,213.99	1,310.24	1,199.75
(ii) Europe	5,124.68	5,758.24	1,336.36	881.05
(iii) North America	1,010.51	901.37	59.44	165.95
(iv) Rest of the world	309.04	430.30	-	-
Total	**8,832.64**	**9,303.90**	**2,706.04**	**2,246.75**

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

**Non-current assets exclude financial assets and tax assets.

48a Share-based payments

A Description of the share based payment arrangements

The Company has following share based payment arrangements:

(i) Share option plans (equity settled)

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

(a) The Centum ESOP - 2007 plan was approved by the directors of the Company in October 2007 and by the shareholders in December 2007. Centum ESOP - 2007 plan provides for the issue of 416,666 shares to the employees of the Company and its subsidiaries / joint venture (whether in India or outside India), who are in whole time employment with the Company and/or it's subsidiaries / joint venture.

(b) The Centum ESOP - 2013 plan was approved by the directors of the Company in May 2013 and by the shareholders in August 2013. Centum ESOP - 2013 plan provides for the issue of 250,000 shares to the employees of the Company and its subsidiaries / joint venture (whether in India or outside India), who are in whole time employment with the Company and/or it's subsidiaries / joint venture.

The plan is administered by a Compensation committee. Options will be issued to employees of the Company and/or it's subsidiaries / joint venture at an exercise price, which shall not be less than the market price immediately preceding the date of grant. The equity shares covered under these options vest over a period ranging from twelve to forty eight months from the date of grant. The exercise period is ten years from the date of vesting.

B Measurement of fair values

The fair value of employee share options has been measured using Black Scholes model. The fair value of the options and the input used in the measurement of the grant- date fair values of both the plans are as follows:

	Year ended March 31, 2020	Year ended March 31, 2019	
	Centum ESOP - 2013	Centum ESOP - 2007	Centum ESOP - 2013
Fair value at grant date	₹ 11.65 - ₹ 277.30	₹ 6.54 - ₹ 47.20	₹ 11.65 - ₹ 277.30
Share price at grant date	₹ 71.25 & ₹ 637.05	₹ 31.60 - ₹ 118.50	₹ 71.25 & ₹ 637.05
Weighted average exercise price on options outstanding	₹ 279.42	Nil	₹ 245.35
Dividend yield (%)	10%	10%	10%
Expected life of share options (years)	1- 4 years	1- 4 years	1- 4 years
Risk free interest rate (%)	5.70 - 8.60%	5.70 - 8.60%	5.70 - 8.60%
Expected volatility (%)	48.31%	48.31%	48.31%

Notes to the Consolidated Ind AS Financial Statements

for the year ended March 31, 2020

C Movements during the year

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

Particulars	For the year ended March 31, 2020		For the year ended March 31, 2019	
	Number of options	WAEP	Number of options	WAEP
Options outstanding at April 1,		-	2,981	53.45
Granted during the period		-	-	-
Forfeited / lapsed during the period		-	-	-
Exercised during the period		-	2,981	53.45
Expired during the period		-	-	-
Options outstanding at March 31,		**-**	**-**	**53.45**
Exercisable at March 31,		-	-	53.45

There are no options outstanding as at March 31, 2020 and March 31, 2019.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, Centum ESOP - 2013 plan during the year:

Particulars	March 31, 2020		March 31, 2019	
	Number of options	WAEP	Number of options	WAEP
Options outstanding at April 1,	22,749	245.35	48,090	283.03
Granted during the period	-	-	-	-
Forfeited / lapsed during the period		-	16,888	-
Exercised during the period	3,723	71.25	8,453	71.25
Expired during the period	-	-	-	-
Options outstanding at March 31,	**19,026**	**279.42**	**22,749**	**245.35**
Exercisable at March 31,	15,526	198.80	17,499	127.83

The options outstanding as at March 31, 2020 had an exercise price of ₹ 279.42 (March 31, 2019: ₹ 245.35) and the weighted average remaining contractual life of 8.21 years (March 31, 2019: 9.07 years).

D Expense recognised in the consolidated statement of profit and loss

The expense recognised for employee services received during the year is shown in the following table:

(₹ in million)

	March 31, 2020	March 31, 2019
Expense arising from equity settled share based payment transaction (refer note 34)	0.49	0.80

E Stock options granted to other employees of the Group

The Company had granted stock options to employees of CRIPL, a joint venture of the group, under ESOP plans as detailed in note 48a(A) above. The Company had an obligation to settle the transaction with the aforementioned entity's employees by providing it's own equity shares. Therefore, in accordance with Ind AS 102, the Company had measured its obligation in accordance with the requirements applicable to equity settled share-based payment transaction.

48b Share-based payments in a subsidiary of the Company

The Group along with its subsidiary has agreed that the Management Shareholders of Centum Adetel Group S.A. shall be issued 58,425 additional free shares in the Centum Adetel Group S.A. The issuance of these shares is contingent on the achievement

of certain revenue and EBIT targets by the Centum Adetel Group S.A. on a consolidated basis, which have been detailed in the Sharesholders Agreement dated July 5, 2016.

The fair value of the aforementioned share options has been measured using Binomial Lattice model by an independent external valuer. The fair value of the options and the input used in the measurement of the fair values by independent external valuer are as follows:

	Revenue target	EBIT target
Issue date of the share options	July 1, 2016	July 1, 2016
Maturity date of the share options	December 31, 2019	December 31, 2019
Fair value of shares of the subsidiary at grant date	Euro 16.14	Euro 16.14
Volatility (%)	5.80%	17.30%
Risk free rate (%)	0.49%	0.49%
Maximum number of shares	58,425	58,425
Binomial Tree Metrics - Up move probability (%)	50.80%	49.20%
Binomial Tree Metrics - Down move probability (%)	49.20%	50.80%

Movements during the year

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
	Number of options	
Options outstanding at April 1,	58,425	58,425
Granted during the period	-	-
Exercised during the period	-	-
Cancelled/lapsed during the period	58,425	-
Expired during the period	-	-
Options outstanding at March 31,	**-**	**58,425**
Exercisable at March 31,	-	-

The option outstanding as at March 31, 2019, had a weighted average exercise price of ₹ Nil and the weighted average remaining contractual life of 0.75 years. The exercise of options was contingent on the achievement of certain revenue and EBIT targets which had been detailed in the Shareholders Agreement dated July 5, 2016. During the year ended March 31, 2020, all the options granted have lapsed as result of non-achievement of revenue and EBIT targets.

Expense recognised in the consolidated statement of profit and loss

The expense recognised for the aforementioned share options is shown in the following table: **(₹ in million)**

	March 31, 2020	March 31, 2019
Expense arising from equity settled share based payment transaction (refer note 34)	23.09	21.09

49. Capital Management

The Group's capital management is intended to create value for the shareholders by facilitating the meeting of long term and short term goals of the Group.

The Group determines the amount of capital required on the basis of annual business plan coupled with long term and short term strategic investment and expansion plans. The funding needs are met through equity, cash generated from operations and long term and short term bank borrowings.

For the purpose of the Group's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity shareholders of the Group.

Notes to the Consolidated Ind AS Financial Statements

for the year ended March 31, 2020

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is total debt divided by total capital plus total debt. The Group's policy is to keep the gearing ratio at an optimum level to ensure that the debt related covenants are complied with.

(₹ in million)

Particulars	March 31, 2020	March 31, 2019
Borrowings (refer note 19, 23 and 25)	3,246.20	3,565.34
Less: Cash and cash equivalents (refer note 13)	136.02	173.02
Total debts (A)	**3,110.18**	**3,392.32**
Capital components		
Equity share capital (refer note 16)	128.85	128.81
Other equity (refer note 17)	1,922.54	2,061.42
Total Capital (B)	2,051.39	2,190.23
Capital and borrowings (C = (A+B))	**5,161.57**	**5,582.55**
Gearing ratio (D=(A/C))	**60%**	**61%**

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings.

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2020 and year ended March 31, 2019.

50. Disclosures on Financial instruments

This section gives an overview of the significance of financial instruments for the Group and provides additional information on balance sheet items that contain financial instruments.

The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2.3(b) and 2.3(o), to the financial statements

(a) Financial assets and liabilities

The following tables presents the carrying value and fair value of each category of financial assets and liabilities as at March 31, 2020 and March 31, 2019 (excluding those pertaining to discontinued operations, refer note 41)

As at March 31, 2020 (₹ in million)

Particulars	Fair value through statement of profit or loss	Derivative instruments not in hedging relationship	Amortised cost	Total fair value	Total carrying value
Financial assets					
(i) Investments (other than investments in associates and joint ventures)	14.27	-	-	14.27	14.27
(ii) Trade receivables	-	-	2,489.09	2,489.09	2,489.09
(iii) Cash and cash equivalents	-	-	136.02	136.02	136.02
(iv) Bank balances other than cash and cash equivalents	-	-	356.44	356.44	356.44
(v) Other financial assets	-	-	1,937.84	1,937.84	1,937.84

(₹ in million)

Particulars	Fair value through statement of profit or loss	Derivative instruments not in hedging relationship	Amortised cost	Total fair value	Total carrying value
Total	**14.27**	**-**	**4,919.39**	**4,933.66**	**4,933.66**
Financial liabilities					
(i) Borrowings	-	-	3,246.20	3,246.20	3,246.20
(ii) Lease Liabilites	-	-	477.78	477.78	477.78
(iii) Trade payables	-	-	1,783.36	1,783.36	1,783.36
(iv) Derivative instrument - Interest rate swap	-	2.00	-	2.00	2.00
(v) Put option liability	-	543.00	-	543.00	543.00
(vi) Other financial liabilities	-	-	598.22	598.22	598.22
Total	**-**	**545.00**	**6,105.56**	**6,650.56**	**6,650.56**

As at March 31, 2019

(₹ in million)

Particulars	Fair value through statement of profit or loss	Derivative instruments not in hedging relationship	Amortised cost	Total fair value	Total carrying value
Financial assets					
(i) Investments (other than investments in associates and joint ventures)	20.55	-	-	20.55	20.55
(ii) Trade receivables	-	-	2,742.84	2,742.84	2,742.84
(iii) Cash and cash equivalents	-	-	173.02	173.02	173.02
(iv) Bank balances other than cash and cash equivalents	-	-	379.73	379.73	379.73
(v) Other financial assets	-	-	1,246.91	1,246.91	1,246.91
Total	**20.55**	**-**	**4,542.50**	**4,563.05**	**4,563.05**
Financial liabilities					
(i) Borrowings	-	-	3,565.34	3,565.34	3,565.34
(ii) Trade payables	-	-	1,446.54	1,446.54	1,446.54
(iii) Derivative instrument - Interest rate swap	-	0.16	-	0.16	0.16
(iv) Put option liability	-	271.97	-	271.97	271.97
(v) Other financial liabilities	-	-	462.39	462.39	462.39
Total	**-**	**272.13**	**5,474.27**	**5,746.40**	**5,746.40**

(b) Fair value hierarchy

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

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

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

Notes to the Consolidated Ind AS Financial Statements

for the year ended March 31, 2020

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

(₹ in million)

Particulars	Fair value measurements at reporting date using			
	Total	Level 1	Level 2	Level 3
March 31, 2020				
Financial assets				
Investments (other than investments in associates and joint ventures)	14.27	-	-	14.27
Financial liabilities				
Derivative instrument - Interest rate swap	2.00	-	2.00	-
Put option liability	543.00	-	543.00	-
March 31, 2019				
Financial assets				
Investments (other than investments in associates and joint ventures)	20.55	-	-	20.55
Financial liabilities				
Derivative instrument - Interest rate swap	0.16	-	0.16	-
Put option liability	271.97	-	271.97	-

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

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

(iii) Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of the amounts that the Group could have realised or paid in sale transactions as of respective dates. As such, fair value of financial instruments subsequent to the reporting dates may be different from the amounts reported at each reporting date.

(iv) There have been no transfers between Level 1, Level 2 and Level 3 for the years ended March 31, 2020 and March 31, 2019.

(c) Financial risk management objectives and policies

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, lease liabilities, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets including trade receivables, other financial assets and cash and bank balances are dervied from its operations.

In the course of its business, the Group is exposed primarily to fluctuations in foreign currency exchange rates, interest rates, equity prices, liquidity and credit risk, which may adversely impact the fair value of its financial instruments. The Group has a risk management policy which not only covers the foreign exchange risks but also other risks associated with the financial assets and liabilities such as interest rate risks and credit risks. The risk management policy is approved by the Board of Directors. The risk management framework aims to:

(i) create a stable business planning environment by reducing the impact of currency and interest rate fluctuations on the Group's business plan.

(ii) achieve greater predictability to earnings by determining the financial value of the expected earnings in advance.

Market risk

Market risk is the risk of any loss in future earnings, in realisable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates, equity price fluctuations, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

(a) Market risk- Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

(₹ in million)

Particulars	Increase / decrease in basis points	Effect on profit before tax
March 31, 2020		
	+50	(7.93)
	-50	7.93
March 31, 2019		
	+50	(9.61)
	-50	9.61

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

(b) Market risk- Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates.

Foreign currency exposure

The following table demonstrate the unhedged exposure in USD / EURO exchange rate as at March 31, 2020 and March 31, 2019. The Group's exposure to foreign currency changes for all other currencies are not material.

(Amount in million)

Particulars	Currency	March 31, 2020	March 31, 2019
Trade payables and borrowings (including short term borrowing and long term borrowing)	USD	(26.76)	(25.23)
Trade receivables and cash and cash equivalents	USD	14.57	15.14
Deferred sale consideration	USD	-	1.32
Other current financial assets	USD	-	0.18
Net assets / (liabilities) in USD in million		(12.19)	(8.59)
Net assets / (liabilities) in ₹ in million		(918.27)	(602.01)

(Amount in million)

Notes to the Consolidated Ind AS Financial Statements

for the year ended March 31, 2020

Particulars	Currency	March 31, 2020	March 31, 2019
Trade payables and borrowings (including short term borrowing and long term borrowing)	EUR	(1.54)	(2.21)
Trade receivables and cash and cash equivalents	EUR	0.12	0.10
Net assets / (liabilities) in EUR in million		(1.42)	(2.11)
Net assets / (liabilities) in ₹ in million		(117.02)	(163.21)

Foreign currency sensitivity

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

(₹ in million)

Particulars	Change in currency	Effect on profit or loss	
		Strengthening	Weakening
March 31, 2020			
USD	5%	(45.91)	45.91
EURO	5%	(5.85)	5.85
March 31, 2019			
USD	5%	(30.10)	30.10
EURO	5%	(8.16)	8.16

The sensitivity analysis has been based on the composition of the financial assets and liabilities at March 31, 2020 and March 31, 2019 of entities within the Group having exposure other than their functional currency. The period end balances are not necessarily representative of the average debt outstanding during the period.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Financial instruments that are subject to credit risk and concentration thereof principally consist of trade receivables, investments, cash and cash equivalents and derivatives.

The carrying value of financial assets represents the maximum credit risk. The maximum exposure to credit risk was ₹ 4,933.66 million and ₹ 4,563.05 million as at March 31, 2020 and March 31, 2019, respectively, being the total carrying value of trade receivables, balances with bank, bank deposits, investments (other than investments in associates and joint ventures) and other financial assets (excluding assets held for disposal).

Customer credit risk is managed by each entity / business unit based on the Group's established policy, procedures and control relating to customer credit risk management. An impairment analysis is performed at each reporting date on an individual basis for major customers. The Group does not hold collateral as security.

With respect to Trade receivables, the Group has constituted the terms to review the receivables on periodic basis and to take necessary mitigations, wherever required. The Group creates allowance for all unsecured receivables based on lifetime expected credit loss based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix.

Credit risk from balances with bank and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Group have made certain strategic investments which have been approved by the Board of Directors.

Liquidity risk

Liquidity risk refers to the risk that the Group cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Group has obtained fund and non-fund based working capital limits from various banks. The Group invests its surplus funds in bank fixed deposit, which carry no or low market risk.

The Group monitors its risk of a shortage of funds on a regular basis. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, etc. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be medium.

The following table shows a maturity analysis of the anticipated cash flows excluding interest obligations for the Group's financial liabilities on an undiscounted basis, which therefore differ from both carrying value and fair value. Floating rate interest is estimated using the prevailing interest rate at the end of the reporting period.

(₹ in million)

Particulars	0-1 years	1 to 5 years	> 5 years	Total
March 31, 2020				
Borrowings	2,550.91	696.46	-	3,247.37
Lease liabilities	103.43	235.30	170.78	509.50
Trade payables	1,783.36	-	-	1,783.36
Other financial liabilities	1,141.22	2.00	-	1,143.22
	5,578.92	**933.76**	**170.78**	**6,683.45**
March 31, 2019				
Borrowings	2,704.85	861.96	-	3,566.81
Trade payables	1,446.54	-	-	1,446.54
Other financial liabilities	734.36	0.16	-	734.52
	4,885.75	**862.12**	**-**	**5,747.87**

51 Disclosure under Ind AS 115

a) Timing of rendering of services

March 31, 2020 **(₹ in million)**

Particulars	Performance obligation satisfied at point in time	Performance obligation satisfied over time*	Total
Sale of products	5,451.24	-	5,451.24
Sale of services	-	2,722.68	2,722.68
Management fees	-	119.16	119.16
Sale of scrips	117.90	-	117.90
Sales commission	21.19	-	21.19
Income from government grants	-	400.47	400.47
Total	**5,590.33**	**3,242.31**	**8,832.64**

March 31, 2019 **(₹ in million)**

Particulars	Performance obligation satisfied at point in time	Performance obligation satisfied over time*	Total
Sale of products	5,349.71	-	5,349.71
Sale of services	-	3,270.70	3,270.70
Management fees	-	171.19	171.19
Sale of scrips	28.53	-	28.53
Sales commission	18.57	-	18.57
Income from government grants	-	465.20	465.20
Total	**5,396.81**	**3,907.09**	**9,303.90**

* The Group recognises revenue from these sources over time, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group.

Notes to the Consolidated Ind AS Financial Statements

for the year ended March 31, 2020

b) Contract Balances **(₹ in million)**

Particulars	March 31, 2020	March 31, 2019
Receivables		
- Current (Gross)	2,609.44	2,837.55
- Impairment allowance (Allowance for bad and doubtful debts)	(120.35)	(94.71)
Contract assets:*		
Unbilled revenue		
- Current	888.68	693.09
Contract Liabilities*		
Deferred / unearned revenue		
- Current	237.91	179.66
Advance received from customers		
- Current	663.72	943.04

*A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are transferred to receivables when the rights become unconditional and contract liabilities are recognized as and when the performance obligation is satisfied.

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

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

Particulars	March 31, 2020	March 31, 2019
Arising out of contract liabilities as at the beginning of the year	758.30	394.10

d) Revenue recognised during the year from the performance obligation satisfied upto previous year (arising out of contract modifications) amounts to ₹ Nil

52 Interests in material partly-owned subsidiaries

Financial information of subsidiaries that have material non-controlling interests is provided below:

1 Details of material partly-owned subsidiaries **(₹ in million)**

Particulars	Country of incorporation and operation	March 31, 2020	March 31, 2019
Centum Adetel Group SA	France	54.15%	54.15%

2 Accumulated balances of material non-controlling interest: **(₹ in million)**

Particulars	March 31, 2020	March 31, 2019
Centum Adetel Group SA*	187.93	198.43

* Before consolidation adjustments

3 (Loss) / profit allocated to material non-controlling interest: **(₹ in million)**

Particulars	March 31, 2020	March 31, 2019
Centum Adetel Group SA*	(13.59)	5.98

* Before consolidation adjustments

4 Summarised financial position

The summarised financial position of the subsidiary is provided below. This information is based on amounts before inter-company eliminations and consolidation adjustments. **(₹ in million)**

Particulars	March 31, 2020	March 31, 2019
Non-current assets		
Property, plant and equipment	125.04	155.30
Other intangible assets	121.57	158.57
Intangible assets under development	100.64	27.70
Right-to-use assets	405.84	-
Financial assets	432.81	149.90
Total	**1,185.90**	**491.47**
Current assets		
Inventories	147.31	117.79
Financial assets	3,051.15	2,750.19
Other current assets	187.91	202.72
Assets classified as held for disposal	-	1,350.91
Total	**3,386.37**	**4,421.61**
Non-current liabilities		
Financial liabilities	824.62	624.32
Provisions	74.58	103.81
Total	**899.20**	**728.13**
Current liabilities		
Financial liabilities	2,002.70	1,395.84
Other current liabilitites	1,260.49	1,309.98
Liabilities directly associated with assets classified as held for disposal	-	1,046.36
Total	**3,263.19**	**3,752.18**
Total equity	**409.88**	**432.77**
Attributable to:		
Equity holders of parent	221.95	234.34
Non-controlling interests	187.93	198.43

Notes to the Consolidated Ind AS Financial Statements

for the year ended March 31, 2020

5 Summarised statement of profit and loss

The summarised financial statement of profit and loss of the subsidiary is provided below. This information is based on amounts before inter-company eliminations and consolidation adjustments. **(₹ in million)**

Particulars		March 31, 2020	March 31, 2019
A. Continuing operations			
I	**Income**		
	Revenue from operations	4,086.77	4,341.81
	Other Income	48.80	18.42
	Finance Income	3.84	14.13
	Total Income	**4,139.41**	**4,374.36**
II	**Expenses**		
	Cost of materials consumed	932.47	749.85
	Decrease / (increase) in inventories of work-in-progress and finished goods	(1.40)	13.55
	Employee benefit expenses	2,352.20	2,588.24
	Finance costs	88.46	81.16
	Depreciation and amortization expenses	207.93	93.95
	Other expenses	473.95	628.16
	Exceptional Items	117.73	(0.82)
	Total Expenses	**4,171.34**	**4,154.09**
III	Share of (loss) / profit of associates and joint ventures (net)	(10.87)	-
	Profit before tax from continuing operations (I-II+III)	**(42.80)**	**220.27**
IV	Tax Expenses from continuing operations	(1.25)	(4.62)
V	**Profit / (Loss) after tax from continuing operations (IV - V)**	**(41.55)**	**224.89**
VI	(Loss) / profit before tax from discontinued operations	(15.32)	(200.18)
VII	**Profit / (Loss) for the year (V+VI)**	**(56.87)**	**24.71**
VIII	**Other comprehensive income / (expense) (net of tax)**		
	(A) Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
	(i) Exchange differences on translation of foreign operations	27.22	(14.41)
IX	**Total comprehensive income for the year (VII + VIII)**	**(29.65)**	**10.30**
	Attributable to non-controlling interest	(13.59)	5.98

6 Summarised cashflow information:

(₹ in million)

Particulars	March 31, 2020	March 31, 2019
Cash flow from operating activities	343.36	101.21
Cash flow from investing activities	(80.52)	140.13
Cash flow from financing activities	(152.08)	(48.49)
Net increase in cash & cash equivalents	110.76	192.85

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

54. Hedging activities and derivatives

The Group uses foreign exchange forward contracts and interest rate swaps to manage some of its transaction exposures. These derivative instruments are not designated as cash flow / fair value hedges and are entered into for periods consistent with foreign currency exposure of underlying transactions. The Group does not hold or issue derivative financial instruments for trading purposes. All transactions in derivative financial instruments are undertaken to manage risks arising from underlying business activities.

(₹ in million)

Particulars	March 31, 2020	March 31, 2019
Derivative instrument - Interest rate swap (refer note 20)	2.00	0.16

55. The spread of COVID-19 pandemic and consequent national and local lockdowns and supply chain disruptions had an impact on the Group's business operations. The Group has made a detailed assessment of its liquidity position as at the date of approval of these consolidated financial statements for the next one year and of the recoverability and carrying values of its assets including Property, Plant and Equipment (including capital work in progress), Goodwill, Intangible assets, Intangible assets under development, Trade receivables including unbilled revenue, Subsidy receivables, Inventory,Investments and other assets as at the reporting date and has concluded that there are no material adjustments required in the consolidated financial statements. Management believes that it has taken into account all the possible impact of known events and economic forecasts based on internal and external sources of information arising from COVID-19 pandemic while making such assessment in the preparation of the consolidated financial statements. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration. The Group is monitoring the situation closely and is conducting its operations in compliance with all relevant Government directives and will continue to closely monitor any material changes to future economic conditions and take actions as are appropriate based on future economic conditions.

Notes to the Consolidated Ind AS Financial Statements

for the year ended March 31, 2020

56. As at March 31, 2020, trade payables amounting to ₹ 113.72 million, advance from customers amounting to ₹ 166.38 million and trade receivables amounting to ₹ 255.13 million towards purchase and sale of goods and services respectively, which are outstanding beyond permissible time period stipulated under the Master Circular on Import of Goods and Services and Master Circular on Export of Goods and Services issued by Reserve Bank of India ('the RBI'), which states that payments against imports of goods are required to be made within six months from date of shipment, shipment of goods against advances received are required to be made within twelve months from the date of receipt of advances and receipts against exports of goods and services are required to be made within nine months from date of shipment and respectively. Subsequent to the year end date, the company has received ₹ 219.66 million towards sale of goods and services. Considering that the balances are outstanding for more than the stipulated time, the Company is in the process of intimating the appropriate regulatory authorities and seeking requisite approvals for extensions. The management is confident that required approvals would be received and penalties, if any that may be imposed on the Company would not be material. Accordingly, no adjustments have been made by the management to these financial statements in this regard.

57. Certain amounts (currency value or percentages) shown in the various tables and paragraphs included in these consolidated financial statements have been rounded off or truncated as deemed appropriate by the management of the Group.

As per our report of even date.

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

per Sandeep Karnani
Partner
Membership number: 061207

Place : Bengaluru
Date : July 28, 2020

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

Apparao V Mallavarapu
Chairman and Managing Director
DIN: 00286308

S. Krishnan
Director
DIN: 01807344

Nagaraj K V
Company Secretary
Membership number: 35639

K.S. Desikan
Chief Financial Officer

Place : Bengaluru
Date : July 28, 2020

Centum Electronics Limited

Corporate Identity Number (CIN) - L85110KA1993PLC013869
Registered Office: No.44, KHB Industrial Area, Yelahanka New Town, Bangalore - 560 106
Tel. No: +91 80 4143 6000 Fax No: +91 80 4143 6005
Email: investors@centumelectronics.com Website: www.centumelectronics.com

Notice of the 27th Annual General Meeting

Notice is hereby given that the Twenty Seventh Annual General Meeting of the Members of **Centum Electronics Limited** will be held on Friday, September 18, 2020 at 4 p.m. through Video Conferencing ("VC") to transact the following business:

ORDINARY BUSINESS

Item No.1 – Adoption of Financial Statements

a) To receive, consider and adopt the standalone audited financial statements of the Company for the financial year ended March 31, 2020, including the audited Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and notes to financial statements for the year ended on that date along with the reports of the Board of Directors and Auditor's thereon.

b) To receive, consider and adopt the consolidated audited financial statements of the Company for the financial year ended March 31, 2020, including the audited Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and notes to financial statements for the year ended on that date along with the report of the Auditor's thereon.

Item No.2 – Declaration of Dividend

To declare a final Dividend of ₹ 2.50 per equity share (i.e. 25%) of ₹ 10/- each for the financial year 2019-20.

Item No.3 – Retirement of Director by rotation

To appoint a Director in place of Dr. Swarnalatha Mallavarapu (DIN: 00288771), who retires by rotation and being eligible, offers herself for the re-appointment.

SPECIAL BUSINESS

Item No.4 – Remuneration payable to the Cost Auditors

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

"RESOLVED THAT pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. K.S. Kamalakara & Co., Cost Accountants (Registration No. 10625), appointed as Cost Auditors by the Board of Directors to audit the cost records of the Company for the financial year 2020–21, be paid a remuneration of ₹ 1,00,000 (Rupees One Lakh) per annum plus applicable taxes and out-of-pocket expenses that may be incurred during the course of audit.

RESOLVED FURTHER THAT the Board of Directors and Company Secretary & Compliance Officer of the Company be and are hereby severally authorised to do all such acts, deeds and things as may be necessary, proper or expedient to give effect to this resolution."

Item No.5 – Appointment of Ms. Kavitha Dutt Chitturi (DIN: 00139274) as an Independent Director of the Company

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 149, 150, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, Ms. Kavitha Dutt Chitturi (DIN: 00139274), who was appointed as an Additional Director of the Company by the Board of Directors with effect from March 25, 2020, who holds office until the date of the ensuing Annual General Meeting and relating to whom the Company has received a Notice under Section 160(1) of the Companies Act, 2013 signifying the intention to propose her candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office up to five consecutive years commencing from March 25, 2020, whose office shall not be liable to retire by rotation.

RESOLVED FURTHER THAT the Board of Directors and Company Secretary & Compliance Officer of the Company be and are hereby severally authorised to do all such acts, deeds and things as may be necessary, proper or expedient to give effect to this resolution."

Item No.6 – Re-appointment of Mr. Manoj Nagrath (DIN: 01974412) as an Independent Director of the Company

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 ("Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV of the Act and Regulation 17 and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, Mr. Manoj Nagrath (DIN: 01974412), Independent Director of the Company who has submitted a declaration that he meets the criteria of independence as provided in Section 149(6) of the Act and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in respect of whom the Company has received a notice in writing from a Member under Section 160(1) of the Act proposing his candidature for the office of Director and who is eligible for reappointment, be and is hereby re-appointed as an Independent Director of the Company to hold office for second term of five consecutive years commencing from August 7, 2020 to August 6, 2025 or till such earlier date to conform with the policy on retirement and as may be determined by any applicable statutes, rules, regulations or guidelines and whose office shall not be liable to retire by rotation.

RESOLVED FURTHER THAT the Board of Directors and Company Secretary & Compliance Officer of the Company be and are hereby severally authorised to do all such acts, deeds and things as may be necessary, proper or expedient to give effect to this resolution."

Item No.7 – Re-appointment of Mr. Rajiv C Mody (DIN: 00092037) as an Independent Director of the Company

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 ("Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV of the Act and Regulation 17 and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, Mr. Rajiv C Mody (DIN: 00092037), Independent Director of the Company who has submitted a declaration that he meets the criteria of independence as provided in Section 149(6) of the Act and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in respect of whom the Company has received a notice in writing from a Member under Section 160(1) of the Act proposing his candidature for the office of Director and who is eligible for reappointment, be and is hereby re-appointed as an Independent Director of the Company to hold office for second term of five consecutive years commencing from August 7, 2020 to August 6, 2025 or till such earlier date to conform with the policy on retirement and as may be determined by any applicable statutes, rules, regulations or guidelines and whose office shall not be liable to retire by rotation.

RESOLVED FURTHER THAT the Board of Directors and Company Secretary & Compliance Officer of the Company be and are hereby severally authorised to do all such acts, deeds and things as may be necessary, proper or expedient to give effect to this resolution."

Item No.8 – Appointment of Mr. Nikhil Mallavarapu (DIN: 00288551) as Whole Time Director, designated as Executive Director of the Company

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

"RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification or re-enactment thereof) and the Articles of Association of the Company, Mr. Nikhil Mallavarapu (DIN: 00288551), who was appointed as an Additional Director of the Company with effect from February 13, 2020 and who holds office till the date of the Annual General Meeting in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director pursuant to Section 160 of the Companies Act, 2013, be and is hereby appointed as a Director of the Company.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 196, 197 & 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 ("the Act"), The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactment(s) thereof for the time being in force), Regulation 17(6)(e) and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time) and the Articles of Association of the Company, approval of the members be and is hereby accorded for appointment of Mr. Nikhil Mallavarapu (DIN: 00288551) as Whole Time Director, designated as Executive Director of the Company for a period of Five Years with effect from February 13, 2020 on the terms and conditions including remuneration as detailed out in the explanatory statement attached to the notice.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to vary or increase the remuneration specified above from time to time to the extent the Board of Directors may deem appropriate based on the recommendation of the Nomination & Remuneration Committee, provided that such variation or increase as the case may be is within the overall limits specified in Schedule V & the relevant provisions of the Companies Act, 2013.

RESOLVED FURTHER THAT in the event of any loss or inadequacy of profits in any financial year during his tenure, the Company shall pay Mr. Nikhil Mallavarapu, the remuneration by way of salary, perquisites, commission or any other allowances as specified above and in accordance with the limits specified under the Companies Act, 2013 (including any statutory modifications or re-enactments thereof, for the time being in force) or such other limits as may be prescribed by the Government from time to time in this regard, as minimum remuneration.

RESOLVED FURTHER THAT the Board of Directors and Company Secretary & Compliance Officer of the Company be and are hereby severally authorised to do all such acts, deeds and things as may be necessary, proper or expedient to give effect to this resolution."

Item No.9 – Re-appointment of Mr. Apparao V Mallavarapu (DIN: 00286308) as Chairman and Managing Director of the Company

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

"RESOLVED THAT pursuant to the provisions of Sections 196, 197 & 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 ("the Act"), The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactment(s) thereof for the time being in force), Regulation 17(6)(e) and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time) and the Articles of Association of the Company, approval of the members be and is hereby accorded to re-appoint Mr. Apparao V Mallavarapu (DIN: 00286308), as Chairman and Managing Director of the Company for a further period of Five Years with effect from August 1, 2020 on the terms and conditions including remuneration as detailed out in the explanatory statement attached to the notice.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to vary or increase the remuneration specified above from time to time to the extent the Board of Directors may deem appropriate based on the recommendation of the Nomination & Remuneration Committee, provided that such variation or increase as the case may be is within the overall limits specified in Schedule V & the relevant provisions of the Companies Act, 2013.

RESOLVED FURTHER THAT in the event of any loss or inadequacy of profits in any financial year during his tenure, the Company shall pay Mr. Apparao V Mallavarapu, the remuneration by way of salary, perquisites, commission or any other allowances as specified above and in accordance with the limits specified under the Companies Act, 2013 (including any statutory modifications or re-enactments thereof, for the time being in force) or such other limits as may be prescribed by the Government from time to time in this regard, as minimum remuneration.

RESOLVED FURTHER THAT the Board of Directors and Company Secretary & Compliance Officer of the Company be and are hereby severally authorised to do all such acts, deeds and things as may be necessary, proper or expedient to give effect to this resolution."

Item No.10 – Approval for payment of Remuneration/ Commission to Non-Executive Directors of the Company

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

"RESOLVED THAT pursuant to the provisions of Section 197, 198 and any other applicable provisions of the Companies Act, 2013 ("Act") (including any statutory modification(s) or reenactment thereof for the time being in force), Regulation 17(6) and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time) and the Articles of Association of the Company, the approval of the members be and is hereby accorded for the payment of remuneration/ commission of ₹ 5,00,000/- (Rupees Five Lakhs) annually, commencing from April 1, 2020, to each of the Non-Executive Directors including Independent Directors for their guidance/counsel to the Company, on matters relating to the Corporate Affairs.

RESOLVED FURTHER THAT the above remuneration shall be in addition to the fee payable to the director(s) for attending the Meetings of the Board or Committee thereof or for any other purpose whatsoever as may be decided by the Board of Directors and reimbursement of expenses for participation in the Board and other Meetings.

RESOLVED FURTHER THAT the Board of Directors and Company Secretary & Compliance Officer of the Company be and are hereby severally authorised to do all such acts, deeds and things as may be necessary, proper or expedient to give effect to this resolution."

By Order of the Board of Directors
For Centum Electronics Limited

Nagaraj K V
Company Secretary
& Compliance Officer

Place: Bengaluru
Date: : July 28, 2020

Registered Office:
No.44, KHB Industrial Area
Yelahanka New Town
Bangalore – 560 106
CIN: L85110KA1993PLC013869

NOTES:

1. In view of the COVID-19 pandemic, the Ministry of Corporate Affairs (MCA) has, vide General Circular No. 14/2020 dated April 8, 2020, General Circular No. 17/2020 dated April 13, 2020 and General Circular No. 20/2020 dated May 5, 2020 (collectively "MCA Circulars"), permitted companies to conduct Annual General Meeting (AGM) through Video Conferencing (VC) or other Audio Visual means, subject to compliance of various conditions mentioned therein. In compliance with the MCA Circulars and applicable provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the 27th AGM of the Company is being convened and conducted through VC.

2. The Company has enabled the Members to participate at the 27th AGM through the VC facility provided by KFin Technologies Private Limited, Registrar and Share Transfer Agents. The instructions for participation by Members are given in the subsequent paragraphs. Participation at the AGM through VC shall be allowed on a first-come-first-served basis.

3. As per the provisions under the MCA Circulars, Members attending the 27th AGM through VC shall be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.

4. The Company has provided the facility to Members to exercise their right to vote by electronic means both through remote e-voting and Insta Poll during the AGM. The process of remote e-voting with necessary user id and password is given in the subsequent paragraphs. Such remote e-voting facility is in addition to voting that will take place at the 27th AGM being held through VC.

5. Members joining the meeting through VC, who have not already cast their vote by means of remote e-voting, shall be able to exercise their right to vote through Insta Poll at the AGM. The Members who have cast their vote by remote e-voting prior to the AGM may also join the AGM through VC but shall not be entitled to cast their vote again.

6. The Company has appointed Mr. S.P. Nagarajan, Practicing Company Secretary (Membership No. ACS 10028), who in the opinion of the Board is a duly qualified person, as a Scrutinizer who will collate the electronic voting process in a fair and transparent manner. The Scrutinizer shall within a period of two (2) working days from the date of conclusion of e-voting period, submit his report of the votes cast in favour or against, if any, to the Chairman of the Company. The result of the same will be disclosed at the Annual General Meeting proceedings. The e-voting results will also be uploaded in the website of the Company https://www.centumelectronics.com.

7. As per the provisions of the Companies Act, 2013, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf. Since the 27th AGM is being held through VC as per the MCA Circulars, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be made available for the 27th AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.

8. Corporate Members are required to access the link https://evoting.karvy.com and upload a certified copy of the Board resolution authorizing their representative to attend the AGM through VC and vote on their behalf. Institutional investors are encouraged to attend and vote at the meeting through VC.

9. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.

10. The Company has fixed Friday, September 4, 2020 as Record Date for determining the members eligible for Dividend on Equity Shares, if declared at the Annual General Meeting.

11. Subject to the provisions of the Companies Act, 2013, dividend as recommended by the Board of Directors, if approved by the members will be paid on or before Thursday, October 15, 2020 to those members who names appear in the Register of Members on the Record Date.

12. Pursuant to Finance Act, 2020, dividend income will be taxable in the hands of shareholders w.e.f. April 1, 2020 and the Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates. For the prescribed rates for various categories, the members are requested to refer to the Finance Act, 2020 and amendments thereof.

    A Resident individual shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source by accessing sending an email to einward.ris@kfintech.com or investors@centumelectronics.com. Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%.

    Non-resident shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, self declaration and any other document which may be required to avail the tax treaty benefits by accessing sending an email to einward.ris@kfintech.com or investors@centumelectronics.com.

    The aforesaid declarations and documents need to be submitted by the shareholders latest by September 4, 2020.

13. Members are requested to note that the dividends not encashed or claimed within 7 (seven) years from the date

of transfer to the Unpaid Dividend Account, will as per Section 124 of the Companies Act, 2013, respective shares lying in the pool account and unpaid dividend amount be transferred to the Investor Education and Protection Fund. Members who have not encashed or claimed the dividend for the earlier years are requested to approach the Company / Registrar & Transfer Agents and whose shares transferred to IEPF can claim by making an application in form IEPF-5 to IEPF Authority through Companies Nodal Officer and Registrar & Transfer Agents at the earliest. Members can file only one consolidated claim in a financial year as per the IEPF Rules.

14. Members whose shareholding is in the electronic mode are requested to direct change of address notifications and updates of savings bank account details to their respective Depository Participant(s). Members holding Shares in physical form are requested to advise any change of address or bank details immediately to our Registrars and Transfer Agent, KFin Technologies Private Limited. Members are also encouraged to utilize the Electronic Clearing System (ECS) for receiving dividends.

15. In accordance with the proviso to Regulation 40(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, effective from April 1, 2019, transfers of securities of the Company shall not be processed unless the securities are held in the dematerialized form with a depository. Accordingly, Members holding equity shares in physical form are urged to have their shares dematerialized so as to be able to freely transfer them.

16. In line with the MCA Circulars, the notice of the 27th AGM along with the Annual Report 2019-20 are being sent only by electronic mode to those Members whose e-mail addresses are registered with the Company/ Depositories. Members may please note that this Notice and Annual Report 2019-20 will also be available on the Company's website at https://www.centumelectronics.com/annual-report/, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of KFin Technologies Private Limited at https://evoting.karvy.com.

17. Members who have not registered their e-mail address are requested to register the same in respect of shares held in electronic form with the Depository through their Depository Participant(s) and in respect of shares held in physical form by writing to the Company's Registrar and Share Transfer Agent, KFin Technologies Private Limited, Selenium, Plot 31 & 32, Gachibowli Financial District, Nanakramguda, Hyderabad-500 032.

    Members may note that pursuant to the General Circular No. 20/2020 dated May 5, 2020 issued by the MCA, the Company has enabled a process for the limited purpose of receiving the Company's annual report and notice for the Annual General Meeting (including remote e-voting instructions) electronically, and Members may temporarily update their email address by accessing the link https://ris.kfintech.com/email_registration/

18. The Statement pursuant to Section 102 (1) of the Companies Act, 2013 with respect to the Special Business set out in the Notice is annexed hereto.

19. Additional information pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of the Directors seeking appointment/ re-appointment at the Annual General Meeting is furnished and forms a part of the Notice. The Directors have furnished the requisite consents / declarations for their appointment/ re-appointment.

20. The following documents will be available for inspection by the Members electronically during the 27th AGM. Members seeking to inspect such documents can send an email to investors@centumelectronics.com.

    a) The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013.

    b) The Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013.

21. Members are requested to send all communications relating to Shares including dividend matters to our Registrar and Share Transfer Agents at the following address:

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

22. All documents referred to in the Notice will be available for inspection at the Company's registered office during normal business hours on working days up to the date of the Annual General Meeting.

23. Pursuant to Section 108 of Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014 and in compliance with the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, it is mandatory to extend to the Members of the Company, the facility to vote at the Annual General Meeting (AGM) by electronic means. Members of the Company can transact all the items of the business through electronic voting system as contained in the Notice of the Meeting.

PROCEDURE AND INSTRUCTIONS FOR E-VOTING:

24. The Company has entered into an agreement with KFin Technologies Private Limited (KFin) for facilitating e-voting for the Annual General Meeting. The instructions for e-voting are as follows:

A. In case a Member receives an e-mail from KFin (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 KFin 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 successful login, the system will prompt you to select the "EVENT" i.e., Centum Electronics Limited.

vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut off Date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially 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.

viii. Shareholders holding multiple folios/demat accounts shall choose the voting process separately for each folios/demat accounts.

ix. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.

x. You may then cast your vote by selecting an appropriate option and click on "Submit".

xi. A confirmation box will be displayed. Click on "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).

xii. Corporate/Institutional 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.

xiii. 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.

xiv. The e-voting period commences on Tuesday, September 15, 2020 at 9.00 a.m. to Thursday, September 17, 2020 at 5.00 p.m. During this period, the Members of the Company holding shares in physical form or in dematerialized form, as on the cut-off date being Friday, September 11, 2020, may cast their vote by electronic means in the manner and process set out hereinabove. The e-voting module shall be disabled for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently. Further, the Members who have cast their vote electronically shall not vote by way of poll, if held at the Meeting.

xv. 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., September 11, 2020, may write to KFintech on the email id: shivakumar.n@kfintech.com or to Mr. Shivakumar, Contact No. 040-67161653 or at 18003454001 (toll free), at [Unit: Centum Electronics Limited] KFin Technologies Private Limited (Formerly Karvy Fintech Private Limited), Selenium Tower B, Plot Nos.31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad – 500032, 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 who have not registered their email address with the Company/Depositories (including Members holding shares in physical form), please follow all

steps from Sl. No. (i) to (xii) as mentioned in (A) above, to cast your vote.

C. Voting at the Annual General Meeting: Those Members who are present in the Meeting through VC and have not cast their vote on resolutions through remote e-voting, can vote through Insta Poll at the Meeting. Members who have already cast their votes by remote e-voting are eligible to attend the Meeting. However, those Members are not entitled to cast their vote again at the Meeting.

D. A Member can opt for only single mode of voting i.e. through remote e-voting or voting at the AGM.

INSTRUCTIONS FOR ATTENDING THE AGM THROUGH VC:

25. Members may access the platform to attend the AGM through VC at https://emeetings.kfintech.com and **click on the "video conference"** and access the shareholders/ members login by using the remote e-voting credentials. The link for e-AGM will be available in shareholder/members login where the EVENT and the name of the company can be selected.

26. Please note that the Members who have not registered their e-mail address or do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in this Notice.

27. The facility for joining the AGM shall open 15 minutes before the scheduled time for commencement of the AGM and shall be closed after the expiry of 15 minutes after such schedule time.

28. Members are encouraged to join the Meeting through Laptops with Google Chrome for better experience.

29. Members are required to allow Camera, if any, and hence use Internet with a good speed to avoid any disturbance during the meeting.

30. Participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

31. Members who may want to express their views or ask questions at the AGM may visit emeeting.kfintech.com and click on the tab "Post Your Questions" to post their queries in the window provided, by mentioning their name, demat account number/folio number, email ID and mobile number. The window shall remain active from Monday, September 14, 2020 at 9.00 a.m. till Wednesday, September 16, 2020 at 5.00 p.m.

32. In addition to the above mentioned step, the Members may register themselves as speakers for the AGM to pose their queries. Accordingly, the Members may visit emeetings.kfintech.com and click on 'Speaker Registration'. The window shall remain active from Monday, September 14, 2020 at 9.00 a.m. till Wednesday, September 16, 2020 at 5.00 p.m. The Company reserves the right to restrict the speakers at the AGM to only those Members who have registered themselves, depending on the availability of time for the AGM.

33. Members who have not cast their vote through remote e-voting shall be eligible to cast their vote through Insta Poll system available during the AGM. E-voting during the AGM is integrated with the VC platform. Members may click on the voting icon (👍) on the left side of the screen to cast their votes.

34. Members who may require any technical assistance or support before or during the AGM are requested to contact KFin Technologies Private Limited at toll free number 1-800-3454-001 or write to them at evoting@kfintech.com.

By Order of the Board of Directors
For Centum Electronics Limited

Nagaraj K V
Company Secretary &
Compliance Officer

Place: Bengaluru
Date: July 28, 2020

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013

Pursuant to Section 102 of the Companies Act, 2013 ('the Act'), the following Explanatory Statement sets out all material facts relating to the business mentioned from Item No. 4 to Item No. 10 of the accompanying Notice dated July 28, 2020:

Item No. 4:

The provisions of Section 148 of the Companies Act, 2013 and the Companies (Cost Records and Audit) Rules, 2014 mandates the Company to get its cost records audited every year. The Board of Directors have considered the appointment of M/s. K.S. Kamalakara & Co., Cost Accountants (Registration No. 10625) as the Cost Auditors of the Company for the financial year 2020-21 at a remuneration of ₹ 1,00,000/- (Rupees One Lakh) apart from applicable taxes and out-of-pocket expenses, if any.

Ratification of remuneration payable to Cost Auditors needs to be done by the Shareholders of the Company in terms of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014. Due to which consent of the Members is sought for ratification of the remuneration payable to the Cost Auditors for the financial year 2020-21.

The Board of Directors recommends the Ordinary Resolution as set out in Item No. 4 of the Notice for the approval of the Shareholders.

None of the Promoters, Directors, Key Managerial Personnel or their relatives are interested, financial or otherwise, if any in the Resolution No. 4 of the accompanying Notice except to the extent of their Shareholding, if any in the Company.

Item No. 5:

Pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company, the Board of Directors have appointed Ms. Kavitha Dutt Chitturi (DIN: 00139274) as an Additional Director of the Company with effect from March 25, 2020. In terms of the provisions of Section 161(1) of the Act. Ms. Kavitha Dutt Chitturi would hold office up to the date of the ensuing Annual General Meeting.

The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member proposing the candidature of Ms. Kavitha Dutt Chitturi for the office of Director of the Company.

Ms. Kavitha Dutt Chitturi is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given her consent to act as a Director. Section 149 of the Act inter alia stipulates the criteria of independence should a company propose to appoint an independent director on its Board. As per the said Section 149, an independent director can hold office for a term up to 5 (five) consecutive years on the Board of a company and she shall not be included in the total number of Directors for retirement by rotation.

The Company has received a declaration from Ms. Kavitha Dutt Chitturi that she meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Regulation 16 of the SEBI (LODR) Regulations, 2015.

Ms. Kavitha Dutt Chitturi, 49 years old, a Business Management Graduate from Cedar Crest College, Allentown, Pennsylvania, USA and hails from a well-known industrial house in South India – The KCP Limited. She is currently the Joint Managing Director. KCP is involved in the manufacture of Cement, Heavy Industrial Machinery for Sugar plants, steel and sophisticated high tech equipment for Defence, Space & Nuclear Projects. KCP has presence in Power Generation. KCP has now ventured into hospitality industry with a prestigious star hotel project at Hyderabad which was executed under Kavitha's stewardship. As Joint Managing Director of The KCP Limited, Kavitha, among other responsibilities, also holds full charge of Human Resource functions of the Group.

She is Chairperson of FICCI (Federation of Indian Chambers of Commerce & Industry), Tamil Nadu State Council. Kavitha, was Vice Chairperson of SCWEC, India. SCWEC is a Sub Sector Council of the SAARC Chamber of Commerce and Industry established with the objective of developing and promoting women entrepreneurs in the South Asian region. She is a member of the General Council of National Institute for the Mentally Handicapped, Hyderabad. She is also the Vice President of World Telugu Federation (WTF) was established with the chief objective of promoting and perpetuating not only the language, culture, art, heritage, traditions but also business of the Telugu people. Earlier, Kavitha was National President of FICCI-FLO, the ladies wing of Federation of Indian Chamber of Commerce and Industry, New Delhi during 2009-10.

In the opinion of the Board, Ms. Kavitha Dutt Chitturi fulfills the conditions for her appointment as an Independent Director as specified in the Act and as stipulated in the SEBI (LODR) Regulations, 2015. Ms. Kavitha Dutt Chitturi is independent of the management.

Save and except Ms. Kavitha Dutt Chitturi and her relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors/ Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No. 5 of the Notice for approval by the Shareholders.

Item No. 6 & 7:

Mr. Manoj Nagrath (DIN: 01974412) and Mr. Rajiv C Mody (DIN: 00092037) were appointed as Independent Directors on the Board of the Company pursuant to the provisions of Section 149 of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and the erstwhile Clause 49 of the Listing Agreement with the Stock Exchanges to hold office as an Independent Directors of the Company up to August 6, 2020 ("first term" in line with the explanation to Sections 149(10) and 149(11) of the Companies Act, 2013).

Mr. Manoj Nagrath and Mr. Rajiv C Mody are being eligible for re-appointment for a second term on the Board of the Company as an Independent Directors, not liable to retire by rotation, effective from August 7, 2020 to August 6, 2025, subject to approval of the Shareholders by a Special Resolution.

The Board, based on the recommendations of the Nomination and Remuneration Committee and given their background, experience and contributions made by them, is in the opinion that the continued association of Mr. Manoj Nagrath and Mr. Rajiv C Mody, would be beneficial to the Company and accordingly, it is desirable to continue to avail their services as Independent Directors of the Company.

The Company has received a declaration from Mr. Manoj Nagrath and Mr. Rajiv C Mody as Independent Directors of the Company, confirming that they meets the criteria of independence as prescribed under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time. Further, they are not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given their consent to act as Directors of the Company.

Details of Directors whose re-appointment as Independent Directors is proposed at Item Nos. 6 and 7 are provided in the "Annexure" to the Notice pursuant to the Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions.

None of the Directors or the Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in this resolution except to the extent of their shareholding (if any) and Directorship in the Company, being an appointee in their respective resolutions.

The Board of Directors of the Company in their Board Meeting held on July 28, 2020 have approved the above proposal and recommends the Special Resolutions set- out in Item No. 6 and 7 of the Notice for approval by the Shareholders.

The Directors recommends Resolutions No. 6 and 7 of the Notice for consent and approval by the Shareholders as Special Resolutions.

Item No. 8:

The Board of Directors of the Company based on recommendation of Nomination and Remuneration Committee has subject to the approval of the members, appointed of Mr. Nikhil Mallavarapu (DIN: 00288551) as a Whole Time Director, designated as Executive Director of the Company for a period of 5 years with effect from February 13, 2020.

An abstract of the terms of appointment are as follows:

1. Duties and Powers

   a. Mr. Nikhil Mallavarapu, Whole Time Director, designated as Executive Director of the Company shall devote his whole time and attention to the business of the Company and carry out such duties as may be entrusted to him by the Board from time to time and separately communicated to him and exercise such powers as may be assigned to him, subject to superintendence, control and directions of the Board in connection with and in the best interests of the business of the Company and the business of any one or more of its subsidiaries, including performing duties as assigned by the Board from time to time by serving on the boards of such subsidiaries or any other executive body or committee of such a Company.

   b. The Whole Time Director shall discharge the duties laid down under Section 166 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder.

   c. The Whole Time Director shall duly abide by the Code of Conduct laid down by the Company.

2. Period of Appointment: From February 13, 2020 to February 12, 2025.

3. Remuneration and the terms of appointment are:

Particulars	**Amount in ₹ (per month)**
Basic	3,45,757
Allowances	5,23,499
Perquisites	16,631
Contribution to PF	41,491
Grand Total	**9,27,378**

Other Terms & Conditions:

a. Commission

Notwithstanding the salary and other perquisites, Mr. Nikhil Mallavarapu will be entitled to a commission such that the aggregate of the remuneration mentioned above, shall not exceed 5% of the Net

Profits of the Company calculated in accordance with the provisions of Sections 198 and other applicable provisions, of the Companies Act, 2013 which will be excluding the perquisites as per the applicable Policy of the Company.

b. Contribution to Provident Fund, Superannuation Fund, Annuity Fund, Gratuity and Medical Insurance shall be as per the rules in force of the Company from time to time.

c. Encashment of leave; As per the rules in force of the Company from time to time.

d. Other perquisites; Other perquisites are as applicable to the senior executives of the Company.

e. Termination

The appointment will be for a period of five years, which may be terminated by either party giving to the other 90 days notice in writing.

Mr. Nikhil Mallvarapu satisfies all the conditions set out in Part I of Schedule V to the Act as also conditions set out in Section 196(3) of the Companies Act, 2013 for being eligible for his appointment. He is not disqualified from being appointed as Director in terms of Section 164 of the Companies Act, 2013.

The above may be treated as a written understanding setting out the terms of appointment of Mr. Nikhil Mallvarapu under Section 190 of the Companies Act, 2013.

Mr. Nikhil Mallvarapu is interested in the resolution set out at Item No.8 of the notice. Mr. Apparao V Mallavarapu, Chairman & Managing Director and Dr. Swarnalatha Mallavarapu, Non-Executive Director of the Company, being related to Mr. Nikhil Mallavarapu may be deemed to be interested in the resolution set out at Item No. 8 of the Notice.

The Board of Directors recommend this resolution for your consideration and approval as a special resolution.

Except as mentioned above none of the other Directors, Key Managerial Personnel and their relatives are concerned or interested either financially or otherwise in the Resolution.

Item No. 9:

The Shareholders at their 22nd Annual General Meeting held on August 7, 2015 had approved the appointment of Mr. Apparao V Mallavarapu as Chairman and Managing Director of the Company for a period of 5 years with effect from August 1, 2015.

The Board of Directors of the Company based on recommendation of Nomination and Remuneration Committee has subject to the approval of the members re-appointed of Mr. Apparao V Mallavarapu (DIN: 00286308) as Chairman and Managing Director of the Company for a period of 5 years with effect from August 1, 2020.

An abstract of the terms of appointment are as follows:

1. Duties and Powers

a. Mr. Apparao V Mallavarapu, Chairman and Managing Director of the Company shall devote his whole time and attention to the business of the Company and carry out such duties as may be entrusted to him by the Board from time to time and separately communicated to him and exercise such powers as may be assigned to him, subject to superintendence, control and directions of the Board in connection with and in the best interests of the business of the Company and the business of any one or more of its subsidiaries, including performing duties as assigned by the Board from time to time by serving on the boards of such subsidiaries or any other executive body or committee of such a Company.

b. The Chairman and Managing Director shall discharge the duties laid down under Section 166 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder.

c. He shall duly abide by the Code of Conduct laid down by the Company.

2. Period of Appointment: From August 1, 2020 to July 31, 2025.

3. Remuneration and the terms of appointment are:

Particulars	Amount in ₹ (per month)
Basic	3,00,000
Allowances	4,47,800
Perquisites	2,200
Contribution to PF	36,000
Grand Total	**7,86,000**

Other Terms & Conditions:

a. Commission

Notwithstanding the salary and other perquisites, Mr. Apparao V Mallavarapu will be entitled to a commission such that the aggregate of the remuneration mentioned above, shall not exceed 5% of the Net Profits of the Company calculated in accordance with the provisions of Sections 198 and other applicable provisions, of the Companies Act, 2013 which will be excluding the perquisites as per the applicable Policy of the Company.

b. Contribution to Provident Fund, Superannuation Fund, Annuity Fund, Gratuity and Medical Insurance shall be as per the rules in force of the Company from time to time.

c. Encashment of leave; As per the rules in force of the Company from time to time.

d. Other perquisites; Other perquisites are as applicable to the senior executives of the Company.

e. Termination

The appointment will be for a period of five years, which may be terminated by either party giving to the other 90 days notice in writing.

Mr. Apparao V Mallavarapu satisfies all the conditions set out in Part I of Schedule V to the Act as also conditions set out in Section 196(3) of the Companies Act, 2013 for being eligible for his re-appointment. He is not disqualified from being appointed as Director in terms of Section 164 of the Companies Act, 2013.

The above may be treated as a written understanding setting out the terms of appointment of Mr. Apparao V Mallavarapu under Section 190 of the Companies Act, 2013.

Mr. Apparao V Mallavarapu is interested in the resolution set out at Item No.9 of the notice. Mr. Nikhil Mallavarapu, Whole Time Director and Dr. Swarnalatha Mallavarapu, Non-Executive Director of the Company, being related to Mr. Apparao V Mallavarapu may be deemed to be interested in the resolution set out at Item No. 9 of the Notice.

The Board of Directors recommend this resolution for your consideration and approval as a special resolution.

Except as mentioned above none of the other Directors, Key Managerial Personnel and their relatives are concerned or interested either financially or otherwise in the Resolution.

Item No. 10:

Independent Directors constitute more than 50% of the Composition of the Board of your Company. These Directors have expertise in their respective fields and have been contributing to the growth of the Company through their valuable inputs and guidance. The Shareholders at the 21st AGM of the Company held on August 1, 2014 have approved payment of commission and/or remuneration to Independent Directors of ₹ 2,00,000/- annually to each of the independent non-executive directors for their guidance/counsel to the Company, on matters relating to the Corporate Affairs.

The Board is of the view that it is necessary that adequate compensation be given to each of the Non-Executive Directors including Independent Directors so as to compensate them for their time and efforts.

The approval of Members under Section 197 of the Companies Act, 2013 is required for payment of commission, if any, to Non-Executive Directors. The Board of Directors recommends for passing of Ordinary Resolution by the Members.

Except Mr. Apparao V Mallavarapu and Mr. Nikhil Mallavarapu, all the other Directors are concerned or interested in the said resolution to the extent of the remuneration payable to them.

By Order of the Board of Directors
For Centum Electronics Limited

Nagaraj K V
Company Secretary &
Compliance Officer

Place: Bengaluru
Date: July 28, 2020

Details of the Directors seeking re-appointment and fixation of remuneration at the 27th Annual General Meeting {Pursuant to Regulation 26(4) and 36(3) of the SEBI (LODR) Regulations, 2015 and Secretarial Standard on General Meeting}

1. Dr. Swarnalatha Mallavarapu:

Name of the Director	Dr. Swarnalatha Mallavarapu
Date of birth	12.10.1956
Age (in years)	64
Date of appointment	26.03.2015

Qualifications:

Dr. Swarnalatha Mallavarapu (Latha) received her Ph.D. in Physics and worked in some of the premier research institutes in India and the US. The major research Labs she worked at are, The US Air Force Weapons Labs in Albuquerque, the Indian Institute of Science in Bangalore and the R&D division of Bharat Electronics Limited. She is an Alumnus of the Indian Institute of Science. Her research in thin films and devices for applications such as optical Coatings, super conducting coatings, magnetic memory devices, etc., have been well recognized. Her work has been published in several reputed international and national scientific journals and conferences.

No. of shares held in the Company	3,69,150
Names of listed entities in which she holds the Directorship as on March 31, 2020	Centum Electronics Limited
Chairman/Member of the Committees of the listed entities Board as on March 31, 2020	Member of CSR Committee
Inter-se relationship with other Directors	Dr. Swarnalatha Mallavarapu is related to Mr. Apparao V Mallavarapu, Chairman & Managing Director and Mr. Nikhil Mallavarapu, Executive Director.

Expertise in specific functional areas:

Dr. Latha spent time as a consultant to Industries in the US such as Coretek in Boston and X-Media Corporation and Wyrnet in California, before she established Centum Industries in the year 2004.

Dr. Latha was also a government nominated member of the Syndicate of Bangalore University (2001 to 2004), which is the executive body of the University administration. She has actively contributed in the execution of reforms and policies, having taken on various leadership roles, to evolve proper systems and processes in the University administration.

Furthermore, she was on the board of directors for the Bangalore Stock Exchange. She has also held many positions in FICCI Ladies Organization (FLO) including serving as the senior vice chair of the Karnataka Chapter.

2. Ms. Kavitha Dutt Chitturi:

Name of the Director	Ms. Kavitha Dutt Chitturi
Date of birth	17.05.1971
Age (in years)	49
Date of appointment	25.03.2020

Qualifications:

Ms. Kavitha Dutt Chitturi is a Business Management Graduate from Cedar Crest College, Allentown, Pennsylvania, USA and hails from a well-known industrial house in South India – The KCP Limited.

No. of shares held in the Company	Nil

Names of listed entities in which she holds the Directorship as on March 31, 2020	1. Centum Electronics Limited 2. The K C P Limited 3. Apollo Hospitals Enterprise Limited 4. DCM Shriram Industries Limited	
Chairman/Member of the Committees of the listed entities Board as on March 31, 2020	**Name of the Company**	**Name of the Committee**
	The K C P Limited	Audit Committee Finance Sub-Committee CSR Committee Investment Committee Innovation & Best Practices Committee Risk Management Committee - Chairperson
	Apollo Hospitals Enterprise Limited	Audit Committee Stakeholders' Relationship Committee - Chairperson
	DCM Shriram Industries Limited	CSR Committee

Expertise in specific functional areas:

Ms. Kavitha Dutt Chitturi is currently the Joint Managing Director. KCP is involved in the manufacture of Cement, Heavy Industrial Machinery for Sugar plants, steel and sophisticated high tech equipment for Defence, Space & Nuclear Projects. KCP has presence in Power Generation. KCP has now ventured into hospitality industry with a prestigious star hotel project at Hyderabad which was executed under Kavitha's stewardship. As Joint Managing Director of The KCP Limited, Kavitha, among other responsibilities, also holds full charge of Human Resource functions of the Group.

3. Mr. Manoj Nagrath:

Name of the Director	**Mr. Manoj Nagrath**
Date of birth	03.09.1958
Age (in years)	62
Date of appointment	05.01.2010

Qualifications:

Mr. Manoj Nagrath is a Member of the Institute of Chartered Accountants of India.

No. of shares held in the Company	Nil
Names of listed entities in which she holds the Directorship as on March 31, 2020	Centum Electronics Limited
Chairman/Member of the Committees of the listed entities Board as on March 31, 2020	Audit Committee – Chairman Stakeholders' Relationship Committee – Chairman Nomination & Remuneration Committee - Chairman

Expertise in specific functional areas:

Mr. Manoj Nagrath is the Managing Partner of the firm S.P. Nagrath & Co. LLP, Chartered Accountants, having its offices in New Delhi and Bangalore, and was enrolled as a member of the Institute of Chartered Accountants of India in 1983.

4. Mr. Rajiv C Mody:

Name of the Director	Mr. Rajiv C Mody
Date of birth	06.04.1958
Age (in years)	62
Date of appointment	07.08.2010

Qualifications:

Mr. Rajiv Mody holds a Bachelor's degree in Electrical Engineering from M.S. University, Baroda, India and Master's degree in Computer Science from Polytechnic School of Engineering, NYU, New York, USA.

No. of shares held in the Company	Nil	
Names of listed entities in which he holds the Directorship as on March 31, 2020	1. Centum Electronics Limited 2. Sasken Technologies Limited 3. J B Chemicals and Pharmaceuticals Limited	
Chairman/Member of the Committees of the listed entities Board as on March 31, 2020	**Name of the Company**	**Name of the Committee**
	Centum Electronics Limited	Nomination & Remuneration Committee
	Sasken Technologies Limited	Stakeholders' Relationship Committee CSR Committee – Chairman Investment Committee - Chairman
	J B Chemicals and Pharmaceuticals Limited	Nomination & Remuneration Committee

Expertise in specific functional areas:

Mr. Rajiv C Mody is the Founder, Chairman, Managing Director & CEO, of Sasken Technologies Ltd. (Sasken). Under his able leadership, over the last three decades, Sasken has grown to be a powerhouse in providing Product Engineering and Digital Transformation services in areas such as Automotive, Industrials, Communication & Devices, Semiconductors, and Digital Enterprise segments. Mr. Mody, a seasoned technocrat and an industry veteran, has worked with corporations like AMD, Seattle Tech Inc., and VLSI Technology Inc., prior to founding Sasken. He served as an Executive Council Member of NASSCOM (2001-2008) and is currently part of the Harvard Business School South Asia Advisory Board.

5. Mr. Nikhil Mallavarapu:

Name of the Director	Mr. Nikhil Mallavarapu
Date of birth	18.09.1986
Age (in years)	34
Date of appointment	13.02.2020

Qualifications:

Mr. Nikhil Mallavarapu holds Masters and Bachelors Degrees in Electrical and Computer Engineering from Carnegie Mellon University, USA. He also holds a MBA from the INSEAD Business School in France.

No. of shares held in the Company	5,89,929
Names of listed entities in which he holds the Directorship as on March 31, 2020	Centum Electronics Limited
Chairman/Member of the Committees of the listed entities Board as on March 31, 2020	Nil

Expertise in specific functional areas:

Mr. Nikhil has been associated with the Company since from August 2012. He has served in different leadership positions including Manager- New Projects at SEBU, Vice President - Corporate Development at Centum Adetel and most recently as President- EMS BU. Prior to joining Centum, Nikhil worked at the multinational semiconductor company- Analog Devices, as product engineer in the MEMS sensors division.

6. Mr. Apparao V Mallavarapu:

Name of the Director	**Mr. Apparao V Mallavarapu**
Date of birth	08.10.1956
Age (in years)	64
Date of appointment	08.01.1993

Qualifications:

Mr. Apparao V Mallavarapu holds a Bachelor's degree in Mechanical Engineering from Bangalore University and a Master's Degree in Mechanical Engineering from Daltech University in Canada.

No. of shares held in the Company	66,04,715
Names of listed entities in which he holds the Directorship as on March 31, 2020	Centum Electronics Limited
Chairman/Member of the Committees of the listed entities Board as on March 31, 2020	Audit Committee Nomination & Remuneration Committee Stakeholders' Relationship Committee

Expertise in specific functional areas:

Mr. Apparao (Rao) V Mallavarapu founded Centum Electronics in the year 1993. Under his able leadership, Centum has grown to become one of the largest electronics companies in India. He has initiated and successfully managed joint ventures with several MULTI-NATIONAL COMPANIES. Prior to founding Centum, he served at Wipro and Rao Insulating Company (RIC).

He was a recipient of the Ford foundation scholarship and Engineering research Scholarship toward his academic pursuits in Canada.

7. Mr. S Krishnan:

Name of the Director	**Mr. S Krishnan**
Date of birth	14.05.1946
Age (in years)	74
Date of appointment	11.09.2007

Qualifications:

Mr. S Krishnan has received B. Tech from IIT, Madras and M.E. from IISC, Bangalore.

No. of shares held in the company	83
Names of listed entities in which he holds the Directorship as on March 31, 2020	Centum Electronics Limited
Chairman/Member of the Committees of the listed entities Board as on March 31, 2020	Audit Committee Stakeholders' Relationship Committee
Inter-se relationship with other Directors	Nil

Expertise in specific functional areas:

Mr. Krishnan has 33 years of rich experience in the areas of Design, Manufacturing Process Technology and Quality Assurance. He served as the head of Design and Engineering at Centum since its inception till his retirement in 2004. Mr. Krishnan served in the microelectronics group of Bharat Electronics Limited (BEL) prior to joining Centum.

8. Mr. Pranav Kumar N Patel:

Name of the Director	Mr. Pranav Kumar N Patel
Date of birth	25.03.1978
Age (in years)	42
Date of appointment	28.01.2014

Qualifications:

Mr. Pranav holds a bachelor's degree with honors in electrical engineering from the University of Illinois @ Urbana – Champaign, a master's degree in electrical and computer engineering and a second master's degree in industrial engineering from the Georgia Institute of Technology. He obtained his MBA degree from the Georgia State University.

No. of shares held in the company	Nil
Names of listed entities in which he holds the Directorship as on March 31, 2020	Centum Electronics Limited
Chairman/Member of the Committees of the listed entities Board as on March 31, 2020	Audit Committee
Inter-se relationship with other Directors	Nil

Expertise in specific functional areas:

Mr. Pranav is a well accomplished business leader, a thought leader and an early innovator. He is founder and CEO of MediTechSafe. Mr. Pranav held various executive leadership roles across multiple industries including Healthcare, Aviation, Energy, Batteries, Manufacturing & Automation Systems and Wireless / Semiconductor with fortune 500 companies like GE and Siemens. Mr. Pranav has co-authored six patents.

9. Mr. Thiruvengadam P:

Name of the Director	Mr. Thiruvengadam P
Date of birth	28.12.1951
Age (in years)	59
Date of appointment	08.02.2016

Qualifications:

- Member of The Institute of Cost Accountants of India
- Graduate from Indian Institute of Technology, Madras with a B.Tech
- Post Graduate Diploma in Industrial Engineering from T.I.P.I.E, NPC

No. of shares held in the company	Nil	
Names of listed entities in which he holds the Directorship as on March 31, 2020	1. Centum Electronics Limited 2. Fine Organic Industries Limited	
Chairman/Member of the Committees of the listed entities Board as on March 31, 2020	**Name of the Company**	**Name of the Committee**
	Centum Electronics Limited	Audit Committee CSR Committee - Chairman
	Fine Organic Industries Limited	Nomination & Remuneration Committee - Chairman
Inter-se relationship with other Directors	Nil	

8. Mr. Pranav Kumar N Patel:

Name of the Director	Mr. Pranav Kumar N Patel
Date of birth	25.03.1978
Age (in years)	42
Date of appointment	28.01.2014

Qualifications:

Mr. Pranav holds a bachelor's degree with honors in electrical engineering from the University of Illinois @ Urbana – Champaign, a master's degree in electrical and computer engineering and a second master's degree in industrial engineering from the Georgia Institute of Technology. He obtained his MBA degree from the Georgia State University.

No. of shares held in the company	Nil
Names of listed entities in which he holds the Directorship as on March 31, 2020	Centum Electronics Limited
Chairman/Member of the Committees of the listed entities Board as on March 31, 2020	Audit Committee
Inter-se relationship with other Directors	Nil

Expertise in specific functional areas:

Mr. Pranav is a well accomplished business leader, a thought leader and an early innovator. He is founder and CEO of MediTechSafe. Mr. Pranav held various executive leadership roles across multiple industries including Healthcare, Aviation, Energy, Batteries, Manufacturing & Automation Systems and Wireless / Semiconductor with fortune 500 companies like GE and Siemens. Mr. Pranav has co-authored six patents.

9. Mr. Thiruvengadam P:

Name of the Director	Mr. Thiruvengadam P
Date of birth	28.12.1951
Age (in years)	69
Date of appointment	08.02.2016

Qualifications:

- Member of The Institute of Cost Accountants of India
- Graduate from Indian Institute of Technology, Madras with a B.Tech
- Post Graduate Diploma in Industrial Engineering from T.I.P.I.E, NPC

No. of shares held in the company	Nil	
Names of listed entities in which he holds the Directorship as on March 31, 2020	1. Centum Electronics Limited 2. Fine Organic Industries Limited	
Chairman/Member of the Committees of the listed entities Board as on March 31, 2020	**Name of the Company**	**Name of the Committee**
	Centum Electronics Limited	Audit Committee CSR Committee - Chairman
	Fine Organic Industries Limited	Nomination & Remuneration Committee - Chairman
Inter-se relationship with other Directors	Nil	

Expertise in specific functional areas:

Mr. Thiruvengadam was a Senior Director of the Deloitte Touche Tohmatsu India Pvt. Ltd (DTTIPL) providing leadership to the HR Transformation practice and has retired from the position in 2015. He has over 40 years of experience in management consultancy with a breadth of experience in India, the Middle and Far East Asia and other Countries. His main areas of expertise in Management Consulting include Business Process Improvement, Team Leadership, Strategic Planning, Business Strategy, HR Strategy, Talent Management, Change Management, HR Transformation and related Advisory Services. Mr. P. Thiruvengadam is a B. Tech from IIT Madras and a Post Graduate Diploma in Industrial Engineering from T.I.P.I.E. NPC and a fellow member of the Institute of Cost Accountants of India. His social interest includes working with Voluntary Organisations.

Notes



CENTUM

Centum Electronics Limited

TEAMWORK | TECHNOLOGY | TRUST

Corporate Identity Number (CIN) - L85110KA1993PLC013869

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